

RESERVES AND PROVISIONS- For Consideration by Cabinet 19 January 2010

APPENDIX D (2)

	Reason for/purpose	How & when it be used	Management & control	Reviewed	Recommendations
Capital Reserves					
Major Repairs Reserve (MRR) / Business Plan Support	Set up following the introduction of Resource Accounting in the HRA. Grant received from Government annually which must be credited to this reserve with the intention of funding major works to the Council's housing stock.	Can be applied to Capital improvements to HRA housing stock (specifically excluding demolition) and, additionally from 1 st April 2004, repayment of HRA debt and credit liabilities (including premia on early repayment of PWLB loans). The Council's thirty year HRA Business Plan has projected increasing levels of balances in early years to fund deficits in later years, and it is intended that these balances will be held in the MRR.	Council Housing Services/ Financial Services	Budget & Outturn	Incorporate in year grant and support to capital programme, plus additional transfer taking account of higher than expected opening position for Unallocated Balances, in line with policy of maintaining the latter at £350K.

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Revenue Reserves					
Flats – Planned Maintenance Reserve	Established to smooth the costs of major revenue and capital works to flats funded from Service Charges.	Contributions from Service Charges made to this reserve, together with additional appropriations in lieu of interest. Reserve to be applied to major works to communal facilities in flats.	Council Housing Services/ Financial Services	Budget & Outturn	Incorporate revised in year contribution of £132K and transfer £32K to revenue budget for increased expenditure on Planned maintenance.

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Central Control Equipment Reserve	Established to smooth the costs of major renewal or replacement of Central Control Equipment and systems	Funded from Central Control subscriptions with additional appropriations in lieu of interest. Reserve is to be applied to renewal or replacement of major items of equipment and systems for Central Control system. Also used for chargeable enhancements throughout the life of the system.	Council Housing Services/ Financial Services	Budget & Outturn	Incorporate in year contribution of £10K and transfer £100K to Capital budget to cover the purchase of equipment and software.
Telecare	Established to smooth the costs of renewal or replacement of Telecare Equipment.	Funded from Lifeline subscriptions. Reserve is to be applied to renewal or replacement of items for Telecare equipment.	Council Housing Services/ Financial Services	Budget & Outturn	Incorporate in year contribution of £10K
Non-sheltered scheme equipment	Established to fund purchases of equipment for non-sheltered schemes funded from Service Charges.	Contributions from Service Charges made to this reserve, together with additional appropriations in lieu of interest. Reserve to be applied to purchases of equipment for non-sheltered schemes.	Council Housing Services/ Financial Services	Budget & Outturn	Incorporate in year contribution of £15K

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IT Replacement	Established to fund future major IT systems replacement.	To be applied to future replacements / choice based lettings.	Council Housing Services/ Financial Services	Budget & Outturn	Incorporate in-year contribution of £87K and transfer £67K to support Capital Programme.
Office Equipment Reserve	Established to fund purchases of minor I T and other office equipment.	Used to fund ad-hoc purchases of major office furnishings resultant from health & safety legislation and risk assessments (desk, chairs, cabinets etc) and minor office equipment items e.g. pc upgrades.	Council Housing Services/ Financial Services	Budget & Outturn	Incorporate in year contribution of £10K.
Sheltered Equipment Reserve	Established to fund purchases of equipment for Sheltered schemes funded from Service Charges.	Contributions from Service Charges made to this reserve, together with additional appropriations in lieu of interest. Reserve to be applied to purchases of equipment for common area services for Sheltered schemes.	Council Housing Services/ Financial Services	Budget & Outturn	Maintain in year contribution at £30K and transfer £38K to revenue budget for sheltered equipment purchases.
Sheltered – Planned Maintenance	Established to smooth the costs of major revenue and capital works to flats funded from Service Charges	Contributions from Service Charges made to this reserve, together with additional appropriations in lieu of interest. Reserve to be applied to major works to communal facilities in Sheltered schemes.	Council Housing Services/ Financial Services	Budget & Outturn	Incorporate in year contribution of £68K and transfer £3K to revenue budget for increased expenditure on rota painting and to transfer £30K to capital for boiler renewals.

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Sheltered – Support Grant Maintenance	Established to fund purchases of equipment for Sheltered schemes funded from Service Charges, but classed as Support Costs under County Guidelines.	Contributions from Service Charges made to this reserve, together with additional appropriations in lieu of interest. Reserve to be applied to major works to communal facilities in Sheltered schemes.	Council Housing Services/ Financial Services	Budget & Outturn	Retain as budgeted.
JE Reserve	Established to fund the support of the pay structure	Contribution to the reserve to be approved by Cabinet. Use of the reserves to be determined (and agreed) by both the Head of Legal & Human Resources and Head of Financial Services.	Council Housing Services/ Financial Services	Budget & Outturn	Maintain reserve contribution at £50K and retain until Fair Pay structure fully implemented.
Management Restructure Reserve	Established to fund potential one-off staff costs arising from the Senior Management Restructure.	Contribution to the reserve to be approved by Cabinet. Use of the reserve restricted to restructurings approved through Personnel Committee.	Council Housing Services/ Financial Services	Budget & Outturn	Contribution of £100K and retain until Management Restructure is concluded.

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Provisions					
Bad Debts	This provision is used to write off all Housing Revenue Account bad debts that have been approved.	The provision is funded by an annual contribution based on assessment of the level of debt outstanding.	Financial Services / Debt Management Group	Budget & Outturn	Increase of £62.3K due to an increase in current tenant arrears and rechargeable repairs.