

REPORT TO: CABINET

DATE: 30 JANUARY 2014

TITLE: HOUSING REVENUE ACCOUNT BUDGET
2014/15

PORTFOLIO HOLDER(S): COUNCILLOR ROD TRUAN
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This is a Key Decision

It is on the Forward Plan as Decision Number I001083.

This decision is not subject to Call-in procedures for the following reason:-

This is a recommendation to Full Council.

This decision will affect no ward specifically.

RECOMMENDED that Cabinet recommends to Full Council that:-

- A** The rent increase for individual dwellings as set out in paragraphs 7 to 15 of this report effective from 7 April 2014 is approved. This equates to an average weekly rent of £91.63, an average increase of 4.78%.
- B** Service charges for individual dwellings, as set out in paragraphs 16 to 23 of this report, effective from 7 April 2014 for tenants and 1 April 2014 for leaseholders are approved. This equates to an average weekly service charge to tenants of £1.79.
- C** Heating charges are increased as set out in paragraphs 24 to 29 of this report, effective from 7 April 2014 for tenants and 1 April for leaseholders. Average weekly general needs charges are £13.81 per week (leaseholders £18.96 per week, equivalent) and, for sheltered accommodation, £10.64 per week.

- D** Garage rents are increased to £8.20 per week (for a standard garage) and proportionate increases for other garages, car ports and car spaces, from 7 April 2014, as set out in paragraphs 30 and 31 of this report.
- E** Other charges are increased, as set out in paragraph 32 of this report, with effect from 1 April 2014.
- F** The growth and efficiency bids as outlined in paragraphs 33-36 are approved.
- G** The Housing Revenue Account (HRA) budget as set out at Appendix A of this report is approved.
- H** A minimum HRA working balance of £2,637,000 at 31 March 2014, rising to £2,695,000 at 31 March 2015, as set out in Appendix B to this report, is agreed.

REASON FOR DECISION

- A** This report sets out the Housing Revenue Account (HRA) budget for 2014/15 and forecast outturn for the current year together with the information necessary to set a balanced budget as required by legislation.

BACKGROUND

1. The HRA is the statutory landlord account for the Council and expresses in financial terms the level of housing service to be delivered within agreed policy guidelines.
2. This report sets out the proposed 2014/15 budget under self-financing regulations. The report should be read in conjunction with the HRA Business Plan 2013-43 which forms a separate report on the Cabinet's agenda.
3. The Cabinet is invited to note the revised budget and projected outturn for 2013/14 and approve the HRA Estimates for 2014/15.

BASIS OF ESTIMATES

4. The Council is obliged by law to set rents and other charges at a level to avoid a deficit on the Housing Revenue Account (i.e. the legal minimum balance at any time during the financial year must exceed zero). This must be done during the months of January and February of the year immediately preceding the relevant year. This report proposes a HRA budget for 2014/15 (the "relevant year") that avoids a deficit. The summary HRA budget is shown at Appendix A.

5. The budget has been prepared allowing for anticipated increases in pay and prices. Estimates for employee costs have been prepared including a 1% pay award totaling £27,200 from April 2014 and an assumed vacancy rate of 2%, (which is an equivalent saving of £52,380 for the year).
6. The budget also takes account of proposed dwelling rent levels, and service charges, which were unpooled from tenants' rents for the first time in 2007/08.

RENT RESTRUCTURING

7. HRA self-financing assumed the continuation of rent restructuring until 2015/16 and that rents would rise by RPI + ½% from 2016/17. In arriving at the debt settlement payment to be made, the Government assumed that Councils would continue to follow previous rent restructuring guidance. Under the rent restructuring guidance, a formula rent is set for each individual property based upon bedroom size, regional earnings and property values. Individual rents will move towards formula rents in equal steps. However, in the Government's Spending Review 2013, which commences 1 April 2015, it was announced that with effect from that date social rent increases would be limited by a Secretary of State direction to CPI+1% annually. This effectively abandons the convergence of rents under rent restructuring resulting in a loss to the HRA Business Plan of at least £0.5m per year. (For more information refer to the HRA Business Plan 2013-2043, Chapter 6).
8. The rent restructuring formula increases actual rents for 2014/15 by 3.2% (to reflect inflation based on RPI at September 2013), plus 0.5% (for assumed increase in rent levels), plus one half of the difference between actual rents and formula rents (to converge with formula rents in 2015/16). This formula produces an average rent increase of 4.78% for 2014/15.
9. There are two constraints on rent level increases. Firstly, there are caps to be applied to the formula rents (based upon the size of the dwelling). Secondly, Councils are expected to limit rent increases for individual tenants. The maximum weekly increase will be 3.2% plus 0.5%, plus £2 (i.e. RPI + ½% + £2). 549 out of 9,798 of the Council's tenants will have rent increases limited to RPI+½%+£2 per week.
10. Rent restructuring is not compulsory. Councils may set rents higher or lower than the guidelines, although lower rents mean less income to the HRA and higher rents run the risk of penalty through the subsidy system called Rent Rebate Subsidy Limitation in which the amount of Housing Benefit reimbursed to the Council is limited to a maximum overall charge.
11. Harlow Council's Limit Rent for 2014/15 has been calculated at £92.02 per week, which is the maximum housing benefit subsidy receivable. This figure remains subject to confirmation from the Department of Work and Pensions (DWP).

12. Rent rebate expenditure is charged to the General Fund, and funded through a separate subsidy.
13. Applying an increase in accordance with the guidelines results in different levels of changes in actual tenants' rents. Rents rise on average from £87.45 to £91.63 per dwelling per week. This is an average increase of 4.78%.
14. The Government's rent restructuring policy recognised that landlords need an element of discretion over the rents set for individual properties (in order to take account of local factors and concerns) in consultation with tenants. The Council has the discretion to set rents 5% higher or lower than formula rents on an individual property basis. The Council has not used this discretion and does not intend to for 2014/15. New properties purchased on the open market are let at a Formula Rent. The only other departure from the rent restructuring formula is to simplify the charge made per room for temporary accommodation. It is proposed that the rent be set at £26.20 per week per room (£25.00 per week in 2013/14).
15. Service Charges are made in addition to rents and are discussed below.

SERVICE CHARGES

16. Seven service charges were unpooled from rents in 2007/08. In addition, the Council has published a range of service standards to support the implementation of service charges. These are regularly reviewed in consultation with tenants and leaseholders to ensure the principles of service charges in terms of transparency, improved service delivery and greater accountability are delivered in practice.
17. The key features to the calculation of service charges are:-
 - a) Actual, not estimated, cost of service charges are recovered from both tenants and leaseholders, subject to the availability of reasonable data. This means that any difference between the actual cost and estimated cost will be collected or refunded in the year following closure of accounts (i.e. any difference in 2012/13 charges will be collected / refunded in 2014/15);
 - b) Charges should be consistent to tenants and leaseholders and be fully recovered wherever possible. This conflicts with Government guidance which encourages authorities not to increase service charges by more than RPI+½% annually. Such guidance is not considered mandatory and the Council accepts that the policy principles override guidance.

18. The adjustment for all service charges in respect of 2012/13 is equivalent to (-)13p per week.

19. The Cabinet is asked to consider the following range of charges, based on the above methodology, which will apply to both tenants and leaseholders.

Table 1 - Service Charges made to tenants and leaseholders, 2014/15				
Charge	Highest weekly charge (£)	Lowest weekly charge (£)	Average weekly charge (£)	Average weekly charge (for all tenants) (£)
Amenity Cleaning – gully cleaning	1.11	0.01	0.07	0.06
Amenity Cleaning –bins	1.23	0.05	0.30	0.02
Caretaking	13.22	0.77	6.05	0.57
Cleaning	13.67	0.15	4.39	0.62
Door Entry Management	1.12	1.12	1.12	0.09
Grounds Maintenance	2.04	0.01	0.30	0.24
Landlord's Lighting	3.65	0.29	1.06	0.32
Sub Total				1.92
Adjustment in respect of 2012/13				(-) 0.13
Total				1.79

20. In addition to the above, the following service charges apply to leaseholders only from 1 April 2014:-

- a) Lift maintenance (plus associated charges for powering the lift). The annual charge will be in the range £92.19 to £256.83 per leaseholder.
- b) The management cost is a flat rate estimate of £157.15 per leaseholder.
- c) The charge for the registration of a lease will increase to £79.00 (£77.00 in 2013/14). The charge applies to individuals who acquire a leasehold property for the purpose of sub-letting under the Right To Buy or on the open market for the purpose of sub-letting the dwelling. Under the terms of the leases all landlords must advise the Council of any under lease and these must be registered appropriately and that a fee may be charged.
- d) The insurance cost is a flat rate estimate of £89.55 per leaseholder.
- e) Routine repairs and major repairs are recharged at the full actual cost to the Council.

21. Leaseholders pay an annual charge. Tenants pay the same charge, if relevant, divided into equal weekly instalments. It is proposed that changes in service charges are effective from 7 April 2014 for tenants and 1 April 2014 for leaseholders.

22. Heating charges, which apply to both tenants and leaseholders are discussed below.
23. Finally, tenants who exercise their Right to Buy make a one-off contribution into an In Perpetuity Fund for grounds maintenance, amenity cleaning and litter picking. The contribution to the fund is intended to cover future maintenance for 80 years. It is proposed that this charge remains at £5,100. This has been calculated by reference to current costs, inflation and interest projections in the long term.

HEATING CHARGES

24. Heating charges are made in respect of blocks of flats and clustered properties where communal heating is provided. The charges have been reviewed to take into account previous over and under recoveries in expenditure. Costs are split between fuel and non fuel charges. Non-fuel charges (e.g. boiler maintenance, management costs) are admissible for housing benefit unlike the cost of providing gas, electricity and oil.
25. It is the Council's policy that tenants will not be charged for the management and maintenance costs as it is included within their rent, although leaseholders will still be expected to pay this charge.
26. Tenants and leaseholders are fully recharged the respective cost of the service. The average charge to tenants for fuel provided will be £13.81 per week (2013/14: £13.50) prior to any adjustment for the difference between the estimated and actual charges in 2012/13; and for leaseholders for fuel and non-fuel, £18.96 per week (2013/14: £18.42).
27. Residents in sheltered accommodation also benefit from communal heating. In 2007 the Housing Committee agreed to safeguard against fuel poverty, so that no tenant in sheltered accommodation should pay more than £16.64 per week (2013/14) if residing in a bedsit or a one-bedroom property, and £22.45 if residing in a two or three bedroom property. When adjusted for inflation (CPI was 2.7% at September 2013: State Pension increases are expected to be 2.7% from April 2014) the caps for 2014/15 will be £17.09 and £23.05 respectively.
28. The average charge for sheltered accommodation will be £10.64 per week (2013/14: £10.62). In 2014/15 no sheltered properties out of 460 have charges that will be limited by the fuel poverty caps.
29. Heating charges to tenants in properties that were re-designated from sheltered housing to general needs in 2010/11 will have the same fuel poverty caps applied as sheltered tenants.

GARAGE RENTS

30. It is proposed to increase all garage related charges by 1%. The rent of a standard garage would rise by 8p per week to £8.20.
31. It is proposed that changes in garage rents are effective from 7 April 2014.

OTHER CHARGES

32. It is proposed that the charges for other miscellaneous items be as follows:
- a) Meal charges at Sumners Farm Close will move from £5.40 to £5.55, with effect from 1 April 2014.
 - b) The charge made to those purchasing their Council property under the 'Right To Buy' Scheme for an Energy Performance Certificate be retained at £96.00.
 - c) Solicitor's enquiries with copy of an insurance schedule will rise from £127.00 to £133.50 (inclusive of VAT at 20%).
 - d) Solicitor's enquiries without copy of an insurance schedule will rise from £95.00 to £97.50 (inclusive of VAT at 20%).
 - e) Solicitor's enquiries for additional information will rise from £34.50 to £35.50 (inclusive of VAT at 20%).
 - f) Laundry charges within sheltered housing schemes will remain at £1.70 per wash and 20p for each 10 minute dry.
 - g) The charge for temporary accommodation will be £26.20 per week per room. (2013/14: £25).
 - h) Interest free loans and voluntary charges in respect of major works are subject to an administration fee of £300.

GROWTH BIDS

33. The following growth items are proposed in the 2014/15 budget:.

TABLE 2

2014/15 HRA GROWTH	
DETAILS	£'s
<u>Budget Pressures</u>	
Tenancy Support Officer (Area Management)	33,510
Business Support Officer	31,410
Legal support officer (Homeownership)	38,490
Surveyor (Property Services)	44,270
Asset Management Officer	27,550
TOTAL GROWTH	175,230

34. The Growth bids support the increased workload in areas where there are new systems, or, an opportunity to achieve efficiencies through changes in working practices:-
- I. This includes the impact of Welfare Reform on tenants and the management of arrears,
 - II. The establishment of the Asset Management Module in Orchard, (Housing IT).
 - III. Additional workload in the Home Ownership Team in relation to legal support and the collection of service charges.
 - IV. The need to procure additional technical skills in contract and performance management.

SAVINGS

35. The following efficiency savings are proposed in the 2014/15 budget:-

TABLE 3

2014/15 HRA SAVINGS	
DETAILS	£'s
Temporary Wages	-49,790
Recruitment Costs	-15,000
Energy Certificates	-5,000
Consultancy Fees	-25,000
Healthy Homes Rating System (HHRS)	-25,000
Electrical Testing	-114,000
External contractors	-30,000
Legal Support Officer (Home Ownership)	-38,493
TOTAL SAVINGS	-302,280

36. The proposed savings are possible due to efficiencies being realised in the new asset management service, following the completion of the full stock condition survey, the re-establishment of technical services, and a reduced need for responsive works. Additional cost savings will also arise from the employment of full time legal support within the Home Ownership Team.

JOINT VENTURE CONTRACT RENEWAL RESERVE

37. On 31 January 2017 the Joint Venture Contract which supports the Housing Service, providing housing maintenance, street scene and municipal services, comes to an end. A contribution to a new earmarked reserve of £500,000 has been included for the procurement of the services in the revised estimate for 2013/14.

WORKING BALANCE

38. The Local Government Act 2003, section 25 (1) (b), requires that the Chief Financial Officer reports to the Council on the adequacy of reserves when the budget and Council Tax are being set by reference to a number of factors considered in Appendix B. It has been recommended that the minimum HRA working balance should be increased from £2,637,000 at 31 March 2014 to £2,695,000 at 31 March 2015 to reflect general increases in inflation.

39. The HRA minimum working balance is set by the Chief Financial Officer to

ensure that the account will not fall into a deficit and to mitigate for various risks as set out in Appendix B. The forecast working balance will continue to rise in excess of the minimum in readiness for the repayment of the first tranche of debt to PWLB due in 2026, (see HRA Business Plan 2013-43).

40. Based upon the budget figures set out at Appendix A, the movement of the Operating Account Working Balance is as follows:-

TABLE 4

HRA OPERATING ACCOUNT WORKING BALANCE	£,000's
Working Balance at 1 April 2013	2,968
Budgeted surplus 2013-14	513
Working Balance 31 March 2014	3,481
Budgeted surplus 2014/15	645
Working Balance 31 March 2015	4,126

MAJOR REPAIRS RESERVE

41. The Major Repairs Reserve (MRR) is the statutory account which holds the annual depreciation charge on HRA properties. The charge for depreciation in 2014/15 is estimated at £17.269m, (£16,818m 2013/14) and is made by debiting the HRA and crediting the Major Repairs Reserve (MRR).
42. The rules require that the MRR balance can be used either to finance the capital programme or to repay housing debt. The Council does not plan any repayment of debt until March 2026.
43. The Housing Capital Programme can be found as a separate item on the Cabinet's agenda. This estimates a MRR Balance at 31 March 2014 of £1,581,000.

TABLE 5

MAJOR REPAIRS RESERVE	£,000's
Balance at 1 April 2013	4,424
Depreciation charges 2013/14	16,818
Capital Financing 2013/14	(-)19,661
Balance at 1 April 2014	1,581
Depreciation charge 2014/15	17,269
Capital Financing	(-)18,850
Estimated Balance at 31 March 2015	0

RISKS

44. Budgets are prepared using the best assumptions at the time. The size of the Housing Revenue Account is large with income and expenditure totalling £52.0m and £51.3m respectively and the following risks have been identified:-
- a) The proportion of void empty properties to the whole stock is estimated as 0.85%. Therefore a 0.1% change in the level of voids is +/- £45,620.
 - b) A 0.5% change in employee pay levels is +/- £13,600.
 - c) Other risks identified in Appendix B to this report.

HOUSING CAPITAL PROGRAMME

45. A separate report on the proposed Housing Capital Programme 2014/15 to 2018/19 appears elsewhere on the Cabinet's agenda.
46. It should be noted that £957,000 has been assumed as a revenue contribution to capital in 2014/15. This is because the balance on the Major Repairs Reserve will be exhausted (see Table 5 above).

HUMAN RESOURCE ISSUES

47. The proposed 2014/15 budget does not require a reduction in the staffing establishment.

WELFARE REFORM

48. In 2013/14 the Under Occupation Charge was applied to benefit payments. However, Universal Credit and Direct Payment are yet to be implemented. This will mean that tenants will receive support directly rather than as a reduction to their rent account. The implications for rent arrears mean that the bad debt provision raised in 2013/14 in anticipation of the implementation of Universal Credit and Direct Payments has been rolled forward into 2014/15. Implementation is believed to be on track for 2017 but no timetable has been advised.

CONSULTATION

49. Tenants and Leaseholders have been consulted through the Housing Finance Standards Panel which has received monthly updates since December 2013, the Leasehold Standards Panel on 9 January 2014 and the Tenants Forum which met on 14 January 2014.

CONCLUSION

50. The proposed budget shows an estimated net surplus for the year of £645,000 and a projected working balance at 31 March 2015 of £4,216,000.

APPENDICES

Appendix A - HRA Estimates
Appendix B - Increase in minimum working balance

IMPLICATIONS

Regeneration (includes Sustainability)

None specific.

Author: **Graeme Bloomer, Head of Regeneration**

Finance (Includes ICT)

The financial implications are contained in the report.

Author: **Simon Freeman, Head of Finance**

Housing

None specific.

Author: **Andrew Murray, Head of Housing**

Community Wellbeing (includes Equalities and Social Inclusion)

None specific.

Author: **Lynn Seward, Head of Community Wellbeing**

Governance (includes HR)

None specific.

Author: **Brian Keane, Interim Head of Governance**

Background Papers

Communities and Local Government: HRA Self Financing Draft Determination. CIPFA. LAAP Bulletin 55 – February 2003. Guidance Note on Local Authority Reserves and Balances.

Local Government & Housing Act 1989.

Glossary of terms/abbreviations used

CIPFA	Chartered Institute of Public Finance and Accountancy
CLG	Department for Communities and Local Government
CPI	Consumer Price Index
HRA	Housing Revenue Account
RPI	Retail Price Index
MRR	Major Repairs Reserve
RRSL	Rent Rebate Subsidy Limitation
DWP	Department of Work and Pensions
OJEU	Official Journal of the European Union
HHRS	Healthy Homes Rating System
Formula rent	Originally planned to bring rents in line with Registered Providers (Housing Associations), the government determined that individual tenants' rents should be calculated by means of a formula based on earnings and bedroom size – weighting 70% - and property value – weighting 30%. The formula rent is up-rated annually by an inflationary factor plus a real terms increase.

APPENDIX A

Housing Revenue Account Summary

	2012/13 Actual £	2013/14 Original £	2013/14 Revised £	2014/15 Original £
EXPENDITURE				
General Management	10,813,233	10,315,230	10,939,829	10,917,192
Special Management	5,531,269	5,885,300	5,890,292	5,588,179
Repairs & Insurance Appropriations	9,647,780	9,839,250	9,816,377	9,336,196
Rents Rates Taxes & Other Charges	-19,604	53,000	19,961	46,700
Provision for Bad & Doubtful Debts	308,152	360,000	200,000	360,000
Supporting People Transitional Arrangements	10,047	6,000	9,490	6,000
Major Repairs Reserve (Net Depreciation)	16,541,505	10,177,000	16,818,000	17,269,000
Interest Charges	6,802,035	6,819,100	6,824,370	6,824,370
Debt Management Expenses	9,386	109,250	20,900	20,900
Revenue Contribution to Capital Expenditure	0	9,251,000	0	957,000
	49,643,804	52,815,130	50,539,219	51,325,537
INCOME				
Dwelling Rents	42,500,762	44,843,000	44,745,890	45,662,000
Garage Rents	2,436,031	2,536,440	2,489,890	2,476,340
Other Rents	21,568	55,000	25,000	25,000
Charges for Services & Facilities	4,269,507	4,133,030	3,761,730	3,794,453
Transfer from Major Repairs Reserve	0	1,279,660	0	0
Interest Receivable	34,795	24,000	29,000	22,000
	49,262,663	52,871,130	51,051,506	51,970,793
Balance in hand at 1 April	3,349,523	2,555,000	2,968,382	3,480,674
Surplus / (Deficit) for year	-381,141	56,000	512,288	645,255
Balance in hand at 31 March	2,968,382	2,611,000	3,480,670	4,215,929
<i>Figures based on:</i>				
<i>Housing Stock</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>	<i>No.</i>
<i>Housing Stock at 1 April</i>	9,823	9,784	9,786	9,705
<i>Less Disposals</i>	(-)37	(-)30	(-)87	(-)80
<i>Plus Additions</i>	0	0	6	4
<i>Housing Stock at 31 March</i>	9,786	9,754	9,705	9,629
Weekly Charges				
<i>Average Rent (per dwelling)</i>	£83.95	£87.45	£87.45	£91.63
<i>Average Service Charge (per dwelling)</i>	£2.03	£2.08	£1.81	£1.79
<i>Average Rent (per garage)</i>	£7.96	£8.12	£8.12	£8.20

APPENDIX B

Re-assessing the HRA Minimum Working Balance

Under the Local Government and Housing Act 1989 the Council has a statutory responsibility to set a HRA budget which, at all times, avoids a deficit working balance.

The Finance Director (s151 officer) has a statutory responsibility to ensure that the Council holds an adequate level of balances, and that there are “clear protocols for their establishment and use”. Guidance notes, published by the Chartered Institute of Public Finance and Accountancy (CIPFA), list a number of factors which should be considered in determining a minimum working balance.

Factor	Response
Budget assumptions.	
The treatment of inflation and interest rates	Included in the report. The Council has strengthened its approach to Treasury Management which includes taking into account rapidly changing economic and market conditions.
Estimates of the level and timing of capital receipts.	Right to Buy sales. There has been a dramatic increase in sales as a result of the Government’s RTB Reinvigoration Policy. Revised Estimate 87 RTB sales in 2013/14 and 60 sales in 2014/15. Significant variances would affect income receivable, although offset by an adjustment to pooling payment.
The treatment of demand led pressures.	Through budget monitoring process.
The financial risks inherent in any significant new funding partnerships, major outsourcing arrangements or major capital developments.	The Kier Harlow Joint Venture Partnership began 1 February 2007, and has been extended to 31 January 2017. Charges to the HRA are based largely on fixed contract fee. Repairs subject to schedule of rates but monitored. A joint risk management methodology is in operation between Kier Harlow and the Council. About 83% of the business has an impact on the housing service. The uplift in 2013/14 was based on the projected Building Maintenance Index at March 2013, which is 0.2% and estimated at 0.1% at March 2014 to take effect from 1 April 2014. Any change in estimated uplift will have a positive or adverse affect on balances.
The availability of other funds to deal with major contingencies and the adequacy of provisions.	Provisions are made for bad and doubtful debts. There is a risk that arrears may increase following full implementation of Welfare Reform. This impact and the payment behaviour of tenants is one of the

Factor	Response
	greatest unknowns again in this year's budget setting process. A regular review is undertaken to ensure that provisions are adequate. There are also in perpetuity funds (e.g. grounds maintenance) but these are weak. The Grounds Maintenance In Perpetuity Fund in particular is suffering from high inflation and low interest earnings.
<i>Financial standing and management</i>	
The overall financial standing of the authority (level of borrowing, debt outstanding, council rate tax collection rates etc).	High rent collection percentage. Welfare Reform is likely to have a negative, unquantified impact on rent collection rates and costs.
The authority's track record in budget and financial management including the robustness of the medium term plans.	The HRA Business Plan includes assumptions for rents in line with draft Government rent policy. The financial standing of the Council is much improved under self-financing, but choices will need to be made in the delivery of the service. Additionally HRA Business Planning has taken on increased focus to ensure the sustainability of the HRA over 30 years.
The authority's capacity to manage in-year budget pressures.	A process of monthly budget monitoring is in place with meetings of Cost Centre Managers and the Head of Service held. Corrective action is taken where the minimum balance is likely to be breached. Reports are provided to Corporate Management Team and Cabinet.
The strength of the financial information and reporting arrangements.	
The authority's virement and end of year procedures in relation to budget under/overspends at authority and departmental level.	Closure of accounts – free of qualification from auditor. New regulations are challenging for the Council. Proposals on accounting for depreciation will have to be finalised by 2017/18. The guidance required that non-dwellings are treated differently in the accounts from 2012/13.
The adequacy of the authority's insurance arrangements to cover unforeseen risks.	The Council will continue to replenish the Insurance Fund as approved when setting the 2014/15 budget.

Conclusion: *The minimum working balance of £2,611,000 at 31 March 2013 should be increased to £2,637,000 at 31 March 2014 and to £2,695,000 at 31 March 2015.*