

Report for Resolution

Report to	Council 24 February 2009	Item 9
Report of	Executive	
Subject	Housing Revenue Account Budget 2009/10	

Report

The attached report will have been considered at the meeting of the Executive on 18 February 2009 and any changes or recommendations of the Executive will be reported to your meeting.

Report for Resolution

Report to Executive
18 February 2009

Report of Director of Regeneration & Development and Chief Financial Officer

Subject Housing Revenue Account Budget 2009/10

Purpose

The purpose of this report is to present the Housing Revenue Account (HRA) budgets for 2009/10 for the approval of the Executive and recommendation to Council.

Recommendations

1. That the Executive recommend to Council the Housing Revenue Account budgets for 2009/10, as shown in Appendices 1 and 2, or as amended;
2. That the Executive recommend to Council the minimum level of HRA Balances as £2.5m as advised by the Chief Financial Officer and as shown in Appendix 3;
3. That the Executive notes the closure of the Repairs Holding Account and the transfer of the balance on the Repairs Holding Account into the Housing Revenue Account Balance.

Financial Consequences

This report sets the budget for the Housing Revenue Account for 2009/10 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

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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 full 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, the Neighbourhood & Strategic Housing Service’s Service Plan, the HRA Business Plan, and the Housing Asset Management Plan.

Financial Planning for the HRA

4. The HRA element of the Medium Term Financial Strategy anticipated that the budgeted surplus in 2008/09 of £1.14m would become a deficit of £1.49m in 2009/10, based on an increase of £2.76m in the Revenue Contribution to Capital Outlay (to fund the Additional Windows Programme) and an assumption of relative stability in rents, subsidy and capital charges.
5. The budget proposals for 2009/10 include the same Revenue Contribution to Capital, plus a supplementary Revenue Contribution to Capital, but there have been significant changes to the rent restructuring, Housing Subsidy, and the treatment of Depreciation.
6. The proposed budget is now a deficit of £4.47m, an increase of £2.98m over the planned deficit. Details of proposed budget movements are set out in following paragraphs, but significant net changes between the anticipated and now proposed deficits include:
 - Supplementary Revenue Contribution to Capital (£1.6m)
 - Impact of the recession (loss of interest £0.2m, reduced commercial rents £0.2m, reduced RTB sales £0.1m);
 - Increased costs of Repairs (Void refurbishment £1.1m, Asbestos Testing/Fire Assessment £0.2m, Contract variations £0.2m)
7. To offset these and other proposed increases, savings proposals are also included in the proposed budget movements detailed in this report.

Summary HRA Budget 2008/09 into 2009/10

8. The following table shows the proposed budget in summarised statutory form. The full statutory account is shown in Appendix 1.

Best Value Division of Service	2008/09 Original Budget	2009/10 Draft Budget
Repairs & Maintenance	12,600,00	14,067,534
Rents, Rates, & Other Property Costs	54,100	90,240
General Management	9,078,620	9,929,132
Special Services	5,799,320	6,323,830
Depreciation & Impairment	16,027,400	10,192,600
Provision for Bad Debts	150,000	150,000
Dwelling Rents	(45,948,300)	(48,879,800)
Garage & Other Property Rents	(2,380,599)	(2,235,930)
Housing Subsidy	5,983,000	8,768,600
Service Charges – General	(2,968,510)	(2,708,018)
Service Charges - District Heating	(20,200)	(29,150)
Miscellaneous Income	(95,066)	(95,066)
Adjustments & Financing Items	1,798,200	9,929,400
Amenities shared by whole community	(836,200)	(836,200)
Interest Received	(385,000)	(192,850)
Total HRA (Surplus)/Deficit	(1,143,235)	4,474,322

9. In broad terms, the movement from £1.14m surplus to £4.47m deficit can be analysed as follows:

Subjective Group	Budget Movement
Base Budget 2008/09	(1,143,235)
Decreased Income	929,029
Increased Income	(3,092,738)
General Inflation	243,154
Payroll Inflation	183,960
Unavoidable Growth	8,225,947
Discretionary Growth	381,140
Savings	(1,321,805)
Budget Transfer	68,870
BUDGET 2009/10	4,474,322

10. For management purposes, the HRA is divided into four divisions of service. Appendix 2 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

11. General Management covers services and other operational costs provided to all tenants as a whole.
12. It is proposed to include a £300,000 Contingency budget to finance service improvements, including those arising from the outcome of the recent Inspection, which would be allocated in support of a Housing Improvement Plan subject to the approval of the Executive.
13. Increased Income

Increased Income Subjective Description	Budget Movement £	Reason for Budget Movement
Commission (Anglian Water)	(13,660)	Based on 06/07 & 07/08 actuals

14. Decreased Income

Decreased Income Subjective Description	Budget Movement £	Reason for Budget Movement
Other Grants, Reimbursements & Contributions	8,000	Income from CLG re: Tenant survey every 2yrs (corresponding spend reduced)
Insurance Commission	12,970	Based on 08/09 actuals & 25% reduction in premiums price
Other Grants	24,490	Specialist funding ceased (corresponding saving)
Admin Costs RTB Receipts	104,700	Assume 20 RTB sales at £2,541 + 2 years' RPI

15. Savings

Savings Subjective Description	Budget Movement £	Reason for Budget Movement
Miscellaneous Other	(135,850)	Incorrect budget set on Families Unit 08/09
Salaries Full Time	(80,540)	Head of Housing Management position disestablished & position now held within GF with proposed recharge back to HRA (75%)
Salaries Full Time	(59,200)	AD Neighbourhoods now held in GF. Est'd 50% saving, 50% recharge from GF transferred to 710110 5030.
Pool Car Expenditure	(45,480)	Procurement & utilisation efficiencies
Staff Conference & Courses	(30,000)	No longer responsible for activity
Funding paid to ext agencies	(25,680)	Specialist funding ceased
Salaries Full Time	(20,700)	Post duplicated in 2008/09 budget
Professional Advice / Fees	(20,200)	Less usage
Advertising Staff Recruitment	(17,700)	Expected credit from HR iro advertising costs
Salaries Full Time	(13,090)	Savings made on new starters
Salaries Full Time	(12,340)	Arrears Assistant post HLASA7 to be disestablished

Savings Subjective Description	Budget Movement £	Reason for Budget Movement
Professional Advice / Fees	(11,950)	Mediation service as per contract price
Salaries Full Time	(11,050)	New starter in manager post
Miscellaneous Other	(10,000)	No budget set for enquiry fee income in 2008/09
Taxi Contract	(9,930)	Efficiency saving based on 2008/09 actual expenditure
Pool Car Expenditure	(9,380)	Based on 08/09 actuals
Salaries Full Time	(9,230)	Adjustment re grading of post
Postages General	(8,340)	Overall saving on postage costs redistributed through GM
Legal Expenses	(8,000)	Reduction in cases (6 @ £4,000 per case)
Loose Furniture & Fittings	(8,000)	Reduced as per Head of N&S Housing
Pool Car Expenditure	(6,200)	Reduction in contract costs
Stationery	(6,040)	Cut based on 07/08 actuals
Professional Advice / Fees	(6,000)	Holden McAllister review not required in 09/10
Pool Car Expenditure	(5,780)	Procurement & utilisation efficiency
Professional Advice / Fees	(5,000)	£190k provision required for recharge from HELM for contract relet, less £5,000 original budget saving
Other Distribution Services	(4,570)	Cut - based on 3x Tenant Talk @ £38.83ea + 1000 x 4 mailings for consultation/focus groups 2nd class (0.193)

16. Unavoidable Growth

Unavoidable Growth Subjective Description	Budget Movement £	Reason for Budget Movement
Salaries Full Time	8,640	Adjust Head of Landlord Services post to Head of Neighbourhood & Strategic Housing
Professional Advice / Fees	20,630	Audit fee 2009/10
Salaries Full Time	106,130	Allowance for increment changes & pension inflation
Salaries Full Time	32,780	Customer Liaison post approved in establishment 2008/09 added into budget
Salaries Full Time	48,980	Neighbourhood Services post agreed in 08/09 added into budget
HRA Recharges	56,000	Community Engagement support to Tenant Participation
Salaries Full Time	72,230	HPS posts established 2008/09 added into budget
HRA Recharges	76,047	2 x Community Engagement Officers recharged to HRA
Norwich Connect Recharge	87,850	Contractual adjustments re change notices etc
Salaries Full Time	95,640	Neighbourhood Services posts approved in establishment added into budget
Recharges from Contracts	190,000	Recharge Reprovisioning costs 2/3 to HRA pro rata to contract values

17. Discretionary Growth

Discretionary Growth Subjective Description	Budget Movement £	Reason for Budget Movement
Advertising Staff Recruitment	18,700	Advertising costs for vacancies
Miscellaneous Other	300,000	Funding for actions arising from Housing Improvement Plan

Special Services

18. 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.

19. Decreased Income

Subjective Description	Budget Movement £	Reason for Budget Movement
Fees & Charges Misc Other	34,370	Premises Manager income budgeted for in 08/09 not yet achieved

20. Savings

Subjective Description	Budget Movement £	Reason for Budget Movement
Salaries Full Time	(58,660)	Overtime provision decreased
Rent Emoluments Housing Staff	(31,340)	Winchester Tower no longer occupied by a Premises Manager
Electricity Landlords Lighting	(11,870)	Based on 07/08 actuals
Electricity	(6,000)	Based on 07/08 actuals

21. Unavoidable Growth

Subjective Description	Budget Movement £	Reason for Budget Movement
Salaries (Premises Manager)	36,170	PM Increase in overtime paid to meet EU Working Time Directive
Cleaning Equipment Repairs/Maintenance	5,400	City Care Contract J price indices uplift
Fuel Oil	17,510	Oil prices based on 07/08 actuals
Salaries Full Time	20,290	Post in establishment added into budget
Landlords Lighting Programmed Maintenance	20,360	Based on 07/08 actuals
Gas	52,940	Winchester Tower conversion to gas from oil
Gas	324,300	Based on 07/08 actuals (average per dwelling basis)

22. Discretionary Growth

Subjective Description	Budget Movement £	Reason for Budget Movement
Fixed Furniture/Fittings (Premises Managers)	10,000	Refurbishment of mess rooms
Fixed Furniture/Fittings (Sheltered Housing)	40,000	New carpets required in 3 Sheltered schemes (not replaced for 20yrs)

Repairs & Maintenance

23. Repairs & Maintenance covers responsive repairs and some planned maintenance of the housing stock.
24. In previous years, Repairs & Maintenance have been accounted for within a Repairs Holding Account, to which expenditure was charged and contributions made from the HRA, in order to smooth the levels of costs across financial years and thereby reduce volatility in rent increases. To operate such an account is no longer regarded as a proper accounting practice, and Repairs & Maintenance is therefore now accounted for directly in the HRA. The balance on the Repairs Holding Account will be consolidated into the HRA Balance in the current financial year.
25. A large increase in the Voids budget is proposed. In the last couple of years, costs have exceeded budget by £1m+, owing to increases in void numbers, increases in the amount of refurbishment work required, and the improvement in void turnaround times. The voids budget originally separated out from the Responsive Repairs budget is not sufficient to cover these costs. In the current year, these additional costs have been covered by savings in other budgets. Some of these savings will not be repeated in 2009/10, and some are now shown separately under "Savings", so that the required growth is shown gross below.

26. Contractual Inflation

Subjective Description	Budget Movement £	Reason for Budget Movement
Gas Cent Heating Repairs	23,580	Citycare Contract K price indices uplift
Void Repairs	59,600	Citycare Contract F price indices uplift on extra Voids
Void Repairs	145,404	Citycare Contract F price indices uplift on base

27. Savings

Subjective Description	Budget Movement £	Reason for Budget Movement
Exterior Painting	(464,540)	Saving on Citycare Contract H1
General Repairs	(70,040)	Saving on Citycare Contract F

Subjective Description	Budget Movement £	Reason for Budget Movement
Promotions & Publicity	(7,000)	Saving on Leave it Clean Scheme - 150 cases @ £100
Contribution to PACT Scheme	(5,000)	Saving based on previous years actuals

28. Unavoidable Growth

Subjective Description	Budget Movement £	Reason for Budget Movement
Professional Advice / Fees	30,000	Relet of new contract legal fees
Intra-Service Recharges	35,550	Out of Hours Dockets unbudgeted 2008/09 (5020pa @ 7.08)
Void Repairs	41,880	Void Costs unbudgeted in error in 2008/09
Professional Advice / Fees	50,000	Contract Relet Costs
Professional Advice / Fees	80,000	Energy Performance Certificates required under new legislation
Asbestos Register Survey	100,000	Accelerated Testing Programme
Professional Advice / Fees	100,000	Fire Assessment required under new legislation
Gas Cent Heating Repairs	120,000	Citycare Direct Costs unbudgeted in error in 2008/09 - £20k responsive & £100k additional properties
Intra Directorate Recharges	224,320	Former contribution from Repairs Holding Account funded directly in HRA
Void Repairs	1,000,000	Increase Voids budget to meet demand

HRA Financing Items

29. HRA Financing Items covers all other transactions in the HRA, including income, capital charges, and Housing Subsidy.
30. Movements in Dwelling Rent and Garage Rent budgets are based upon the rates of increase set out in the Rent Income report elsewhere on this agenda. Other than the movements set out below and linked to other movements proposed in this report, service charge income budgets have not been adjusted to take account of the ongoing reviews and consultation exercises.
31. 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, changes in the basis of the calculation of depreciation.
32. The proposed £2.757m increase in the Revenue Contribution to Capital Outlay is as has been planned to accelerate the Additional Windows Programme, in order to finance the Housing Capital Programme which is the subject of a separate report on this agenda.

33. Increased Income

Subjective Description	Budget Movement £	Reason for Budget Movement
Rents Dwelling	(2,931,500)	Increase in Dwelling Rent as per proposed 6.41% increase
Rents Garages	(69,880)	Increase in Garage Rents as per Dwelling Rents
Service Charges General (Tenants)	(59,290)	Service Charges – General
District Heating Cost - Other Local Authorities	(8,950)	District Heating - Other Authorities
Service Charges Gas (Tenants)	(7,240)	Service Charges - District Heating

34. Decreased Income

Subjective Description	Budget Movement £	Reason for Budget Movement
Loans Pool Interest	188,250	Reduction in Interest expected to HRA contra 511020 9438
Rents Garages	214,549	Shops & Land now separated but lower income (£189k shops, £25k garages)
Service Charges PM/SH/GN	325,020	Reduction in Premises Manager income since increased charges not implemented in 2008/09

35. Unavoidable Growth

Subjective Description	Budget Movement £	Reason for Budget Movement
Revenue Contribution to Cap Outlay (planned)	2,757,000	Increase in RCCO as per Capital Plan to fund Decent Homes & Additional Windows
Revenue Contribution to Cap Outlay (supplementary)	1,557,000	Increase in RCCO to cover Capital Financing shortfall in 2009/10
Capital Charges & Depreciation	(2,017,600)	Adjustments to budgets for Capital Charges and Depreciation & Impairment to meet proper accounting requirements and reflect Housing Subsidy determination
Housing Subsidy	2,785,600	Increase in negative Housing Subsidy as per Determination and Capital Charges offset by income from rent increase.
Rents General	13,730	Based on 12m @ 335.83 (32 The Lathes) + 13095 (Bacon Hse, Colegate).
Council Tax	14,460	Council Tax on Void Properties

HRA Balances

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

<i>Item</i>	<i>£000</i>
Brought Forward from 2007/08	(8,745)
Forecast Outturn 2008/09	170
Transfer from Repairs Holding Account	(846)
Carried Forward to 2009/10	(9,421)
Original Budget 2009/10	4,474
Carried Forward to 2010/11	(4,947)

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

37. 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.
38. 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

39. 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.
40. 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

41. A risk assessment has been undertaken to determine the level of general reserves required by the Council, attached as Appendix 3.
42. 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.

43. 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.
44. Earmarked reserves remain legally part of the General Fund although they are accounted for separately.
45. 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.
46. 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

47. 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.
48. The risk analysis attached as Appendix 3 shows that an adequate level of reserves for the Council will be in the order of £2.5 million.

Housing Revenue Account	2008/09 £000s	2009/10 £000s	Change +/(–)
Repairs & Maintenance	12,600	14,068	1,468
Rents, Rates, & Other Charges	54	90	36
General Management	9,072	9,929	857
Special Management	5,806	6,324	518
Depreciation	15,949	10,120	(5,829)
Debt Management Expenses	79	73	(6)
Provision for Bad Debts	150	150	0
Subtotal Expenditure	43,709	40,753	(2,956)
Rent - Dwellings	(45,948)	(48,880)	(2,932)
Rent - Garages, Shops, and Land	(2,381)	(2,236)	145
Housing Revenue Account Subsidy	5,983	8,769	2,786
Service Charges	(2,969)	(2,708)	260
District Heating - Other Authorities	(20)	(29)	(9)
Miscellaneous	(95)	(95)	(0)
Subtotal Income	(45,430)	(45,179)	250
Net Cost of Services	(1,720)	(4,426)	(2,706)
Debt Charges	4,219	1,924	(2,295)
Amenities shared by whole community	(836)	(836)	0
Premium for early repayment of debt	795	646	(149)
Interest	(385)	(193)	192
Net Operating Expenses	2,073	(2,885)	(4,958)
Item 8 Credit	(6,501)	(240)	6,261
Revenue Contributions to Capital	3,245	7,559	4,314
Contribution to MRP (HRA set-aside)	41	41	0
DEFICIT/(SURPLUS) FOR YEAR	(1,143)	4,474	5,618
Transfer to/(from) Working Balance	1,143	(4,474)	
DEFICIT/(SURPLUS)	(0)	0	

Housing Revenue Account - Statutory Format

Subjective Group	Base Budget	Decreased Income	Increased Income	General Inflation	Payroll Inflation	Unavoidable Growth	Discretionary Growth	Savings	Budget Transfer	BUDGET 2009/10
Repairs & Maintenance	0	2,150	0	229,594	0	1,784,260	0	(548,470)	12,600,000	14,067,534
Rents, Rates, & Other Property Costs	54,100	0	0	0	0	36,140	0	0	0	90,240
General Management	9,078,620	150,160	(13,660)	8,420	105,230	826,947	321,850	(610,505)	62,070	9,929,132
Special Services	5,799,320	40,780	0	5,140	78,730	496,600	59,290	(162,830)	6,800	6,323,830
Depreciation & Impairment	28,627,400	0	0	0	0	(5,834,800)	0	0	(12,600,000)	10,192,600
Provision for Bad Debts	150,000	0	0	0	0	0	0	0	0	150,000
Dwelling Rents	(45,948,300)	0	(2,931,500)	0	0	0	0	0	0	(48,879,800)
Garage & Other Property Rents	(2,380,599)	214,549	(69,880)	0	0	0	0	0	0	(2,235,930)
Housing Subsidy	5,983,000	0	0	0	0	2,785,600	0	0	0	8,768,600
Service Charges - General	(2,968,510)	329,240	(68,748)	0	0	0	0	0	0	(2,708,018)
Service Charges - District Heating	(20,200)	0	(8,950)	0	0	0	0	0	0	(29,150)
Miscellaneous Income	(95,066)	0	0	0	0	0	0	0	0	(95,066)
Adjustments & Financing Items	1,798,200	0	0	0	0	8,131,200	0	0	0	9,929,400
Amenities shared by whole community	(836,200)	0	0	0	0	0	0	0	0	(836,200)
Interest Received	(385,000)	192,150	0	0	0	0	0	0	0	(192,850)
TOTAL HOUSING REVENUE ACCOUNT	(1,143,235)	929,029	(3,092,738)	243,154	183,960	8,225,947	381,140	(1,321,805)	68,870	4,474,322

HRA General Management

Subjective Group	Base Budget	Decreased Income	Increased Income	General Inflation	Payroll Inflation	Unavoidable Growth	Discretionary Growth	Savings	Budget Transfer	BUDGET 2009/10
Employees	4,603,490	0	0	0	105,230	370,680	17,430	(228,480)	(102,000)	4,766,350
Premises	294,495	0	0	8,415	0	11,390	0	(4,690)	0	309,610
Transport	220,660	0	0	0	0	6,580	4,630	(78,960)	(13,030)	139,880
Supplies & Services	956,815	0	0	5	0	28,400	299,790	(303,745)	91,010	1,072,275
Recharge Expenditure	5,090,070	0	0	0	0	409,897	0	0	86,090	5,586,057
Receipts	(520,510)	125,670	(13,660)	0	0	0	0	5,370	0	(403,130)
Government Grants	(233,300)	24,490	0	0	0	0	0	0	0	(208,810)
Recharge Income	(1,333,100)	0	0	0	0	0	0	0	0	(1,333,100)
TOTAL DIVISION OF SERVICE	9,078,620	150,160	(13,660)	8,420	105,230	826,947	321,850	(610,505)	62,070	9,929,132

HRA Special Services

Subjective	Base Budget	Decreased Income	Increased Income	General Inflation	Payroll Inflation	Unavoidable Growth	Discretionary Growth	Savings	Budget Transfer	BUDGET 2009/10
Employees	1,729,970	0	0	0	78,730	56,460	0	(98,670)	0	1,766,490
Premises	3,235,210	1,460	0	3,340	0	430,990	50,910	(55,840)	6,800	3,672,870
Transport	62,500	0	0	1,120	0	250	1,330	(4,670)	0	60,530
Supplies & Services	627,340	0	0	680	0	8,900	7,050	(3,650)	0	640,320
Recharge Expenditure	656,840	0	0	0	0	0	0	0	0	656,840
Receipts	(512,540)	39,320	0	0	0	0	0	0	0	(473,220)
TOTAL DIVISION OF SERVICE	5,799,320	40,780	0	5,140	78,730	496,600	59,290	(162,830)	6,800	6,323,830

HRA Repairs

Subjective	Base Budget	Decreased Income	Increased Income	General Inflation	Payroll Inflation	Unavoidable Growth	Discretionary Growth	Savings	Budget Transfer	BUDGET 2009/10
Premises	10,621,270	0	0	229,594	0	1,264,390	0	(541,470)	0	11,573,784
Supplies & Services	52,000	0	0	0	0	260,000	0	(7,000)	0	305,000
Recharge Expenditure	2,383,400	0	0	0	0	35,550	0	0	0	2,418,950
Receipts	(232,350)	2,150	0	0	0	0	0	0	0	(230,200)
Recharge Income	(12,824,320)	0	0	0	0	224,320	0	0	12,600,000	0
TOTAL DIVISION OF SERVICE	0	2,150	0	229,594	0	1,784,260	0	(548,470)	12,600,000	14,067,534

HRA Financing Items

Subjective	Base Budget	Decreased Income	Increased Income	General Inflation	Payroll Inflation	Unavoidable Growth	Discretionary Growth	Savings	Budget Transfer	BUDGET 2009/10
Premises	54,100	0	0	0	0	36,140	0	0	0	90,240
Supplies & Services	150,000	0	0	0	0	0	0	0	0	150,000
Recharge Expenditure	13,395,000	0	0	0	0	(149,400)	0	0	(12,600,000)	645,600
Capital Charges	20,286,900	0	0	0	0	(8,369,500)	0	0	0	11,917,400
Receipts	(51,797,675)	735,939	(3,079,078)	0	0	0	0	0	0	(54,140,814)
Government Grants	5,983,000	0	0	0	0	2,785,600	0	0	0	8,768,600
Recharge Income	(7,337,500)	0	0	0	0	6,501,300	0	0	0	(836,200)
Rev Contribs to Capital	3,245,000	0	0	0	0	4,314,000	0	0	0	7,559,000
TOTAL DIVISION OF SERVICE	(16,021,175)	735,939	(3,079,078)	0	0	5,118,140	0	0	(12,600,000)	(25,846,174)

Estimate of prudent level of HRA reserves 2009/10

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<u>Description</u>	<u>Level of risk</u>	<u>Amount at risk</u>	<u>Risk</u>
Employee Costs	<i>High</i>	6,532,840	32,664
Supplies and Services	<i>High</i>	2,167,595	5,419
Premises Costs	<i>High</i>	4,072,720	10,182
Transport Costs	<i>High</i>	200,410	501
Contracted Services	<i>Medium</i>	11,573,784	86,803
Fees and Charges	<i>Medium</i>	1,315,360	19,730
Investment Income	<i>Medium</i>	192,500	5,775
Rents & Service Charges	<i>Low</i>	54,140,814	135,352
Subsidy & Finance Items	<i>Medium</i>	20,686,000	41,372
Total One Year Operational Risk			337,799
Allowing three years cover on operational risk			1,013,396
Balance Sheet risk			
Issues arising from Annual Governance Report			0
General Risk			
Unforeseen events			1,500,000
ESTIMATED REQUIRED LEVEL OF HRA RESERVES			2,513,396

Operational cost risk profiles

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		<i>Low Risk</i>	<i>Med Risk</i>	<i>High Risk</i>
Employee Costs	overspend	1.00%	2.50%	5.00%
	probability	25.0%	15.0%	10.0%
	amount at risk	16,332	24,498	32,664
Supplies and Services	overspend	1.00%	2.50%	5.00%
	probability	10.0%	7.5%	5.0%
	amount at risk	2,168	4,064	5,419
Premises Costs	overspend	1.00%	2.50%	5.00%
	probability	10.0%	7.5%	5.0%
	amount at risk	4,073	7,636	10,182
Transport Costs	overspend	1.00%	2.50%	5.00%
	probability	10.0%	7.5%	5.0%
	amount at risk	200	376	501
Contracted Services	overspend	5.00%	10.00%	15.00%
	probability	10.0%	7.5%	5.0%
	amount at risk	57,869	86,803	86,803
Fees and Charges	Shortfall	5.00%	10.00%	15.00%
	probability	25.0%	15.0%	10.0%
	amount at risk	16,442	19,730	19,730
Investment Income	Shortfall	10.00%	20.00%	30.00%
	probability	20.0%	15.0%	10.0%
	amount at risk	3,850	5,775	5,775
Rents & Service Charges	Shortfall	1.00%	1.50%	2.00%
	probability	25.0%	15.0%	5.0%
	amount at risk	135,352	121,817	54,141
Subsidy & Finance Items	Shortfall	1.00%	2.00%	3.00%
	probability	15.0%	10.0%	5.0%
	amount at risk	31,029	41,372	31,029