

## Report for Resolution

**Report to** Council  
23 February 2010

**Report of** Director of Regeneration & Development and Chief Financial Officer

**Subject** Housing Revenue Account Budget 2010/11

9

### Purpose

The purpose of this report is to present the Executive's recommended Housing Revenue Account (HRA) budgets for 2010/11 for the approval of the Council.

### Recommendations

That Council:

- (1) approves the Housing Revenue Account budgets for 2010/11, as shown in Table 1;
- (2) agrees the minimum level of HRA Balances as £2.8m as advised by the Chief Financial Officer and shown in Appendix 2.

### Financial Consequences

This report sets the budget for the Housing Revenue Account for 2010/11 financial year.

### Risk Assessment

This is set out in Appendix 3 and informs the Chief Financial Officer's advice.

### Executive Members

Councillor Arthur, Housing and Adult Services

Councillor Waters, Corporate Governance & Resources

### Corporate Objective/Service Plan Priority

Strive for sufficient, good quality, affordable housing, providing choice and accessibility.

### Contact Officers

Jerry Massey, Director of Regeneration & Development 01603 212225

Barry Marshall, Chief Financial Officer 01603 212556

Mark Smith, Finance Control Manager 01603 212561

### Background Papers

Budget working papers held in Finance

## Report

### Introduction

1. The Housing Revenue Account (HRA) is a “ring fenced” account that the authority must maintain in relation to its Council housing stock. The HRA must fund all expenditure associated with the management and maintenance of the housing stock.
2. The HRA is a complex account, the format of which is prescribed by Government. For ease of understanding the financial information in this report is provided in an analysis format focusing on service expenditure. The statutory HRA is supplied in Appendix 1.
3. The proposed budgets have been drawn up within the framework of the Corporate Plan, Corporate Medium Term Financial Strategy (MTFS), the Neighbourhood & Strategic Housing Service’s Service Plan, the HRA Business Plan, and the Housing Asset Management Plan.

### Summary HRA Budget 2009/10 into 2010/11

4. The following table shows the proposed budget in summarised statutory form. The budget is shown in further detail in Appendix 1.

**TABLE 1**

<b>Best Value Division of Service</b>	<b>2009/10 Original Budget</b>	<b>2010/11 Draft Budget</b>
Repairs & Maintenance	14,067,534	14,793,719
Rents, Rates, & Other Property Costs	90,240	6,126,190
General Management	9,912,762	9,383,881
Special Services	6,340,200	5,252,403
Depreciation & Impairment	10,192,600	10,891,900
Provision for Bad Debts	150,000	150,000
Dwelling Rents	(48,879,800)	(48,219,460)
Garage & Other Property Rents	(2,235,930)	(2,258,041)
Housing Subsidy	8,768,600	5,841,200
Service Charges	(2,737,168)	(2,968,610)
Miscellaneous Income	(95,066)	(5,978,675)
Adjustments & Financing Items	9,929,400	4,548,600
Amenities shared by whole community	(836,200)	(499,430)
Interest Received	(192,850)	(115,240)
<b>Total HRA (Surplus)/Deficit</b>	<b>4,474,322</b>	<b>(3,051,563)</b>

5. In broad terms, the movement from £4.47m deficit to £3.20m surplus can be analysed as follows:

**TABLE 2**

<b>Item</b>	<b>Budget Movement</b>
Base Budget 2009/10	4,474,322
Additional income	(452,889)
Optional Growth	369,210
Inflation	216,565
Reduced Income	320
Savings	(6,599,920)
T&E Programme	(2,583,903)
Transfers	2,039
Unavoidable Cost Increases	1,522,693
<b>BUDGET 2010/11</b>	<b>(3, 051,563)</b>

6. For management purposes, the HRA is divided into four divisions of service. Appendix 1 shows the proposed budget movements within each division of service. The following paragraphs and tables set out the reasons for significant movements, which make up the movements summarised above. These tables list significant variances only and therefore will not exactly equal the summary totals.

## **General Management**

7. General Management covers services and other operational costs provided to all tenants as a whole.
8. Significant budget movements proposed are shown below.

**TABLE 3**

<b>Reason for Movement</b>	<b>Reference</b>	<b>Budget £</b>	<b>Description</b>
Additional income	IntF IF281	(9,888)	DWP Income
Additional income	IntF IF420	(36,200)	Mow & Grow income not budgeted for in 09/10
Additional income	IntF IF402	(50,000)	Additional funding received for Housing Challenge Fund
Inflation	Pay 22 Dec	141,405	General Management
Inflation	EF147-54	410	Increase in Electricity costs
Inflation	EF175	(60)	Reduction in Landlord's Lighting costs
Saving	ExtF EF12	(23,850)	Norfolk Community Mediation Service contract savings
Saving	IntF IF190	(1,000)	Staff recruitment costs estimated

Reason for Movement	Reference	Budget £	Description
Saving	IntF IF191	(1,000)	Staff recruitment costs estimated
Saving	IntF IF284	(9,400)	Reduction in RTB Admin Costs
Saving	IntF IF189	(17,000)	Costs diminishing over the years, estimate
Saving	IntF IF256	(30,811)	Change in funding allocations
Saving	Int F IF10	(300,000)	Extraction of one-off HIP funding
Saving	EF132-7	(4,500)	Change in Alarm system contract
Saving	IntF IF418	(167,000)	IFRS Employee Benefits
Saving	IntF IF192	(20,247)	Post HLFIA1 to be under General Fund
Saving	IF	(20,427)	Change in funding allocations
T&E Programme	ExtF EF77	5,000	Increased travel for benchmarking etc
T&E Programme	ExtF EF78	20,000	Office equipment/cost of move for co-location
T&E Programme	ExtF EF91	40,000	HIP: mobile office
T&E Programme	ExtF EF75	50,000	IT improvements to Academy / professional advice
T&E Programme	ExtF EF71	58,000	RIEP funding of £200,000 for corporate improvement
T&E Programme	ExtF EF109	60,000	HIP: £60k for tenant consultation
T&E Programme	ExtF EF108	67,000	HIP: £67k for staff NVQ training
T&E Programme	T+E 2A-F	(43,340)	Purchasing & efficiency Savings
T&E Programme	T+E 1C	(50,000)	Net General Management saving from new contracts
T&E Programme	T+E 1A	(400,000)	Formal renegotiation of ICT contract
T&E Programme	T+E 9A	38,946	Business Centre Model/Corporate Business Support
T&E Programme	T+E 7B	(50,000)	Customer Service Strategy
T&E Programme	T+E 8A	(13,171)	Management Structures Review
T&E Programme	T+E 4A	(38,314)	Reviewing asset management and performance
T&E Programme	T+E 1B	(166,666)	Service efficiencies and adjustments from ICT contract
T&E Programme	IF125	2,780	T+E 1C – savings not feasible
T&E Programme	IF126	3,130	T+E 1C – savings not feasible
Transfers	SF 12 Nov	57,000	Transfer Estate Management Budgets to Head of Neighbourhoods
Transfers	SF 12 Nov	88,730	Transfer Estate Management Budgets to Business Planning Manager
Transfers	SF 12 Nov	187,700	Transfer Estate Management Budgets to Neighbourhood Services
Transfers	SF 12 Nov	219,200	Transfer Estate Management Budgets to Home Ownership Leasehold
Unavoidable Cost Increases	Pay 22 Dec	67,830	Structure costs recalculated
Unavoidable Cost Increases	IF403-7	50,000	Additional spend funded from Housing Challenge Fund
Unavoidable Cost Increases	IF408	1,435	Training expenses required for Housing Challenge post
Unavoidable Cost Increases	EF230	1,250	Increase in Motum Road Ground Rent
Optional Growth	IF422	150,000	Additional provision of £150,000 for encouraging & rewarding tenants who look after their homes and gardens

## Special Services

9. Special Services covers services provided to groups of tenants. Many of these services are funded through service charges which are designed to recover the costs of each service from those tenants benefiting.
10. Significant budget movements proposed are shown below.

**TABLE 4**

Reason for Movement	Reference	Budget £	Description
Additional income	IntF IF410	(145,834)	Increase in Service Charge Income (inc re DTV costs)
Optional Growth	ExtF EF81	5,000	NCAS: Deaf Alarm adaptations s/hsg.
Optional Growth	ExtF EF84	5,000	NCAS: CCTV pilot
Optional Growth	ExtF EF86	10,000	NCAS: DAU peripherals
Optional Growth	ExtF EF87	10,000	NCAS: Upgrade of Voice recorder
Optional Growth	ExtF EF83	30,000	NCAS: Pendant replacements s/hsg.
Optional Growth	ExtF EF82	35,000	NCAS: Replacement smoke/heat detectors s/hsg.
Optional Growth	ExtF EF85	46,000	NCAS: Group/DAU replacement works (21CN)
Optional Growth	ExtF EF10	78,210	Sheltered properties - gritting
Inflation	Pay 22 Dec	54,700	Special Services
Inflation	EF142	129,100	Increase in Gas costs
Inflation	EF145/6	380	Increase in Oil costs
Inflation	EF	(24,630)	Reduction in electricity costs
Inflation	EF	(86,000)	Reduction in Landlords Lighting Costs
Inflation	EF138	1,250	Window cleaning contract price change
Inflation	EF139	110	Increase of 2.4% on garage rent
Saving	Pay 22 Dec	(54,951)	Structure costs recalculated
Saving	IntF IF371	(21,000)	Cessation of second collections at Johnson Place &
Saving	IntF IF372-6	(38,750)	Premises management service not being expanded
Saving	IntF IF377	(15,800)	PM mess rooms refurbishment partly complete
T&E Programme	T+E 2A-F	(12,810)	Purchasing & efficiency Savings
T&E Programme	T+E 1C	(112,860)	Net Special Services saving from new contracts
Transfers	IntF IF205	(11,940)	Transfer of budget to Repairs
Transfers	SF 12 Nov	(1,930)	Transfer Estate Management Budgets to General HRA Prems
Transfers	IntF IF231	(9,810)	Transfer of budget to District Heating
Transfers	IntF IF234	22,570	Transfer of budget from Clusters
Transfers	IntF IF216	(2,489)	Transfer of T+E adjustment to Repairs
Transfers	IntF IF117	5,000	T+E Lift Maint savings miscoded
Transfers	IntF IF121	(5,425)	T+E 1C Ext Fans miscoded
Transfers	IntF IF258	(583,720)	Transfer of budget to Estate Management
Transfers	SF 12 Nov	12,600	Decapitalisation of Housing Capital works costs
Transfers	IntF IF119	25,000	T+E 1C Entry Phone miscoded
Transfers	IntF IF250	56,110	Transfer of budget from Prem Mgrs - Static

Reason for Movement	Reference	Budget £	Description
Transfers	SF 12 Nov	(57,000)	Transfer Estate Management Budgets to Head of Neighbourhoods
Transfers	SF 12 Nov	(88,730)	Transfer Estate Management Budgets to Business Planning Manager
Transfers	SF 12 Nov	(187,700)	Transfer Estate Management Budgets to Neighbourhood Services
Transfers	SF 12 Nov	(219,200)	Transfer Estate Management Budgets to Home Ownership Leasehold
Transfers	IntF IF264	514,710	Transfer of budget from Prem Mgrs - Mobile
Transfers	SF 12 Nov	(555,580)	Transfer Estate Management Budgets to Repairs & Maintenance
Unavoidable Cost Increases	IntF IF312	31,000	Other Contractor maintenance charges incorrectly d
Unavoidable Cost Increases	IF419	203,228	Increase in Digital TV costs (offset by income)
Unavoidable Cost Increases	EF231	16,800	Increase in Laundry Contract costs. Additional cost to be offset by increased service charge.

## Repairs & Maintenance

11. Repairs & Maintenance covers day-to-day responsive repairs and some planned maintenance of the housing stock.
12. Significant budget movements proposed are shown below.

**TABLE 5**

Reason for Movement	Reference	Budget	Description
Inflation	EF173	(1,230)	Reduction in Electricity costs
T&E Programme	T+E 1C	(2,041,598)	Net Repairs & Maintenance saving from new contracts
Transfers	IntF IF209	3,518	Transfer of budget from Prem Mgrs - Mobile
Transfers	IntF IF214	1,600	Transfer of T+E adjustment to Repairs
Transfers	IntF IF217	9,930	Transfer of budget from Prem Mgrs - Static
Transfers	IntF IF118	(5,000)	T+E 1C Lift Maintenance
Transfers	IntF IF122	5,425	T+E 1C Ext Fans
Transfers	IntF IF120	(25,000)	T+E 1C Entry Phone
Transfers	SF 12 Nov	1,987,500	Decapitalisation of Housing Capital works costs
Transfers	SF 12 Nov	555,580	Transfer Estate Management Budgets to Repairs & Maintenance
Unavoidable Cost Increases	ExtF EF76	65,000	Energy Performance Certificates

## HRA Financing Items

13. HRA Financing Items covers all other transactions in the HRA, including income, capital charges, and Housing Subsidy.

14. Movements in Dwelling Rent and Service Charge income budgets are based upon the rates of increase set out in the report elsewhere on this agenda.
15. There are large technical accounting movements proposed in budgets for Housing Subsidy, Depreciation, and other financing items as a result of the outcome of the Housing Subsidy Determination.
16. The Revenue Contribution to Capital Outlay finances the Housing Capital Programme which is the subject of a separate report on this agenda.
17. Significant budget movements proposed are shown below.

**TABLE 6**

Reason for Movement	Reference	Budget £	Description
Additional income	ExtF EF121	(3,350)	Projected increase in income from HRA wayleaves
Additional income	ExtF EF117	(4,700)	Projected increase in income from HRA land
Additional income	ExtF EF111	(18,400)	Unbudgeted income from St Saviours car park.
Additional income	ExtF EF3	(130,000)	proposed new leasehold management fee
Additional income	EF234	(20,141)	Garage Rent increase based on 2.4% Increase
Additional income	EF235	(1,080)	Service Charge increase based on 2.4% C Tax Increase
Additional income	IF378/80	11,500	Correction of District Heating Service Charge
Additional income	IntF IF379	(138,300)	Correction of District Heating Service Charge Income
Additional income	IntF IF385	(3,742)	Increase in Window Cleaning Service Charge 2.38%
Additional income	IntF IF382	(68,700)	Separation of GN Service Charge + 14% increase
Additional income	IntF IF381	(939,200)	Separation of SH Housing Service Charge + 30% increase
Additional income	IntF IF384	(101,400)	Sep'n of Mobile PM Service Charge + 33% increase
Additional income	IntF IF383	1,139,480	Sep'n of SH, GN & MPM from Static PM + 2.7% reduction
Additional income	EF232	(2,000)	Income from Electricity charges
Additional income	EF232	(26,000)	Income from Sheltered unmeasured water charges (est'd)
Additional income	EF232	(100,000)	Income from Tenants Insurance charges
Additional income	IF422	100,000	EON Tenants Insurance charges
Additional income	EF232	95,066	Remove existing £95,066 budget
Inflation	EF174	1,130	Increase in Electricity costs
Reduced income	EF227-8	170	Projected reduction in income from HRA garages
Reduced income	EF229	150	Projected reduction in income from HRA wayleaves
Savings	ExtF EF127	(2,927,400)	Housing Subsidy as per Final Determination
Savings	ExtF EF128	(2,924,000)	Reduce RCCO as per Cap Plan 10/11 re 09/10 windows

Reason for Movement	Reference	Budget £	Description
Transfers	IntF IF343	(73,790)	Transfer of wayleaves rents income budget to corre
Transfers	IntF IF341	(1,140)	Transfer of ground rents income budget to correct
Transfers	SF 12 Nov	1,930	Transfer Estate Management Budgets to General HRA Premises
Transfers	IntF IF336	(4,460)	Transfer of garage income budget to correct code
Transfers	IntF IF339	(7,450)	Transfer of commercial land income budget to correct code
Transfers	IntF IF345	(10,900)	Transfer of car park rents income budget to correct code
Transfers	IntF IF338	(32,620)	Transfer of commercial land income budget to correct code
Transfers	IntF IF331	131,920	Transfer of budget to correct code
Transfers	SF 12 Nov	(2,000,100)	Decapitalisation of Housing Capital works costs
Unavoidable Cost Increases	ExtF EF123	2,700	Increased cost of Debt Management
Unavoidable Cost Increases	ExtF EF114	23,600	Projected reduction in income from HRA shops
Unavoidable Cost Increases	ExtF EF106	76,510	Reduction in interest rates
Unavoidable Cost Increases	ExtF EF110	660,340	Dwelling Rent Income based on 2.4% average increase
Unavoidable Cost Increases	ExtF EF124	696,600	Increased HRA Depreciation
Unavoidable Cost Increases	ExtF EF125	(696,600)	Reversal of increased Depreciation
Unavoidable Cost Increases	ExtF EF126	239,900	End funding from Repairs Fund balance
Unavoidable Cost Increases	IntF IF285	1,100	Reduction in Council Mortgage Interest received
Unavoidable Cost Increases	EF233	5,932,500	Anglia Water schedule costs (previously un-budgeted)
Unavoidable Cost Increases	EF232	(5,850,500)	Income from Water Service Charges @ cost less 1.38% voids

18. The Revenue Contribution to Capital Outlay is reducing to reflect the additional provision made in 2009/10 for the acceleration of the Windows programme, and as a result of changes in the application of accounting policies which mean that repairs will be funded directly from the revenue Repairs budget.
19. The budget for negative Housing Subsidy is reducing in part because of the reduced rent increase in 2009/10, and in part because of the higher level of compensation for limited rent increases being claimed from the government.
20. The reduction in Rent Income is due to the combination of the reduction of 2009/10 initial increase of 6% to 3% and the 2010/11 increase of 2.4%.

## HRA Balances

21. The proposed budgets will impact on the HRA Balance as follows:



TABLE 7

Item	£000s
Brought Forward from 2008/09	7,265
Budgeted use of balances 2009/10	(4,474)
Forecast Outturn 2009/10	1,520
Carried Forward to 2010/11	4,311
Draft Budget 2010/11	3,052
Carried Forward to 2011/12	7,363

### Financial Planning for the HRA

22. The Medium Term Financial Strategy includes projections of HRA income, expenditure and balances. The impact of changes in the anticipated 2009/10 outturn and 2010/11 budget are as follows:

TABLE 8

	2009/10	2010/11	2011/12	2012/13	2013/14
	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>	<u>£000s</u>
<b>Current MTFS Balance carried forward</b>	<b>(5,320)</b>	<b>(2,019)</b>	<b>974</b>	<b>1,664</b>	<b>2,059</b>
Adjustment to Opening Balance	(1,945)	(2,292)	(8,337)	(10,521)	(12,411)
Planned use of HRA Balances	4,474	(3,052)	(1,495)	(1,495)	(1,495)
Forecast HRA Over/(Under)-spend	(1,520)	0	0	0	0
<b>Updated MTFS Balance carried forward</b>	<b>(4,311)</b>	<b>(7,363)</b>	<b>(8,857)</b>	<b>(10,352)</b>	<b>(11,846)</b>

23. The improvement in the projected balances position will be incorporated into the next iteration of the MTFS

### Report by the Chief Financial Officer on the robustness of estimates, reserves and balances

24. Section 25 of the Local Government Act 2003 requires that the Chief Financial Officer of the Council (which in the case of Norwich City Council is the Head of Finance) reports to members on the robustness of the budget estimates and the adequacy of Council's reserves.
25. The Head of Finance is required to provide professional advice to the Council on the two above matters and is expected to address issues of risk and uncertainty.

### Estimates

26. In the current budget round the budget process is being integrated with the service planning process thus ensuring a strong link between the Council's priorities and the financial resources available to deliver them. This process

has been further enhanced with the use of a 'star chamber' undertaken by senior Council managers. As with all future estimates there is a level of uncertainty and this has been taken into when assessing the levels of reserves.

27. Allowing for the above comment on uncertainty it is the opinion of the Head of Finance that in the budgetary process all reasonable steps have been taken to ensure the robustness of the budget.

### **Reserves**

28. A risk assessment has been undertaken to determine the level of general reserves required by the Council, attached as Appendix 2.
29. In making a recommendation for the level of reserves the Head of Finance has followed guidance in the CIPFA LAAP Bulletin 77 – Guidance notes on Local Authorities Reserves and Balances.
30. The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992 require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement.
31. Earmarked reserves remain legally part of the General Fund although they are accounted for separately.
32. There are also a range of safeguards in place that help to prevent local authorities over-committing themselves financially. These include:
- the balanced budget requirement (England, Scotland and Wales) (sections 32, 43 and 93 of the Local Government Finance Act 1992)
  - Chief finance officers' duty to report on robustness of estimates and adequacy of reserves (under section 25 of the Local Government Act 2003 when the authority is considering its budget requirement (England and Wales))
  - the requirements of the Prudential Code
  - auditors will consider whether audited bodies have established adequate arrangements to ensure that their financial position is soundly based.
33. Whilst it is primarily the responsibility of the local authority and its chief financial officer to maintain a sound financial position, external auditors will, as part of their wider responsibilities, consider whether audited bodies have established adequate arrangements to ensure that their financial position is soundly based. However, it is not the responsibility of auditors to prescribe the optimum or minimum level of reserves for individual authorities or authorities in general.

### **Role of the Chief Finance Officer**

34. Within the existing statutory and regulatory framework, it is the responsibility of the chief finance officer to advise local authorities about the level of reserves that they should hold and to ensure that there are clear protocols for their establishment and use. Reserves should not be held without a clear purpose.
35. The risk analysis attached as Appendix 2 shows that an adequate level of HRA reserves for the Council will be in the order of £2.8 million.

<b>Total Housing Revenue Account</b>									
<b>Subjective Analysis</b>	<b>Base Budget</b>	<b>External Factor Growth</b>	<b>External Factor Savings</b>	<b>Internal Factor Growth</b>	<b>Internal Factor Savings</b>	<b>Inflation</b>	<b>Budget Transfers</b>	<b>Transformation Programme</b>	<b>2010/11 Draft Budget</b>
Employees	6,628,266	-	-	307,664	(251,185)	196,105	23,020	1,435	<b>6,905,305</b>
Premises	15,828,784	5,932,500	100,000	32,250	(54,090)	24,020	1,800,100	(1,981,689)	<b>21,681,875</b>
Transport	192,570	-	-	200	(17,310)	-	-	(9,160)	<b>166,300</b>
Supplies & Services	2,219,185	65,000	(23,850)	150,400	(485,027)	(4,500)	129,980	214,913	<b>2,266,101</b>
Third Party Payments	-	-	-	-	(17,000)	-	47,000	-	<b>30,000</b>
Recharge Expenditure	8,896,971	-	-	-	(30,811)	-	-	(400,000)	<b>8,466,160</b>
Capital Charges	11,917,400	2,700	239,900	-	-	-	-	-	<b>12,160,000</b>
Receipts	(55,494,364)	(5,122,164)	(8,630)	1,740	(471,305)	-	-	(175)	<b>(61,094,898)</b>
Government Grants	8,531,790	-	(2,927,400)	-	(100,000)	-	-	-	<b>5,504,390</b>
Recharge Income	(1,848,560)	-	-	-	37,943	-	-	-	<b>(1,810,617)</b>
Rev Contribs to Capital	7,559,000	-	-	-	(2,924,000)	-	(2,000,100)	-	<b>2,634,900</b>
Centrally Managed	43,280	-	-	-	-	-	-	(4,359)	<b>38,921</b>
<b>Total HRA (Surplus)/Deficit</b>	<b>4,474,322</b>	<b>878,036</b>	<b>(2,619,980)</b>	<b>492,254</b>	<b>(4,312,785)</b>	<b>215,625</b>	<b>-</b>	<b>(2,179,035)</b>	<b>(3,051,563)</b>

<b>General Management</b>									
<b>Subjective Analysis</b>	<b>Base Budget</b>	<b>External Factor Growth</b>	<b>External Factor Savings</b>	<b>Internal Factor Growth</b>	<b>Internal Factor Savings</b>	<b>Inflation</b>	<b>Budget Transfers</b>	<b>Transformation Programme</b>	<b>2010/11 Draft Budget</b>
Employees	4,786,000	-	-	207,552	(111,469)	141,405	23,020	1,435	<b>5,047,943</b>
Premises	361,560	-	-	1,250	(5,730)	260	263,200	(50,000)	<b>570,540</b>
Transport	139,880	-	-	200	640	-	-	(5,660)	<b>135,060</b>
Supplies & Services	1,078,085	-	(23,850)	150,400	(489,027)	(4,500)	220,710	26,935	<b>958,753</b>
Third Party Payments	-	-	-	-	(17,000)	-	47,000	-	<b>30,000</b>
Recharge Expenditure	5,180,311	-	-	-	(30,811)	-	-	(400,000)	<b>4,749,500</b>
Receipts	(403,130)	-	-	-	(55,488)	-	(1,300)	-	<b>(459,918)</b>
Government Grants	(236,810)	-	-	-	(100,000)	-	-	-	<b>(336,810)</b>
Recharge Income	(1,349,130)	-	-	-	37,943	-	-	-	<b>(1,311,187)</b>
<b>Total General Management</b>	<b>9,556,766</b>	<b>-</b>	<b>(23,850)</b>	<b>359,402</b>	<b>(770,942)</b>	<b>137,165</b>	<b>552,630</b>	<b>(427,290)</b>	<b>9,383,881</b>

<b>Special Services</b>									
Subjective Analysis	Base Budget	External Factor Growth	External Factor Savings	Internal Factor Growth	Internal Factor Savings	Inflation	Budget Transfers	Transformation Programme	2010/11 Draft Budget
Employees	1,842,266	-	-	100,112	(139,716)	54,700	-	-	1,857,362
Premises	3,696,480	-	-	31,000	(48,360)	23,860	(819,433)	105,550	2,989,097
Transport	52,690	-	-	-	(17,950)	-	-	(3,500)	31,240
Supplies & Services	686,100	-	-	-	4,000	-	(290,730)	187,978	587,348
Recharge Expenditure	652,110	-	-	-	-	-	-	-	652,110
Receipts	(720,220)	-	-	-	(145,834)	-	1,300	-	(864,754)
<b>Total Special Services</b>	<b>6,209,426</b>	<b>-</b>	<b>-</b>	<b>131,112</b>	<b>(347,860)</b>	<b>78,560</b>	<b>(1,108,863)</b>	<b>290,028</b>	<b>5,252,403</b>

<b>Repairs &amp; Maintenance</b>									
Subjective Analysis	Base Budget	External Factor Growth	External Factor Savings	Internal Factor Growth	Internal Factor Savings	Inflation	Budget Transfers	Transformation Programme	2010/11 Draft Budget
Premises	11,680,504	-	-	-	-	(1,230)	2,354,013	(2,037,239)	11,996,048
Supplies & Services	305,000	65,000	-	-	-	-	200,000	-	570,000
Recharge Expenditure	2,418,950	-	-	-	-	-	-	-	2,418,950
Receipts	(230,200)	-	-	-	-	-	-	-	(230,200)
Centrally Managed	43,280	-	-	-	-	-	-	(4,359)	38,921
<b>Total Repairs &amp; Maintenance</b>	<b>14,217,534</b>	<b>65,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,230)</b>	<b>2,554,013</b>	<b>(2,041,598)</b>	<b>14,793,719</b>

<b>Financing Items</b>									
Subjective Analysis	Base Budget	External Factor Growth	External Factor Savings	Internal Factor Growth	Internal Factor Savings	Inflation	Budget Transfers	Transformation Programme	2010/11 Draft Budget
Premises	90,240	5,932,500	100,000	-	-	1,130	2,320	-	6,126,190
Supplies & Services	150,000	-	-	-	-	-	-	-	150,000
Recharge Expenditure	645,600	-	-	-	-	-	-	-	645,600
Capital Charges	11,917,400	2,700	239,900	-	-	-	-	-	12,160,000
Receipts	(54,140,814)	(5,122,164)	(8,630)	1,740	(269,983)	-	-	(175)	(59,540,026)
Government Grants	8,768,600	-	(2,927,400)	-	-	-	-	-	5,841,200
Recharge Income	(499,430)	-	-	-	-	-	-	-	(499,430)
Rev Contribs to Capital	7,559,000	-	-	-	(2,924,000)	-	(2,000,100)	-	2,634,900
<b>Total Financing Items</b>	<b>(25,509,404)</b>	<b>813,036</b>	<b>(2,596,130)</b>	<b>1,740</b>	<b>(3,193,983)</b>	<b>1,130</b>	<b>(1,997,780)</b>	<b>(175)</b>	<b>(32,481,566)</b>

**Estimate of prudent level of HRA reserves 2010/11**

Page 1/2

<u>Description</u>	<u>Level of risk</u>	<u>Amount at risk</u>	<u>Risk</u>
Employee Costs	<i>High</i>	6,905,305	34,527
Supplies and Services	<i>High</i>	2,116,101	5,290
Premises Costs	<i>High</i>	6,888,456	17,221
Transport Costs	<i>High</i>	166,300	416
Contracted Services	<i>Medium</i>	14,793,419	110,951
Fees and Charges	<i>Medium</i>	8,236,716	123,551
Investment Income	<i>Medium</i>	115,240	3,457
Rents & Service Charges	<i>Low</i>	51,188,070	127,970
Subsidy & Finance Items	<i>Medium</i>	5,504,390	11,009
Total One Year Operational Risk			434,391
<b>Allowing three years cover on operational risk</b>			<b>1,303,174</b>
<b>Balance Sheet risk</b>			
Issues arising from Annual Governance Report			0
<b>General Risk</b>			
Unforeseen events			1,500,000
<b>ESTIMATED REQUIRED LEVEL OF HRA RESERVES</b>			<b>2,803,174</b>

## Operational cost risk profiles

Page 2/2

		<i>Low Risk</i>	<i>Med Risk</i>	<i>High Risk</i>
Employee Costs	overspend probability amount at risk	1.00% 25.0% 17,263	2.50% 15.0% 25,895	5.00% 10.0% 34,527
Supplies and Services	overspend probability amount at risk	1.00% 10.0% 2,116	2.50% 7.5% 3,968	5.00% 5.0% 5,290
Premises Costs	overspend probability amount at risk	1.00% 10.0% 6,888	2.50% 7.5% 12,916	5.00% 5.0% 17,221
Transport Costs	overspend probability amount at risk	1.00% 10.0% 166	2.50% 7.5% 312	5.00% 5.0% 416
Contracted Services	overspend probability amount at risk	5.00% 10.0% 73,967	10.00% 7.5% 110,951	15.00% 5.0% 110,951
Fees and Charges	Shortfall probability amount at risk	5.00% 25.0% 102,959	10.00% 15.0% 123,551	15.00% 10.0% 123,551
Investment Income	Shortfall probability amount at risk	10.00% 20.0% 2,305	20.00% 15.0% 3,457	30.00% 10.0% 3,457
Rents & Service Charges	Shortfall probability amount at risk	1.00% 25.0% 127,970	1.50% 15.0% 115,173	2.00% 5.0% 51,188
Subsidy & Finance Items	Shortfall probability amount at risk	1.00% 15.0% 8,257	2.00% 10.0% 11,009	3.00% 5.0% 8,257