

CALCULATION OF A MINIMUM LEVEL OF GENERAL RESERVES

GENERAL FUND			
Variable	Risk	Sensitivity - Allowance	Provision £
Inflation on net revenue spending	Rises above economic forecasts	1% point above forecast	120,000
Planning, Building Regs and Land Charges	Reduction in market share or demand	10% of annual income	110,000
General Government (Fourmula) Grant	Adverse formula and data changes	1.5% of annual grant	73,500
Specific Government Grants	Phased out/not mainstreamed	10% of annual grant	35,000
Partnership Contributions	Cut/do not materialise	50% of annual contributions	25,000
Bank Deposits and Temporary Borrowings	Adverse interest rates/negative cash flow	50% of net interest received	125,000
Council Tax Collection	Tax base is lower/collection rate dips	1% of estimated income collected	45,000
Housing Benefits	Government contribution reduced	1% of total benefits paid in year	140,000
Professional Legal Fees	Need to engage professional advice	Nominal amount allowed	50,000
Insurance Premiums (80% Gfund)	Volatile market	Additional 10% over base budget	30,000
Emergency Assistance	Statutory provision is required	0.2% of net revenue expenditure	24,000
Gross Revenue Expeniture (excl benefits)	Unforeseen variations - capacity/service issues	1% of total expenditure	190,000
Capital Spend	Unforeseen variations or external financing reduced	1% of capital programme	45,000

1,012,500

HOUSING REVENUE ACCOUNT			
Variable	Risk	Sensitivity - Allowance	Provision £
Inflation on Management Costs	Rises above economic forecasts	1% point above forecast	17,280
Inflation on Repairs and Maintenance	Rises above economic forecasts (Building Industry)	2% point above forecast	60,300
Payment to the Government Pool	Adverse formula and data changes	2% of annual payment	84,740
Supporting People Grant	Cut	10% of annual grant	37,500
Empty Properties	Voids increase reducing rent	1% of rent income	89,540
Right to Buy Sales	Increase which reduces rent	20% increase	33,800
Professional Legal Fees	Need to engage professional advice	Nominal amount allowed	50,000
Insurance Premiums (20% HRA)	Volatile market	Additional 10% over base budget	6,500
Revenue Expenditure (excl subsidy)	Unforeseen variations - capacity/service issues	1% of total expenditure	47,980
Capital Spend	Unforeseen variations or external finances reduced	1% of capital programme	25,000

452,640

APPENDIX 3

CALCULATION OF A MINIMUM LEVEL OF GENERAL RESERVES

GENERAL FUND			
Variable	Risk	Sensitivity - Allowance	Provision £
Inflation	Rises above economic forecasts	1% point above forecast	122,750
Planning, Building Regs and Land Charges	Reduction in market share or demand	10% of annual income	115,700
General Government (Fourmula) Grant	Adverse formula and data changes	1.5% of annual grant	104,600
Targetted Government Grants	Phased out/not mainstreamed	10% of annual grant	32,500
Partnership Contributions	Cut/do not materialise	50% of annual contributions	47,325
Bank Deposits and Temporary Borrowings	Adverse interest rates/negative cash flow	50% of net interest received	52,500
Council Tax Collection	Tax base is lower/collection rate dips	1% of estimated income collected	48,000
Housing Benefits	Government contribution reduced	1% of total benefits paid in year	140,700
Professional Legal Fees	Need to engage professional advice	Nominal amount allowed	50,000
Insurance Premiums (80% Gfund)	Volatile market	Additional 10% over base budget	26,000
Emergency Assistance	Statutory provision is required	0.2% of net revenue expenditure	24,550
Gross Revenue Expeniture (excl benefits)	Unforeseen variations - capacity/service issues	1% of total expenditure	187,000
Capital Spend	Unforeseen variations or external financing reduced	1% of capital programme	42,920

994,545

HOUSING REVENUE ACCOUNT			
Variable	Risk	Sensitivity - Allowance	Provision £
Inflation on Management Costs	Rises above economic forecasts	1% point above forecast	17,000
Inflation on Repairs and Maintenance	Rises above economic forecasts (Building Industry)	2% point above forecast	60,000
Payment to the Government Pool	Adverse formula and data changes	2% of annual payment	84,000
Supporting People Grant	Cut	10% of annual grant	35,000
Empty Properties	Voids increase reducing rent	1% of rent income	87,000
Right to Buy Sales	Increase which reduces rent	10% increase	27,560
Professional Legal Fees	Need to engage professional advice	Nominal amount allowed	50,000
Insurance Premiums (20% HRA)	Volatile market	Additional 10% over base budget	6,500
Revenue Expenditure (excl subsidy)	Unforeseen variations - capacity/service issues	1% of total expenditure	46,000
Capital Spend	Unforeseen variations or external finances reduced	1% of capital programme	18,630

431,690

CALCULATION OF A MINIMUM LEVEL OF GENERAL RESERVES

GENERAL FUND			
Variable	Risk	Sensitivity - Allowance	Provision £
Inflation	Rises above economic forecasts	1% point above forecast	124,500
Planning, Building Regs and Land Charges	Reduction in market share or demand	10% of annual income	80,000
General Government (Fourmula) Grant	Adverse formula and data changes	1.5% of annual grant	105,000
Targetted Government Grants	Phased out/not mainstreamed	10% of annual grant	35,000
Partnership Contributions	Cut/do not materialise	50% of annual contributions	112,500
Bank Deposits and Temporary Borrowings	Adverse interest rates/negative cash flow	50% of net interest received	37,500
Council Tax Collection	Tax base is lower/collection rate dips	1% of estimated income collected	48,000
Housing Benefits	Government contribution reduced	1% of total benefits paid in year	135,000
Professional Legal Fees	Need to engage professional advice	Nominal amount allowed	50,000
Insurance Premiums (80% Gfund)	Volatile market	Additional 10% over base budget	24,000
Emergency Assistance	Statutory provision is required	0.2% of net revenue expenditure	24,000
Gross Revenue Expeniture (excl benefits)	Unforeseen variations - capacity/service issues	1% of total expenditure	187,000
Capital Projects (excl MRA)	Unforeseen variations or external finances reduced	1% of capital programme	45,000

1,007,500

HOUSING REVENUE ACCOUNT			
Variable	Risk	Sensitivity - Allowance	Provision £
Inflation on Management Costs	Rises above economic forecasts	1% point above forecast	16,000
Inflation on Repairs and Maintenance	Rises above economic forecasts (Building Industry)	2% point above forecast	58,000
Payment to the Government Pool	Adverse formula and data changes	2% of annual payment	83,000
Supporting People Grant	Cut	10% of annual grant	35,000
Empty Properties	Voids increase reducing rent	1% of rent income	85,000
Right to Buy Sales	Increase which reduces rent	10% increase	26,000
Professional Legal Fees	Need to engage professional advice	Nominal amount allowed	50,000
Insurance Premiums (20% HRA)	Volatile market	Additional 10% over base budget	6,000
Revenue Expeniture (excl subsidy)	Unforeseen variations - capacity/service issues	1% of total expenditure	46,000
Capital Spend	Unforeseen variations or external finances reduced	1% of capital programme	22,000

427,000

CALCULATION OF A MINIMUM LEVEL OF GENERAL RESERVES

GENERAL FUND			
Variable	Risk	Sensitivity - Allowance	Provision £
Inflation	Rises above economic forecasts	1% point above forecast	110,000
Planning, Building Regs and Land Charges	Reduction in market share or demand	10% of annual income	105,000
General Government (Fourmula) Grant	Adverse formula and data changes	1.5% of annual grant	80,000
Targetted Government Grants	Phased out/not mainstreamed	10% of annual grant	70,000
Partnership Contributions	Cut/do not materialise	50% of annual contributions	90,000
Bank Deposits and Temporary Borrowings	Adverse interest rates/negative cash flow	50% of net interest received	37,500
Council Tax Collection	Tax base is lower/collection rate dips	1% of estimated income collected	40,000
Housing Benefits	Government contribution reduced	1% of total benefits paid in year	125,000
Professional Legal Fees	Need to engage professional advice	Nominal amount allowed	50,000
Insurance Premiums (80% Gfund)	Volatile market	Additional 10% over base budget	15,000
Emergency Assistance	Statutory provision is required	0.2% of net revenue expenditure	20,000
Gross Revenue Expeniture (excl benefits)	Unforeseen variations - capacity/service issues	1% of total expenditure	160,000
Capital Projects (excl MRA)	Unforeseen variations or external finances reduced	1% of capital programme	55,000
			957,500

HOUSING REVENUE ACCOUNT

Variable	Risk	Sensitivity - Allowance	Provision £
Inflation on Management Costs	Rises above economic forecasts	1% point above forecast	15,000
Inflation on Repairs and Maintenance	Rises above economic forecasts (Building Industry)	2% point above forecast	55,000
Payment to the Government Pool	Adverse formula and data changes	2% of annual payment	80,000
Supporting People Grant	Cut	10% of annual grant	30,000
Empty Properties	Voids increase reducing rent	1% of rent income	80,000
Right to Buy Sales	Increase which reduces rent	10% increase	25,000
Professional Legal Fees	Need to engage professional advice	Nominal amount allowed	50,000
Insurance Premiums (20% HRA)	Volatile market	Additional 10% over base budget	5,000
Revenue Expeniture (excl subsidy)	Unforeseen variations - capacity/service issues	1% of total expenditure	47,500
Capital Spend	Unforeseen variations or external finances reduced	1% of capital programme	27,500
			415,000