

**HOUSING REVENUE ACCOUNT RESERVES**

**APPENDIX A**

59

Reserve	Policy	Estimated Level at 31 March	Benefits	Opportunity Costs
Housing Revenue Account	<p>Local Government and Housing Act 1989 section 76 (3) forbids a year end deficit on the HRA</p> <ul style="list-style-type: none"> <li>Balance is determined by level of risk associated with the budget</li> <li>Minimum 5% of gross spend</li> </ul> <p>Current recommended minimum level of reserves is: £0.9m - minimum level</p>	<p>2017 £5.1m 2018 £4.2m 2019 £4.2m 2020 £2.1m</p>	<ul style="list-style-type: none"> <li>Provides general contingency for unavoidable and unseen expenditure or fall in income</li> <li>Stability for longer term planning and for meeting the decent homes standards</li> <li>Interest on Balances helps to reduce costs: Interest on Balances @ 0.5% = £8k</li> </ul>	<ul style="list-style-type: none"> <li>Could be used to fund HRA Capital expenditure to help meet decent homes standard which would result in loss of interest £5k per £1m</li> <li>Could be used to fund HRA debt repayment</li> </ul>
Major Repairs Reserve	<ul style="list-style-type: none"> <li>Use of Capital to meet Decent Homes Standard</li> <li>Redevelopment and regeneration of the Council's housing stock</li> </ul>	<p>2017 £1.8m 2018 £0.9m 2019 £0.0m 2020 £0.0m</p>	<ul style="list-style-type: none"> <li>Provides capital to invest in stock to meet the government's Decent Homes Standard policy</li> <li>Provides general contingency for unavoidable or unseen expenditure</li> </ul>	<ul style="list-style-type: none"> <li>Will be used to fund HRA capital expenditure to help meet decent homes standard</li> </ul>

This page is intentionally left blank