



**COUNCIL: 22 February 2023**

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**Report of: Head of Finance, Procurement and Commercial Services**

**Relevant Portfolio Holder: Councillor N. Pryce-Roberts**

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**SUBJECT: HOUSING ACCOUNT – 2023/24 REVENUE AND CAPITAL BUDGET SETTING**

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Wards Affected: Borough wide

## **1.0 PURPOSE OF THE REPORT**

1.1 To enable the Council to set its Housing Revenue Account (HRA) budget and capital investment programme for the next financial year 2023/24.

## **2.0 RECOMMENDATIONS**

2.1 That the rent and service charges set within delegated authority, as detailed in sections 4 and 5 of this report, be noted.

2.2 That the 2023/24 HRA budget in Appendix 1 be approved, based on the proposals to be presented at the Council meeting by the Housing and Landlord Services portfolio holder.

2.3 That the 30 year capital programme in paragraph 7.6 be approved, based on the proposals to be presented at the Council meeting by the Housing and Landlord Services portfolio holder.

2.4 That the budget issues in paragraph 8.2 be approved, based on the proposals to be presented at the Council meeting by the Housing and Landlord Services portfolio holder.

- 2.5 That, subject to any updated approvals in regard to Tawd Valley Developments, the HRA budgets be added to reflect the HRA share of each scheme cost, as detailed in paragraphs 7.7 to 7.10.
- 2.6 That the reserves policy set out in appendix 2 be approved.
- 2.6 That delegated authority be given to the Director of Transformation, Housing and Resources to take all necessary action to implement the decisions of Council.
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### **3.0 BACKGROUND**

- 3.1 The Council must set a budget for its Housing Revenue Account (HRA) before the start of each financial year, and this budget will set out the financial basis for the delivery of services. The budget that is set must enable Council and tenant priorities to be delivered but must also be affordable. In addition it should comply with best practice requirements on budget setting and meet statutory and accounting regulations.
- 3.2 With September 2023 cpi being exceptionally high, (10.1%), following consultation, Government have imposed a cap on HRA rent increases for 2023/24. The cap is likely to support tenants to some extent during the cost of living crisis, but the detrimental financial effect on the HRA business plan over the medium and long term will be significant.
- 3.3 The cost of living crisis, particularly in regard to energy costs, has had a financial impact on a number of HRA contracts where uplifts will be required in 2023/24.
- 3.4 The HRA budget has been the subject of recent reports to Cabinet, Executive Overview and Scrutiny, Landlord Services, and Budget Committees. These reports identified a draft budget surplus of £672k in 2022/23, between the resources available and the expenditure required to deliver agreed service levels and investment plans with some further work still required.

### **4.0 RENTAL INCOME**

- 4.1 Following consultation Government have announced a rent cap, for 2023/24 only, of 7% on general needs properties, (the majority of WLBC housing stock.) For sheltered housing stock Government have indicated that the standard approach per their Rent Policy remains in place, namely an increase of September CPI (10.1%) + 1%
- 4.2 WLBC will comply with the Government rent decision. The Director of Transformation, Housing & Resources will use his delegated authority to increase the majority of rents by 7%, whether general needs, affordable rent or sheltered.

- 4.3 In order to ensure strict adherence to the maximum rent increase that is allowed, all rents with this increase will be rounded down to the nearest penny. In addition, around 12 properties will have a lower increase in rents of between 0% and 7%
- 4.4 Rents are the main source of income for the HRA, and ultimately also for housing capital, either as a revenue contribution, or for servicing debt interest. From this perspective it is important to maximise rental income, within Government rules, as this pays for repairs and improvements to housing stock, as well as estate and tenancy services which benefit tenants.
- 4.5 The cost of living crisis will impact many in a significant way, even with rents at 7% rather than the standard CPI+1% (11.1%). For this reason a budget issue has been included in 2023/24 budget setting to ringfence additional funding to provide some support to those residents most in financial need over the next two years, see paragraph 8.2.
- 4.6 The rent budget is also affected by the number of properties within the Housing Stock which will be influenced by Right to Buy Council house sales (which is outside the Council's control), the number of homes built or purchased, and the number of homes demolished as part of revival and development projects.
- 4.7 During conversation with Government it has been mentioned that the Government are still considering whether to give providers of social housing the ability to recoup the gap in future years between existing rent formula of CPI +1% and the capped 7% for this year. However, it may be the case that this would only be an option for those providers who increase rents this year by the maximum 7% cap. From a financial perspective, it is prudent for WLBC to increase rents to the 7% level to ensure we are in a position if it is agreed by government to recoup the business plan gap in future years

## 5.0 OTHER CHARGES

- 5.1 The general principle applied to service charges is that they should be sufficient to recover the full cost of service provision. In addition, the Government has advised, but not directed, that it would expect service charge increases to be limited to CPI + 1% unless there is a very clear rationale. The Government rent consultation did not impose a cap on service charges.
- 5.2 In keeping with these general principles as well as considering issues around affordability for tenants at this time, and the ability to let properties for the HRA business plan, service charges have been increased as shown in the table below, along with the price effect of each of the increases.

Service Charge	% increase	Ave. increase £ pw
Caretaking	7%	£0.29

Door Entry	11%	£0.25
Communal Lighting	50%	£0.59
Painting	7%	£0.01
Sheltered Maintenance incl. communal energy but not DHS	14%	£1.76
Sheltered Management category 1	7%	£0.36
Sheltered Management category 2	7%	£0.91

- 5.3 In addition there are nearly 750 residents who are part of the WLBC **district heating scheme** (DHS). In recent years the DHS has been in surplus so residents have benefited from low heating charges and a general trend of annual reductions to charges.
- 5.4 At the time of setting DHS charges for 2022/23 most DHS tenants had their charge increased by around 2%. Heating costs were expected to increase by around 50% with the difference being funded from the heating reserve. As the energy crisis worsened the actual increase in energy costs was several fold. Tenants had £6.25 pw added to their heating charge at mid year which cost them an extra £150 per household in 2022/23, only partially offsetting the increase in actual energy costs. Leasehold bills were not increased in year.
- 5.5 During 2022/23 all DHS residents should have received Government energy bill support of £150 per council tax household, (up to band D), paid via WLBC, and £400 through reduced bills from individual electricity suppliers. Some residents are likely to have qualified for additional Government support. In most households it is likely that heating is a major element of energy expenditure.
- 5.6 At the time of writing this report, it is expected that there will be a shortfall in the heating reserve at 31/3/23 which will need to be recovered from DHS customers over a reasonable period of time. In addition, our gas supplier has advised that we should expect further increases in prices for 2023/24 of between 65% and 100%. These costs will also need to be recovered over a reasonable period of time.
- 5.7 All DHS tenants will have their 2023/24 heating charge increased to £25pw on a 48 week basis. This is an average increase of 88%. In addition there are around 42 DHS leaseholders. Four of these leaseholders will have their annual heating charge increased to £1,200 in 2023/24 as current estimates suggest that this will be enough to take them out of arrears within the reserve by 31/3/24. The remaining leaseholders will have a charge in 2023/24 of £1,350 when possible, subject to the terms of their lease. This recognises that their charges did not change during 2022/23 and they are likely to still be in a shortfall position at 31/3/24.
- 5.8 The intention with all the DHS increases is to balance the requirement to recover the costs of energy used, plus estimated shortfalls at 31/3/23, over a

reasonable timeframe, whilst recognising that affordability is key in the current cost of living crisis.

- 5.9 If energy prices continue at the estimated 2023/24 price, or go up further, it is likely that all DHS customers will see further significant increases in their charges.
- 5.10 The table below provides an analysis of the impact of the increases to weekly rents, service charges and DHS charges on tenants on a 48 week basis. It shows that for non-DHS tenants the average weekly increase is around £7, the largest single increase is £11.90. For the reasons outlined in paragraphs 5.3 to 5.9, the weekly increase for DHS tenants is more, averaging £19.40 pw in total, with the worst affected tenant being limited to £24.13 pw increase.

Paying for:	% Tenants	Approx. no. Tenants	Ave Increase £pw	Min Increase £pw	Max Increase £pw
Rent only	59%	3,444	£6.56	£0	£11.90
Rent & sc's	29%	1,696	£7.24	£0.95	£11.24
Rent sc's & heating	12%	696	£19.40	£13.33	£24.13
<b>Total</b>	<b>100%</b>	<b>5,836</b>	<b>£8.29</b>	<b>£0</b>	<b>£24.13</b>

- 5.11 The **furnishing service** offered to tenants has seen an increase in prices of around 17%. It is proposed to reflect this change over three years, so a 5% increase only in 2023/24.
- 5.12 **Garage rents and garage sites** will be increased by 11%
- 5.13 The charge categories for the majority of **leaseholders** will rise by the same % principles as for tenants, heating charges are covered in paragraphs 5.3 to 5.9.
- 5.14 Leaseholders also pay charges for some services they receive that tenants pay for through their rent, for example repairs to communal and external areas. Invoices to leaseholders for 2023/24 repairs-related charges have been streamlined so that a number of previously separate categories have been amalgamated into one repairs cost category. In addition, around 199 leaseholders have been identified as paying a shortfall in their contribution to the Advanced Payment Fund reserve, towards their share of major works costs. This will be corrected over two or three years to lessen the financial impact in 2023/24.
- 5.15 Leaseholder buildings insurance fees have increased by around 77%, driven by insurance market price rises, plus an additional element towards use of communal areas. The annual insurance element is still less than £92 per year in 2023/24.

5.16 Overall, the average increase in leaseholder charges in 2023/24 is around 15.5%, 207 leaseholders will see a total increase in excess of 7%, due to the factors mentioned above. The average increase for this group is less than £220 per annum.

## **6.0 REVENUE ESTIMATES**

6.1 The HRA revenue estimates for 2023/24 are shown in Appendix 1 and provide the detailed information that sets out the financial basis for how HRA service objectives will be achieved. They cover all areas of revenue expenditure and income and include changes in the base budget required to roll forward agreed service levels, such as pay and contract inflation, but do not allow for any service improvements. The summary in 6.2, below, provides a high-level picture consistent with 2022/23 mid-year reporting and makes clear the main assumptions being applied.

## 6.2

## HRA Revenue Estimates Summary 2023/24

Budget Area	2022/23 Mid year Budget £000	Mid year Forecast Variance £000	2023/24 Summary £000	Assumptions
Employee Expenses	3,929	-100	4,304	Based on latest establishment. Includes unbudgeted 22/23 pay uplift and assumes 3% pay uplift 23/24.
Void repairs and response repairs	4,504	250	5,100	Base budget £4,504 plus cpi and contract adjustments for 2023/24 only.
Other premises costs	3,702	0	4,511	Increased budget for funded district heating account expenditure, plus other energy costs, some contract uplifts and various budget-neutral virements.
Transport costs	162	0	191	Increase in fleet recharge costs
Budget contingency	390	-80	390	Maintain contingency at amended 22/23 level, to reflect increased economic and legislative uncertainty and financial pressure.
Supplies and Services	1,248	-50	951	Release £300k temporary budget from 2022/23 for second half of stock condition survey. Various budget-neutral virements.
Support Services and internal	2,594	0	2,809	Recharge estimates, dependent upon various factors

income (net)				including 2023/24 GRA outturn
Loan interest & Contribution towards Repayment	3,419	0	3,492	£3,057k interest – existing debt £60k interest – new debt £375k existing debt repayment set aside
Contributions to capital	7,485	0	7,455	Balancing item, towards funding capital programme
Dwelling rents	-24,300	-50	-25,900	7% uplift. 50 rtb sales.
Other external income	-3,133	-50	-3,975	Several different income streams that behave in different ways.
<b>Total</b>	<b>0</b>	<b>-80</b>	<b>-672</b>	<b>To fund revenue budget issues</b>



## 7.0 CAPITAL INVESTMENT PROGRAMME

- 7.1 The previous HRA capital budget was based on the last stock condition survey, plus some other works, and had been approved by Council for a number of years to come.
- 7.2 Updated information from the recent 2022 stock condition survey is presented in the table 7.6, below. The effect on total cost over 30 years is an increase of around 20%, (£40m), from the previous survey in 2017, due primarily to inflation.
- 7.3 Budgets for the first ten years from the stock condition survey have initially been profiled equally to support resource allocation and contract procurement. Operational changes between years will be reflected in budget adjustments forwards or backwards, as is our standard practice.
- 7.4 Members are asked to approve this updated 30 year capital budget and the approach outlined.
- 7.5 In addition the following amendments have been made to the capital budget:
- Slippage of £218k for the 2022/23 Environmental Programme, approved by Council at mid-year, has been added to 2023/24.
  - Other slippage approved at mid-year from 2022/23 into 2023/24 is covered in paragraph 8.2 as part of budget issues. The previous bringing forward of roofing budget into 2022/23 at mid year is superseded by this new budget.
  - Contract Inflation has been added to the budgets for contingency and smoke detection to reflect uplifts of around 10%
  - The existing budget of £101k per annum for Fire Safety Works, has been moved from the Housing Investment Plan section to Other Housing Schemes. This ensures that the Housing Investment Plan section mirrors the outcome of the stock condition survey.
- 7.6 Updated 30 Year Capital programme for Council Approval

Scheme	23/24 £000's	24/25 £000's	25/26 £000's	26/27 £000's	Years 5-10 £000's	Years 11-20 £000's	Years 21-30 £000's
Kitchens	842	842	842	842	5,054	20,153	8,369
Bathrooms	225	225	225	225	1,350	9,046	10,541
Electrics	608	608	608	608	3,651	8,344	12,341
Heating	936	936	936	936	5,615	11,710	15,533
Roofs	550	550	550	550	3,298	5,354	8,309
Walls	1,566	1,566	1,566	1,566	9,396	3,484	5,127
Windows and Doors	361	361	361	361	2,163	19,673	7,915
External Areas	1,067	1,067	1,067	1,067	6,401	7,927	6,317
Communal Areas	173	173	173	173	1,040	4,371	2,539
<b>Housing Investment Plan</b>	<b>6,328</b>	<b>6,328</b>	<b>6,328</b>	<b>6,328</b>	<b>37,968</b>	<b>90,062</b>	<b>76,991</b>

Digmoor Redevelopment	4,000	4,000					
Salaries & Professional Fees	600	600	600	600	3,600	6,000	6,000
Disabled Adaptations	502	502	502	502	3,012	5,020	5,020
Contingency	330	330	330	330	1,980	3,300	3,300
Smoke Detection	330	330	330	330	1,980	3,300	3,300
Environmental Programme	418	200	200	200	1,200	2,000	2,000
Sheltered Housing Upgrades	140	140	140	140	840	1,400	1,400
Fire Safety Works	101	101	101	101	606	1,010	1,010
<b>Other Housing Schemes</b>	<b>6,421</b>	<b>6,203</b>	<b>2,203</b>	<b>2,203</b>	<b>13,218</b>	<b>22,030</b>	<b>22,030</b>
<b>Total Expenditure</b>	<b>12,749</b>	<b>12,531</b>	<b>8,531</b>	<b>8,531</b>	<b>51,186</b>	<b>112,092</b>	<b>99,021</b>
<i>Budget per annum</i>					<i>8,531</i>	<i>11,209</i>	<i>9,902</i>

7.7 **Tawd Valley Developments** budget for existing HRA approvals to be completed in 2023/24 will be reprofiled at year end, once the 2022/23 outturn position is known. Funding plans were to utilise borrowing as well as Homes England Grants. If the financial position at the end of 2022/23 supports it, funding may be switched to revenue contributions to avoid the unnecessary use of borrowing.

7.8 HRA budget relating to future Tawd Valley Developments schemes will be in line with updates and approvals of the TVD business plan values for HRA stock.

7.9 Given substantial right to buy sales each year, this leads to a reduction in total Council housing stock available to West Lancashire residents. The work of TVD in building new Council housing helps to mitigate/offset the rtb losses.

7.10 In addition, by building modern homes the expectation is that less repairs and maintenance will be required, certainly in the earlier years. Whilst the business case for each scheme is calculated to reflect expected costs, including interest, over a number of decades, it is likely that these properties will stand for much longer than the business case criteria and so will provide a positive long-term contribution to the HRA business plan.

## 8.0 BUDGET PROPOSALS

8.1 In addition to the roll over budget in continuing services, it is also important to consider new budget issues and areas for development. The table in 8.2 indicates budget issue that officers have identified and that should be considered as part of the budget process. Members will need to consider

these options, plus any others that may emerge through the budget process and determine which proposals to include in the final budget to meet service objectives.

## 8.2 HRA budget issues

	Budget Issues Identified	2023/24 £000	2024/25 £000	2025/26 £000	Ongoing £000
	<b>Capital Expenditure</b>				
	<u>Working for Capital bid 1</u>				
	Decarbonisation exp. - Wave 2.1	4,556	3,037		
	Wave 2.1 grant funding	-1,068	-712		
	Additional grant - digitalisation	-120			
	Virement of 22/23 carbon neutral dwellings budget	-1,089			
	Virement of 22/23 Walls slippage	-784			
1	Wave 2.1 additional Budget required	1,495	2,325		
2	Disrepair mitigation resources and works	500	250		
3	Abritas further upgrade	15			
	<b>Capital** Sub Total</b>	<b>2,010</b>	<b>2,575</b>		
	<b>Revenue Expenditure</b>				
1	Targeted additional hardship support	500	250		
2	Ext. Audit of gas/electrical compliance	66	66	66	66
3	Disrepairs solicitor	57	57	57	57
4	Abritas – ongoing costs for yearly system upgrades	10	10	10	10
5	Delivering Consumer Standards	36	36	36	36
6	Tenant Satisfaction Measures	3	6	3	
	<b>Revenue* Sub Total</b>	<b>672</b>	<b>425</b>	<b>169</b>	<b>169</b>
	<b>Total</b>	<b>2,682</b>	<b>3,000</b>	<b>169</b>	<b>169</b>

\*revenue policy options will be funded from the HRA (rents)

\*\*capital policy options will be funded by HRA borrowing

8.3 The Portfolio Holder for Housing and Landlord Services has been given delegated authority to submit proposals for consideration at the Council meeting to enable the budget and capital programme to be set.

## 9.0 SUSTAINABILITY IMPLICATIONS

9.1 The Council with its Tenants wants to ensure that the future business plan allows properties to be brought up to a reasonable standard and that appropriate investment can be made at the appropriate time. Business plan modelling enables a well-informed investment plan to be developed in keeping with the requirements of an effective asset management strategy.

## **10.0 RISK ASSESSMENT**

10.1 The formal consideration and reporting of the budget estimates is part of the overall budgetary management and control framework that is designed to minimise the financial risks facing the Council. This process is resource intensive for both Members and Officers but ensures that a robust and achievable budget is set.

## **11.0 HEALTH AND WELLBEING IMPLICATIONS**

11.1 The health and wellbeing implications arising from this report will be dependent on the particular circumstances for that budget.

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### **Background Documents**

There are no background documents (as defined in Section 100D(5) of the Local Government Act 1972) to this Report.

### **Equality Impact Assessment**

The direct impact on members of the public, employees, elected members and / or stakeholders is dependent on the proposals to be put forward at the Council meeting. Therefore no Equality Impact Assessment has been produced at this time. However, an Assessment will be produced and made available at the Council meeting if required.

### **Appendices**

Appendix 1 – HRA Revenue Estimates

Appendix 2 – Reserves Policy

## Appendix 1 – Draft Estimates 2023/24

Budget 2023/24	Employees £	Running Expenses £	External income £	Total Cash £	Support Services & Capital Charges £	Net budget £
<b>General Expenses</b>						
Premises Related Expenses	0	184,787	0	184,787	0	184,787
Bad Debts Provision	0	130,000	0	130,000	0	130,000
Capital Programme Contribution	0	0	0	0	7,454,630	7,454,630
Debt Principal Repayment	0	0	0	0	374,784	374,784
Debt Charges	0	0	0	0	3,116,990	3,116,990
<b>Sub-Total</b>	<b>0</b>	<b>314,787</b>	<b>0</b>	<b>314,787</b>	<b>10,946,404</b>	<b>11,261,191</b>
<b>Supervision, Management, Repairs &amp; Maintenance</b>						
Central Administration	17,215	1,565,670	-1,009,100	573,785	2,692,244	3,266,029
Transformation & Housing Regulation	186,261	0	0	186,261	0	186,261
Income & Financial Inclusion	714,121	113,770	0	827,891	156,303	984,193
<b>Tenancy Services</b>						
Allocations	310,051	70,520	0	380,571	4,182	384,753
Estate Management	317,129	347,757	0	664,886	25,111	689,997
Other Tenancy Services	45,392	302,000	-470,000	-122,608	0	-122,608
Elderly & Disabled Support	329,243	145,230	-597,000	-122,528	85,964	-36,564
<b>Sub-Total</b>	<b>1,001,814</b>	<b>865,507</b>	<b>-1,067,000</b>	<b>800,321</b>	<b>115,257</b>	<b>915,578</b>
<b>Property Services</b>						
Property Services Management	378,471	7,680	0	386,151	-51,534	334,618
Compliance	235,352	1,153,305	-100	1,388,557	24,844	1,413,400
Caretakers	532,483	171,062	-49,000	654,545	-10,947	643,599
Maintenance of Grassed Areas	71,130	798,440	-31,440	838,130	0	838,130
Responsive & Void Repairs	356,027	5,185,570	-69,000	5,472,597	-14,554	5,458,043
Independent Living Premises Costs	270,115	432,946	-825,250	-122,189	223,848	101,659
Programmed Maintenance	540,676	534,810	-500	1,074,986	-326,386	748,600
<b>Sub-Total</b>	<b>2,384,254</b>	<b>8,283,813</b>	<b>-975,290</b>	<b>9,692,777</b>	<b>-154,729</b>	<b>9,538,048</b>
<b>General Income</b>						
Customer & Client Receipts	0	0	-26,823,300	-26,823,300	0	-26,823,300
Interest	0	0	0	0	0	0
<b>Sub-Total</b>	<b>0</b>	<b>0</b>	<b>-26,823,300</b>	<b>-26,823,300</b>	<b>0</b>	<b>-26,823,300</b>
Transfers to/from Reserves	0	0	0	0	0	0
<b>Grand Total</b>	<b>4,303,664</b>	<b>11,143,547</b>	<b>-29,874,690</b>	<b>-14,427,479</b>	<b>13,755,478</b>	<b>-672,000</b>

### Notes:

- 'Transformation & Housing Regulation' reflects reorganisation within Housing
- 'Compliance' has been separated out from Property Services Management
- The budgets above also reflect various virements and uplifts
- The budget savings & Efficiency Reserve, (Appendix 2), has been renamed the 'Transformation & Efficiency Reserve'
- £100k has been moved from the Transformation & Efficiency reserve to the Repairs Reserve to ensure that the Repairs Reserve maintains it's minimum 10% provision after 2023/24 contractual uplifts to the response repairs and void revenue repairs budget

	Employees	Running Expenses	External income	Total Cash	Support Services & Capital Charges	Net budget
Budget 2022/23	£	£	£	£	£	£
<b>General Expenses</b>						
Premises Related Expenses	0	167,890	0	167,890	0	167,890
Bad Debts Provision	0	160,000	0	160,000	0	160,000
Capital Programme Contribution	0	0	0	0	7,433,860	7,433,860
Debt Principal Repayment	0	0	0	0	362,110	362,110
Debt Charges	0	0	0	0	3,056,990	3,056,990
<b>Sub-Total</b>	<b>0</b>	<b>327,890</b>	<b>0</b>	<b>327,890</b>	<b>10,852,960</b>	<b>11,180,850</b>
<b>Supervision, Management, Repairs &amp; Maintenance</b>						
Central Administration	285,310	858,270	-414,220	729,360	2,735,460	3,464,820
Income & Financial Inclusion	666,050	103,770	0	769,820	151,750	921,570
<b>Tenancy Services</b>						
Allocations	278,700	69,250	-90	347,860	10,000	357,860
Estate Management	301,700	303,600	-30	605,270	24,380	629,650
Other Tenancy Services	34,550	228,560	-288,870	-25,760	0	-25,760
Elderly & Disabled Support	304,710	127,150	-588,030	-156,170	88,130	-68,040
<b>Sub-Total</b>	<b>919,660</b>	<b>728,560</b>	<b>-877,020</b>	<b>771,200</b>	<b>122,510</b>	<b>893,710</b>
<b>Property Services</b>						
Property Services Management	750,480	1,096,800	-210	1,847,070	-140,070	1,707,000
Caretakers	407,160	153,420	-41,220	519,360	-43,220	476,140
Maintenance of Grassed Areas	0	869,570	-31,440	838,130	0	838,130
Responsive & Void Repairs	344,910	4,563,140	-58,000	4,850,050	-14,130	4,835,920
Independent Living Premises Costs	239,260	313,360	-745,250	-192,630	148,270	-44,360
Planned Maintenance	446,300	432,570	-3,780	875,090	-316,880	558,210
<b>Sub-Total</b>	<b>2,188,110</b>	<b>7,428,860</b>	<b>-879,900</b>	<b>8,737,070</b>	<b>-366,030</b>	<b>8,371,040</b>
<b>General Income</b>						
Customer & Client Receipts	0	0	-25,150,990	-25,150,990	0	-25,150,990
Interest	0	0	0	0	-1,000	-1,000
<b>Sub-Total</b>	<b>0</b>	<b>0</b>	<b>-25,150,990</b>	<b>-25,150,990</b>	<b>-1,000</b>	<b>-25,151,990</b>
Transfers to/from Reserves	0	0	0	0	0	0
<b>Grand Total</b>	<b>4,059,130</b>	<b>9,447,350</b>	<b>-27,322,130</b>	<b>-13,815,650</b>	<b>13,495,650</b>	<b>-320,000</b>

## Appendix 2 - HRA RESERVES POLICY

### Reserves Protocol

- 1.1 For each reserve held by the Council there must be a clear protocol setting out:
- The reason for and purpose of the reserve;
  - How and when the reserve can be used;
  - Procedures for the reserve's management and control; and
  - A process and timescale for review of the reserve to ensure continuing relevance and adequacy.
- 1.2 Details for each HRA reserve are set out below. Each reserve is managed and controlled by a Chief Officer. The responsible officer can authorise amounts of up to £10,000 to be taken from a reserve provided that its use is in line with the stated purpose of the reserve.
- 1.3 In addition the responsible officer must also consult with the Housing and / or Finance Portfolio Holders before authorising uses from reserves in excess of £10,000.
- 1.4 Reserves are reviewed and updated as part of the annual budget preparation and as part of the closure of accounts process to ensure that they continue to be required and are adequate in size. Earmarked reserves represent money that has been set aside for a clearly defined purpose, and which is available to meet future expenditure in that area. Balances represent unallocated funds which have not been earmarked and consequently are available to support any service area.
- 1.5 The values shown below for each reserve reflect their current position. The process for closing down the accounts at the year-end will then allow for any outstanding in year commitments and contributions.
- 1.6 The underlying level of reserves is adequate and reflects the HRA's stable financial position.

<b>Description</b>	<b>Purpose</b>	<b>How and When Used</b>	<b>Responsible Officer</b>	<b>Value £000</b>
HRA BALANCES	Balances are held by every organisation and are used to cushion the impact of unexpected events or emergencies, uneven cash flows and to avoid temporary borrowing	Can be used as a general contingency and should be maintained at a level of at least £100 per property.	Head of Housing	620
HRA ELEMENT OF INSURANCE FUND	Funds held to meet the Council's self-insured liabilities where this is a more cost effective method	Costs are incurred when insurance claims are settled. The level of the reserve is	Head of Finance, Procurement & Commercial	331

	of insuring than using an external company	determined through actuarial reviews	Property	
DISTRICT HEATING CHARGES RESERVE	This reserve holds the difference between the income raised from charges to tenants for the District Heating scheme and the cost of running this scheme (primarily gas charges).	It is Council policy to run this scheme on a cost recovery basis, and so it is necessary to maintain this reserve so that any surpluses that are achieved can be carried forward to fund lower charges to tenants in the future than otherwise would be possible	Head of Housing	0
REPAIRS RESERVE	This reserve is used to deal with demand led and other spending pressures on the response and void repairs budgets	Can be used as a general contingency for repairs expenditure and should be maintained at a level of at least 10% of the repairs budgets	Head of Housing	550
GENERAL SLIPPAGE RESERVE	This reserve is used to carry forward slippage on revenue and capital projects, where required	Enables the funding on schemes that are not completed at the financial year end to be carried forward so that the scheme can be completed in the next financial year	Head of Housing	30
TRANSFORMATION & EFFICIENCY RESERVE	This reserve is available to support the overall budget position	Used to deal with the financial challenges facing the HRA over a medium term period	Head of Housing	992