

A Brief Introduction to Housing Revenue Account Budget Setting

This report gives an outline HRA budget setting process for the Tenant Services Management Board on 15 November 2010

Summary

Budget setting for the Housing Revenue Account (HRA) is part of the annual financial management cycle within Taunton Deane Borough Council.

This cycle consists of budget setting, budget monitoring and final outturn all of which are of significant importance to ensure that local authorities with council –owned properties account for their spending and income including the spend on capital projects.

Introduction

The HRA only relates to those Local Authorities with council-owned properties and the budget is set specifically for income and expenditure incurred to those properties and is kept completely separate from the other funds (General Fund) within the council, this is known as a ring fenced account.

Budget Setting is one of the processes and requirements necessary to satisfy government regulations. It is carried out on an annual basis in conjunction with the Medium Term Financial Plan (MTFP) which is forecast for the next three years.

In order to meet the government deadlines for the budget to be signed off by Councillors in February a tight timetable needs to be followed.

This begins in earnest in September when the timetable is forwarded to members of Core Management Team (CMT), the senior management team of TDBC. The dates for this year are as follows:-

Date	Who	Item/Comments
28 September 2010	CMT/Managers	<p>Submitting budget setting information to finance: Reviewing previous year's budget and making updates and put forward proposals of any savings options or deferred spending in broad terms in order to update MTFP. Capital bids – propose further funding for existing projects or additional funding for new projects, e.g. to reach decent homes or installation of a new computer system.</p>
30 September	Finance	MTFP and Budget Setting Update Report to CMT
04 October	CMT	All proposals considered and agree any follow up actions as necessary
04 October	Finance	<p>Detailed Budget Setting Guidance and Budget Worksheets are issued to budget holders and one to one meetings are arranged with Housing Accountant.</p>
08 October	CMT/Managers	<p>Fees and Charges proposals are submitted although this does not apply to the rent as this can not be set until the formula has been received. This is not sent out by the government department, the Communities and Local Government (CLG) until November in a document known as the Draft Housing Revenue Subsidy Determination, which does not become final until January. Update to MTFP/Budgets are made re meeting of CMT 04/10/10.</p>
13 October	CMT	Executive receive briefing on MTFP and Budget
02 November	Finance	Draft MTFP and Provisional Budget Proposals Report to Corporate Scrutiny
15 November	Finance	Meet with Tenant Services Management Board (TSMB) to discuss the budget setting process and make proposals as to the part the board can play in the future.
18 November	Corporate Scrutiny	Consider the Budget Proposals, Savings Delivery Plans including fees and charges proposals.
02 December	Executive	Consider MTFP and Budget Update

December - February	Finance and Managers	Continued re appraisal of budgets to incorporate changes and setting rent
27 January	Finance	Corporate Scrutiny
16 February	Finance	Executive
22 February 2011	Finance	Full Council Approval of budgets

This is the current situation but it is recommended that in the future the TSMB will have more involvement with various budget headings and be part of the fees and charges proposals. Which budgets have yet to be determined but will be discussed as part of this board meeting.