

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 Expenditure (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
			<b>994,545</b>

**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	Void 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
			<b>431,690</b>