
Meeting: Executive **Agenda Item:** 5
Portfolio Area: Resources
Date: 11 November 2015

2nd QUARTER MONITORING REPORT GENERAL FUND AND HOUSING REVENUE ACCOUNT

KEY DECISION

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1. PURPOSE

- 1.1 The Council undertakes a complete review of all revenue and associated budgets on a quarterly basis. This is the 2nd quarter budget monitoring report for 2015/16.
- 1.2 To update Members on the General Fund and Housing Revenue Account (HRA) projected 2015/16 net expenditure and to seek approval for the revisions to the 2015/16 revenue budgets.
- 1.3 To update Members on the General Fund and HRA savings and growth items approved for 2015/16 and the New Homes Bonus scheme allocations.
- 1.4 To update Members on the Council's reserves and balances available to support revenue expenditure and to seek approval for revisions to the allocated reserves.

2. RECOMMENDATIONS

- 2.1 **General Fund –**
That Members approve the 2015/16 2nd quarter General Fund projected net increase in expenditure of **£16,780**.
- 2.2 That Members note the cumulative changes made to the original General Fund net budget remains within the £400,000 (increase) variation limit delegated to the Executive.
- 2.3 That Members approve the transfer of **£99,570** from the capital reserve subject to approving the Capital Strategy update to this Executive.
- 2.4 **Housing Revenue Account (HRA) –**
That Members approve the 2015/16 2nd quarter net decrease in HRA surplus of **£338,830** be approved.

- 2.5 That Members note the cumulative changes made to the original HRA net budget still remains within the £250,000 (increase) variation limit delegated to the Executive.
- 2.6 That Members note that HRA balances are projected to be £15,669,149 as at 31 March 2016 which is £528,550 below the risk assessed level of balances (paragraph 5.4.2). However the HRA holds balances for future debt repayments and the capital programme throughout the 30 year business plan.

3. GENERAL FUND - Background

- 3.1 Since the General Fund net revenue budget of £10,401,200 was approved at Council on 25 February 2015 Members have approved the net budget changes as detailed in table one below.

Table One – 2015/16 General Fund Working Budget	Working Budget £
Original Budget	10,401,200
Section 31 grant (previously shown in core resources)	(381,120)
3rd Quarter 2014/15 net decrease	(88,560)
3rd Quarter Carry forwards	37,250
4th Quarter 2014/15 net decrease	(270,680)
4th Quarter Carry forwards	281,180
1st Quarter net decrease	(58,160)
Financial Security Reserve (MTFS)	150,000
Building Control report (October Executive)	92,430
Total Approved to Date	10,163,540

Key = (decrease in expenditure/increase in income), increase in expenditure/reduction in income

3.2 GENERAL FUND – Budget Review

3.2.1 General Fund Budget 2015/16

- 3.2.2 As a result of the 2nd quarter budget monitoring review the General Fund net expenditure is projected to increase by £16,780.

3.3 2nd Quarter variances

- 3.3.1 **Commercial Properties NDR liability** – The first quarter budget report identified an in year pressure of £74,940 relating to the Q3 building. Following a successful appeal against the calculation of the 2015/16 bill a refund of £26,750 has been given to the Council in regards to empty rate relief.
- 3.3.2 **Careline and community support for private tenants** – A service review of the careline and support service functions provided by the HRA has identified that

there is a net cost of the service provided to private tenants (£47,600). In accordance with legislation this cost should be borne by the General Fund. Officers are currently looking at proposals to mitigate the cost of this service to the General Fund and reviewing the charges to HRA tenants as there is also a net cost to the HRA for this service.

- 3.3.3 As a member of the **Hertfordshire Waste Partnership**, the Council receives an allocation of a waste minimisation grant, in recognition of waste diverted from landfill. The settlement for 2014/15 has been finalised and is lower (£29,880) than originally estimated. The final 2014/15 grant has been confirmed at £91,120.
- 3.3.4 **Recharges to HRA:** As part of the extensive cost control measures undertaken for the HRA (see also paragraph 4.2.3) an early review has been undertaken for support recharges made from the General Fund to the HRA. The reduction in recharge (£58,700) is in recognition of savings made in the General Fund on staff vacancies (that support the HRA) and lower HRA waste tonnages going through the transfer station.
- 3.3.5 A one off payment for backlog **VAT** due on pre application planning advice invoices was made in the 2nd quarter (£15,720). VAT is now accounted for when the invoice is raised. Further checks on all invoices raised that are exempt or zero (VAT) rated will be undertaken to ensure the correct VAT amounts are being recovered and accounted for. Procedures are now in place to assess the VAT treatment of all new sources of income to prevent this reoccurring in the future.
- 3.3.6 One **garage sale** was completed in the 2nd quarter (£7,000). This garage was a void stand-alone garage and in a bad state of repair.
- 3.3.7 Pressures and savings have been identified during the 2nd quarter and these are listed in table two and in more detail in Appendix A.

Table Two	£	£
Decrease in spend/ Income increases:		
NDR refund for Q3 building	(26,060)	
Net contribution to provisions	(29,640)	
Net Housing benefit cost (after subsidy)	(34,830)	
Investment income	(15,320)	
Deminimus garage sale	(7,000)	
		(112,850)
Increase in Spend / Income reductions:		
Care line and community support provided to private tenants	47,600	
Hertfordshire Waste grant 2014/15	29,880	
Reduction in recharges to HRA	58,700	
Output VAT payment	15,720	
		151,900
Other - net decrease		(22,700)
Total General Fund Variance (net increase)		16,780

Key = (decrease in expenditure/increase in income), increase in expenditure/reduction in income

3.4 **Approved Carry Forwards 2015/16 (General Fund)**

3.4.1 Members approved total carry forwards of £1,149,430 of which £831,000 was for revenue contribution to capital in 2015/16. The remaining carry forward budgets totalled £318,430 and all of the carry forward requests are expected to be spent in year.

3.4.2 Table three below summarises the carry forward status.

Table Three Summary of Carry forward status	£
Approved Carry forwards included in 2015/16 budgets	318,430
Amount spent as at 30/09/15	125,772
Amount due to be spent to year end	192,658
Returned to balances	0
Total	318,430

3.5 **Savings approved for 2015/16 (General Fund)**

3.5.1 Included within the 2015/16 General Fund budgets are savings options totalling £727,370 approved at Council on the 25 February 2015.

3.5.2 The 1st quarter identified three savings that had been withdrawn (**£15** - Additional Car Park Season ticket income (**£36,000**), **£155** Street Scene Management (**£28,090**), **£18** Joint use of Daneshill reception with third party (**£12,450**)). A total of £76,540 or 10.5% of the total approved savings

3.5.3 The 2nd quarter review has identified a small shortfall on two other savings due to later than planned implementation dates.

3.5.4 All remaining savings options are on target to be met with £643,730 being achieved in 2015/16 (87%). Further updates to these savings option will be given in subsequent budget monitoring reports to Executive.

3.6 **2015/16 – General Fund Outturn Position**

3.6.1 Following the 2nd quarter review the General Fund balance as at 31 March 2016 is projected to be £6,468,077 as detailed in table four.

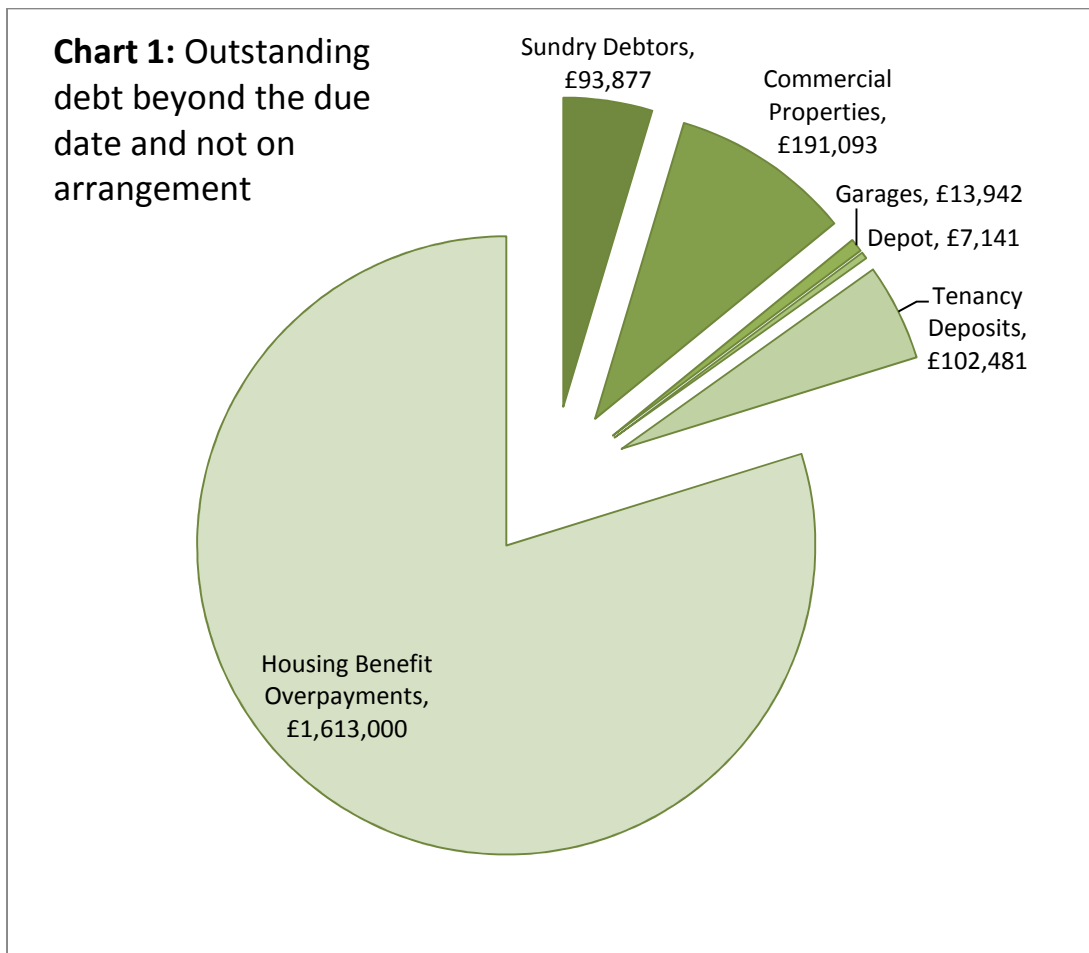
Table Four: Original Net General Fund Budget	10,401,200
Section 31 grant (previously shown in core resources)	(381,120)
Carry forwards	318,430
3rd and 4th Quarter (2013/14) changes	(359,240)
Approved budget changes to date	184,270
Total Approved to Date	10,163,540
2nd Quarter review	16,780
Total Net Expenditure post Q2 review	10,180,320
less core resources	(10,558,077)
Transfer (to)/from General Fund balances	(377,757)
General Fund balance 31/3/15	(6,090,320)
Transfer (to)/from General Fund balances	(377,757)
General Fund balance 31/3/16	(6,468,077)
Allocated Revenue Reserves 31/3/16	(1,740,242)
Allocated Capital Reserves 31/3/16	(2,000,371)
Total General Fund balances (estimated 31/3/16)	(10,208,690)

3.7 2016/17 – General Fund Budget

- 3.7.1 The 2nd quarter budget review has identified a net on-going pressure of **£105,590** of which £115,560 relates to off-street parking) which will be incorporated into the 2016/17 budget setting process.
- 3.7.2 **Off Street Parking** – The 1st quarter review identified a down turn in car park usage with projected income for 2015/16, £115,560 lower than budgeted. Usage trends in carparks continues to be lower than in prior years and officers believe that this trend will continue and therefore the 2016/17 budget will need to be reduced by an equivalent amount. (No change to the 2015/16 projected outturn.)
- 3.7.3 No new carry forward requests of budget were requested as part of the 2nd quarter review.
- ### 3.8 New Homes Bonus Schemes (NHB)
- 3.8.1 In February and March 2015 Members approved the allocation of £1,250,400 to the following schemes.

Table Five New Homes Bonus projects approved for 2015/16	£
Allocated Capital Reserve	250,000
Domestic Abuse Co-ordinator & Stevenage Domestic Abuse Panel (over two years)	235,000
Antisocial Behaviour Co-ordinator (2 year post)	77,680
No More Project (6 months extension)	80,000
De-cluttering of Street Furniture in Town Centre	139,910
Women's Tour	20,000
Litter / Dog Bin Replacement Scheme	20,000
Shrub Bed & Hedge Area Rejuvenation	150,000
Paving	25,000
Money Matters to Private & Housing Assoc renters	52,810
Supporting General Fund Expenditure	200,000
Total	1,250,400

- 3.8.2 The paving scheme has been completed and the shrub bed and hedge rejuvenation project is due to be completed in November. The town centre de-cluttering scheme is due to be completed by December.
- 3.8.3 Agreement has been reached regarding delivery of the Domestic Abuse Co-ordinator & Stevenage Domestic Abuse Panel project going forward. The Council will recruit a new Domestic Abuse Co-ordinator to be based within the Anti-Social Behaviour team. The Co-ordinator will be supported by a commissioned case worker and a review of the Stevenage Domestic Abuse Panel will be undertaken to ensure that cases managed by the Council are undertaken in a safe and appropriate manner.
- 3.8.4 Antisocial Behaviour Co-ordinator (2 year post) has been appointed and is due to start 26 October.
- 3.8.5 As a result of some of the staff appointments being made part way through 2015/16 it is likely that some of the 2015/16 funding will be requested for carry forward at the end of the year for staff related new homes bonus projects.
- 3.8.6 Further updates to New Homes Bonus approved projects will be provided to Members at the March Executive.
- 3.9 **Review of Balances – General Fund**
- 3.9.1 Officers have reviewed the balance sheet at the 2nd quarter including any adjustments required to provisions.
- 3.9.2 **Bad Debt Levels (General Fund)** - As at 30 September 2015 sundry debt and housing benefit overpayment debts stood at £4,557,675 an increase of £708,588 from the 30 June 2015 debt position (£3,849,087). Of this debt £2,021,000 (44%) is overdue and not on a payment arrangement, as shown in chart one.



- 3.9.3 **Bad debt provisions** - The calculated provision for General Fund sundry debtors is within budgeted levels. The increase in housing benefit overpayments provision is funded by the invoices raised for the recovery of over payments, recognising the difficulty in collection and the time in which it takes to recover the overpayment.
- 3.9.4 Officers are currently reviewing the process for tenancy deposits advances and collection/recovery and will be updating the Resource Portfolio holder in November.
- 3.9.5 **Insurance provisions** – following a review of outstanding insurance claims a reduction in the budgeted transfer to the insurance provisions for general properties and public liability can be made (**£49,640**).
- 3.9.6 **Other Provisions** - A provision of **£20,000** to enable a contribution to be made towards jointly procured legal advice regarding the setting of local authority land charge fees has been set aside.
- 3.10 **Allocated Reserves**
- 3.10.1 The total value of allocated reserves available for the Council to spend as at 1 April 2015 was £2,435,721.
- 3.10.2 Total allocated reserves as at the 31 March 2016 are forecast to be **£3,740,613**;
- Revenue £1,740,242
 - Capital £2,000,371

- 3.10.3 A request to transfer £99,570 from the Capital reserve is requested at 2nd quarter to finance the General Fund capital schemes as detailed in the 2nd quarter Capital Strategy Update reported to this Executive.
- 3.10.4 No other request to transfer funds to or from a reserve have been identified at 2nd quarter.
- 3.10.5 Table six shows the approved transfers and anticipated transfers to and from allocated reserves, for 2015/16.

Table Six: Movements to/from Allocated Reserves 2015/16					
Allocated Reserve	Balance as at 1 April 2015	Approved transfers to/from reserves	Quarter 2 requested transfer from reserve	Anticipated transfer to/from reserves but yet to be confirmed	Forecast balance as at 31 March 2016
Revenue Reserves	£000	£000	£000	£000	£000
Capacity Building	(185)	185			(0)
Planning Delivery	(170)				(170)
New Homes Bonus	(201)	(157)			(358)
LAMS default	(28)	(14)			(42)
NDR	(172)				(172)
Financial Security	(100)	(50)			(150)
Regeneration assets	(633)	(215)			(848)
TOTAL REVENUE RESERVES	(1,489)	(251)	0	0	(1,740)
Capital Reserves					
Capital Reserve (Revenue and Capital contributions)	(947)	(708)	99	(445)	(2,001)
TOTAL CAPITAL RESERVE	(947)	(708)	99	(445)	(2,001)
TOTAL ALLOCATED RESERVES	(2,436)	(959)	99	(445)	(3,741)

3.11 Investments and Loans

- 3.11.1 The Council's investments as at 30th September 2015 were £58.126million. The average investment rate achieved in the 2nd quarter was 0.60% compared to the average rate of 0.49% achieved last year.
- 3.11.2 Cash balances are held by the Council to meet financial obligations such as the payment of collection fund surpluses to central government and Hertfordshire Council and the potential NDR refunds following successful appeals (for which a provision is held). A PWLB loan is also due to be repaid in March (£2million). Therefore cash balances are expected to fall during the year and are forecast to be £37.9million as at 31 March 2016.
- 3.11.3 Appendix B details the investments held by the Council at 30th September 2015. At that time a six month fixed term deposit of £4million was held with Barclays

maturing on the 15th October. Barclays are no longer an approved investment counterparty of the Council due to a credit rating reduction by one of the ratings agencies on the 9th June. Since this time there have been no new investments with Barclays.

- 3.11.4 The Council's loan portfolio totals £212.889million with the majority (£209.415million) with the Public Works Loan Board (PWLB).
- 3.11.5 Further information on the Council's treasury management performance for 2015/16 is given in the Treasury Management mid-year report presented to this Executive.

4. HOUSING REVENUE ACCOUNT (HRA) – Background

- 4.1 The HRA revenue budget of £2,698,930 (surplus) was approved at Council on 28 January 2015. Subsequently Members have approved 2015/16 budget changes as detailed in table seven below.

Table Seven – HRA Working budget	Working Budget £
Original Budget (surplus)	(2,698,930)
3rd Quarter 2014/15 net increase in surplus	(146,900)
3rd Quarter Carry forwards	182,620
4th Quarter 2014/15 net increase in surplus	(62,160)
4th Quarter Carry forwards	227,990
1st Quarter net increase in surplus	(11,830)
Total Working Budget (surplus)	(2,509,210)

(Key: + = increase in spend / decrease in income, () reduction in spend / increase in income)

4.2 HOUSING REVENUE ACCOUNT (HRA) – Budget Review

4.2.1 HRA Budget 2015/16

Members will recall that following the 2014/15 Building Maintenance Organisation (BMO) outturn position, an independent review by the Housing Quality Network (HQN) was commissioned to assess the effectiveness of the BMO against similar organisations. In addition the new interim BMO manager has undertaken a detailed assessment of the BMO which has informed the 2nd quarter position.

- 4.2.2 As a result of the 2nd quarter budget monitoring review and after taking account of the views of the new interim housing management team the projected deficit for the Building Maintenance Organisation (BMO) has increased from £807,880 (reported at 1st quarter) to £1,384,200, an increase of £576,320.

- 4.2.3 To mitigate the impact of the BMO on the HRA bottom line for 2015/16, comprehensive cost control measures have been introduced and in-year savings taken where possible. As a result reductions in spend of £375,240 have been

identified giving a net budget HRA projected surplus of £2,170,380, a decrease in surplus of £338,830.

4.3 2nd Quarter variances

4.3.1 Building Maintenance Organisation

The loss on the BMO in 2014/15 was £1,197,944 and the 2nd quarter projected loss for 2015/16 is now £1,384,200, which is £186,256 higher than that recorded in 2014/15. The 2015/16 budgets do include an additional £77,000 for multi-skilled training and higher overtime and standby costs as agreed through the single status agreement.

4.3.2 One of the key reasons for the increase in deficit from 1st quarter to 2nd quarter is ongoing capacity issues and productivity levels at the BMO. This has had a knock on effect on the income projections as the BMO is unable to complete a proportion of the Decent Homes and responsive roofing works which had been assumed in the budgets. Where possible variable costs associated with this work have been reduced, for example material budgets.

4.3.3 As previously mentioned, following the 2014/15 outturn position, an independent review by Housing Quality Network (HQN) was commissioned to assess the effectiveness of the BMO against similar organisations. An internal audit was also commissioned to review material issue processes and usage. The draft report is currently being reviewed and the final report, along with the associated action plan, will be published in December 2015.

4.3.4 A summary of the additional BMO pressures identified at 2nd quarter is shown in table eight.

Table Eight	Variance £	Comment
Income	593,700	Reduction in income for works completed by the BMO including Decent Homes work (£337K), Responsive and other (£257k).
Decrease in material usage	(157,690)	To reflect the reduction in Decent Homes work completed by the BMO
Direct Employee costs	66,590	Reduction in the use of agency staff has not fallen as quickly as anticipated
Private contractors	55,930	While BMO review is being undertaken and until new working arrangements are in place it is anticipated that more subcontractor costs will be incurred
External review	25,000	Independent review commissioned via the Housing Quality Network (HQN) to assess the effectiveness of BMO and identify resulting actions
Other costs	(7,210)	
Total	576,320	

Housing Revenue Account

- 4.3.5 **Fees and Charges** – The HRA collects **water rates** on behalf of the utility company. The total amount that is paid over is based on the rateable value of all HRA properties less an allowance for void levels (3% reduction). When void levels are below this level the HRA are able to retain the difference which has been estimated at **£51,780** for 2015/16.
- 4.3.6 **Utility savings** – Smart meters have been installed for landlord lighting installations such as stairwell lighting and communal areas (at 460 sites). This has enabled savings to be identified earlier with more certainty as billing is now based on actual reads contributing to an overall utility saving of **£38,160**.
- 4.3.7 **Gas contract renewal** – In renewing the maintenance contract for domestic and commercial gas installations a saving was anticipated and incorporated into the 2015/16 budget. When the contract was finalised the actual savings were higher than originally anticipated (**£32,880**).
- 4.3.8 **Other Cost control measures** – In mitigating the impact of the BMO deficit a series of cost control measures have been taken. These included the withdrawal of two carry forward projects (paragraph 4.4.2) and one growth bid (paragraph 4.5.4). Other in year savings have also been identified where spend to date has been low and demand can be managed within the remaining budget (**£81,380**).
- 4.3.9 **Subcontractor works for day to day repairs** – while the BMO review is being undertaken it is anticipated that the works given to subcontractors is likely to increase in the short-term to maintain the service (**£194,630**)
- 4.3.10 **Leaseholder income** – Service charges to leaseholders are based on estimated costs and then adjusted for actual 2014/15 costs incurred and estimated 2015/16 cost. A refund was due to leaseholders and paid in August. The projected lower utility costs (paragraph 4.3.6) has also reduced projected leaseholder charges. The total of all the changes is a reduction in projected income of **£25,590**.
- 4.3.11 Major variances are shown in table nine below and detailed in Appendix A.

Table Nine HRA Variances 2015/16	£	£
Reduction in expenditure / Income increases:		
Water rate void allowance exceeded	(51,780)	
Lower in year contribution to Insurance provision (para 4.8.3)	(102,000)	
Lower in year contribution to Bad debt provision (para 4.8.2)	(95,000)	
Support service recharges from General Fund (para 3.3.4)	(58,700)	
Careline costs for private tenants (General Fund para 3.3.2)	(46,600)	
Utility savings	(38,160)	
Gas contract renewal (ongoing savings included in MTFS)	(32,880)	

Table Nine HRA Variances 2015/16	£	£
Other cost control savings	(81,380)	
		(506,500)
Increased expenditure / Income reductions		
Increase in BMO deficit	576,320	
Increase in subcontracted works	194,630	
Leaseholder service charge adjustment for actual costs	25,590	
Net salary cost (including Transitional Vacancy target)	65,650	
		862,190
Other - net decrease		(16,860)
Total HRA Variances (reduction in surplus)		338,830

(Key: + = increase in spend / decrease in income, () reduction in spend / increase in income)

4.4 **Approved Carry Forwards 2015/16 (HRA)**

4.4.1 Members approved HRA carry forward of budgets totalling £410,610 from 2014/15 to 2015/16.

4.4.2 Since approval of the carry forward requests £237,350 has been spent and a further £79,000 is due to be spent by year end. As part of the comprehensive cost control measures two carry forward requests have been withdrawn saving £20,000 in year. The leaseholder handbook (£5,000) will now be produced online and the budget for online forms (£15,000) will not be spent in 2015/16 but will be reconsidered in the reprioritisation of the HRA Business plan.

4.5 **Savings and Growth Bids Approved for 2015/16 (HRA)**

4.5.1 **Savings:** Included in the 2015/16 HRA budgets are savings options totalling £293,920 and growth bids of £1,549,420 approved at Council on 28 January 2015.

4.5.2 All HRA savings are currently on target to be met, and there has been no change to that reported at the 1st quarter.

4.5.3 **Growth Bids:** The 1st quarter review identified a number of delivery plan growth bids that had been reprioritised in the light of the government announcement on rent setting from 2016/17.

4.5.4 Following the cost control measures introduced during the 2nd quarter it is proposed that growth bid HG3 (two welfare reform support workers) is put on hold for this year. The two posts were appointed to but the post holders have since moved on. It is proposed that recruitment to these posts is deferred until 2016/17 when the impact of universal credit, due to be rolled out in Stevenage in February 2016, can be fully assessed.

4.6 2015/16 – Housing Revenue Account – Year End Position

4.6.1 The projected HRA balance as at 31 March 2016 is summarised below in table ten.

Table Ten – Housing Revenue Account Out-turn Position	£
Original Budget	(2,698,930)
Carry forwards approved	410,610
Approved budgets adjustments to date (increase in surplus)	(209,060)
1st Quarter adjustments detailed in Appendix A (increase in surplus)	(11,830)
Total net surplus approved to date	(2,509,210)
2nd Quarter adjustments detailed in Appendix A (reduction in surplus)	338,830
Projected net surplus post 2nd Quarter review	(2,170,380)
HRA balance brought forward 31/3/15	(13,498,769)
Surplus in year	(2,170,380)
Projected HRA balance 31/3/16	(15,669,149)

(Key: + = increase in spend / decrease in income, () reduction in spend / increase in income)

4.7 2016/17 – HRA Budget

4.7.1 The 2nd quarter budget review identified a net on-going decrease in spend of £3,700 which will be incorporated into the 2016/17 budget setting process.

4.8 Review of Balances – Housing Revenue Account

4.8.1 Bad Debt Levels (HRA) – At the 30 September 2015, rent, service charge and sundry debtor levels were £1,421,191, an increase of £61,533 from the 30 June 2015 (£1,359,658) position.

4.8.2 In year write offs have been at a lower level than anticipated and as such the budgeted transfer to the HRA bad debt provision can be reduced by **£95,000**.

4.8.3 **Insurance provisions (HRA)** – following a review of the current level of insurance claims for housing properties a reduction in the budgeted transfer to the insurance provisions can be made (**£67,730**). The review also identified a lower transfer to provision can be made for public liability and tree root claims (**£37,300**).

5. IMPLICATIONS

5.1 Financial Implications

5.1.1 This report is financial in nature and consequently financial implications are included above.

5.2 Legal Implications

- 5.2.1 The objective of this report is to outline the projected General Fund and HRA net expenditure for 2015/16 and the impact on the General Fund and HRA balances. While there are no legal consequences at this stage Members are reminded of their duty to set a balanced budget.

5.3 Equalities and Diversity Implications

- 5.3.1 This report is of a technical nature reflecting the projected spend for the year for the General Fund and HRA. None of the budget changes reported will change any existing equalities and diversity policies and it is not expected that these budget changes will impact on any groups covered by statutory equalities duties.

5.4 Risk Implications

- 5.4.1 A risk based assessment of **General Fund balances** is undertaken and reported to Council as part of the General Fund Budget setting process. The required level of 2015/16 General Fund balances was calculated at £2,231,868. This report forecasts General Fund balances of **£6,468,077** and allocated reserve balances of £3,740,613 which is above the minimum balances required.
- 5.4.2 The **HRA balances** are projected to be **£15,669,149**. The level of HRA balances or revenue reserves risk assessed for 2015/16 is £16,197,699. The projected HRA balance is below the risked assessed level. However the HRA holds future balances for future debt repayments and capital programme for throughout the 30 year business plan.
- 5.4.3 The HRA business plan will be presented to Members in the new year. Officers will be reviewing the risk assessed level of balances and saving targets for the HRA to achieve the required level of balances. This review will take into account recent government policy changes to decrease social housing rents by 1% for the next four years and the outcomes from the BMO review.

5.5 Policy Implications

- 5.5.1 The budget framework represents a development of a policy led budgeting approach across Council services and the overall Medium Term Financial Strategy.

BACKGROUND DOCUMENTS

- HRA final budget proposals and rent setting report (Council 28th January 2015)
- 2015/2016 Council Tax Setting and General Fund Budget (Council 25th February 2015)
- New Homes Bonus – 2015/16 (Executive 30th March 2015)
- 1st Quarter Monitoring Report General Fund and Housing Revenue Account (Executive 21 September 2015)

APPENDICES

- Appendix A - Variances to the 2015/16 General Fund Budget and HRA Budget.
- Appendix B - Investment and Loans Portfolio