APPENDIX 4

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)	Unforseen variations - capacity/service issues	1% of total expenditure	190,000
Capital Spend	Unforseen 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)	Unforseen variations - capacity/service issues	1% of total expenditure	47,980
Capital Spend	Unforseen variations or external finances reduced	1% of capital programme	25,000
			452,640