

PART SEVEN
FINANCIAL ARRANGEMENTS

7.1 General

- 7.1 .a It is the intention of the Council to allow the LWMA financial control over a local revenue budget to carry out its delegated duties effectively and efficiently.
- 7.1 .b Income from rents due for the Property will be separately identified by the Council. The Council shall give regular reports to the LWMA on the amounts of rent due and any arrears.

7.2 Negotiation of the Annual Revenue Budget for the Property

- 7.2.a Each year the Council will notify the LWMA of the timetable for arriving at the Housing Revenue Account budget for the following year.
- 7.2.b Each year the Council will propose to the LWMA a revenue budget for the Property, as part of the Councils annual cycle of budget preparation. The Council will ensure that sufficient time is available for the LWMA to consider the budget and will give reasonable consideration to any proposals from the LWMA.
- 7.2.c The budget proposals will include a breakdown detailing the principles used in calculating the allowances (see clause 7.3b).
- 7.2.d The Council will set the budget after taking reasonable account of the views of the LWMA.
- 7.2.e The budget will identify all expenditure relevant to the activities of the LWMA under separate headings.
- 7.2.f Once the budget has been agreed for the year, the Council will not make any amendments to it without the agreement of the LWMA.

7.3 The basis of drawing up the budget

- 7.3.a The amounts allocated under each heading in the budget shall be assessed with regard to the levels of expenditure for the housing service as a whole, but may be adjusted to reflect local circumstances.
- 7.3.b The principles used in calculating the budget are set out in appendix E.
- 7.3.c Where the LWMA is charging a differential rent to reflect local services (see clause 1.1) this will be directly reflected in the budget allowances.
- 7.3.d Additional allowances will be given in the budget to cover any services provided by the LWMA, but not funded from the Housing Revenue Account.

Budget and Account Heads

- 7.4.a The budget for the Property will identify types of expenditure:
- those areas of expenditure under the direct control of the LWMA to be known as Budget Heads.

And

- those areas of expenditure which are relevant to the responsibilities of the LWMA but over which it has no direct control, to be known as Account Heads.

- 7.4.b The Budget Heads are:

- Salaries
- Overtime
- Electricity
- Caretaker accommodation
- Cleaning and domestic supplies
- Cleaning materials
- Skip Service
- Staff traveling expenses
- Refuse containers
- Radio pagers
- Clothing, uniforms and laundry
- Telephones
- Estate Office telephones
- Concierge service
- Training
- One off start up grant

- 7.4.c The Account Heads are:

- 7.4.d Either party may propose that Account Heads may be given Budget Head status, and vice versa. Any change will require the agreement of the Council, which will not unreasonably be withheld.

7.5 The Administration of the Budgets

- 7.5a The Council will identify a separate account relating to expenditure on the Property within the Housing Revenue Account.

- 7.5b The Council will administer this account on behalf of the LWMA.

- 7.5c The Council will provide the LWMA with monthly budget statements of expenditure against Budget Heads, ensuring that the LWMA has sufficient information to carry out its duties under this Agreement.

- 7.5d The LWMA may at any time request more detailed information on expenditure, the Council shall respond to such requests within a reasonable period of time.

- 7.5.e The Council will provide the LWMA with an annual report on the budget as soon after the year end as is possible. This report shall clearly identify any areas of over or underspend.
- 7.6 The Authority of the LWMA
- 7.6.a The LWMA shall be responsible for all transactions within the agreed Budget Heads.
- 7.6.b The LWMA shall propose to the Council a set of financial regulations relating to expenditure within Budget Heads, clearly identifying:
- Items of expenditure which require the prior authorisation of the LWMA
 - Items of expenditure which must be authorised by the Lead Officer, and reported regularly to the LWMA.
 - Items of expenditure which are delegated to the Lead Officer.
 - Any other necessary criteria which the LWMA considers to be necessary.
- 7.6.c The LWMA's financial regulations are attached at Appendix D.
- 7.6.d The LWMA's financial regulations must be approved by the Council, and the Council must ensure that they are not in conflict with the financial regulations of the Council.
- 7.6.e The LWMA shall be entitled to instruct the Council to withhold payment on any item of expenditure under a Budget Head provided that this will not put the Council or the LWMA in breach of another contract. The LWMA will indemnify the Council against any losses arising as a result of its actions (see clause 2.13 of this Agreement).
- 7.6.f The LWMA may vire between Budget Heads.
- 7.6.g The LWMA shall not allow any expenditure from Budget Heads other than for the purposes laid down in this Agreement.
- 7.6.h The Council shall provide the LWMA with regular reports on expenditure under Account Heads. The LWMA may make recommendations on Account Head expenditure to the Council, but the Council's decision shall be final.
- 7.7 The Treatment of Surpluses and Deficits
- 7.7.a At the end of the financial year, the LWMA shall be entitled to carry forward any surplus from the Budget for the Property as an addition to the following year's budget. The Council will negotiate with the LWMA about the reasons for any deficit, and may require the LWMA to meet the deficit from the following year's budget.
- 7.8 Financial Performance Targets
- 7.8.a The Council, in consultation with the LWMA, will set financial performance targets each year.

7.8.b The financial performance targets will relate particularly to minimising the loss of income arising out of unpaid rents and empty properties.

7.8.c In calculating financial performance targets the Council will take into account:

- the Council's performance in other geographical areas
- the LWMA's performance
- management difficulties specific to the Property
- external factors which may have affected performance in the Authority as a whole
- the provision of an incentive for good performance

7.8.d Each year the Council and the LWMA will review the LWMA's performance in relation to the agreed financial performance targets.

7.8.e If the LWMA performs better than the agreed annual targets, additional allowance will be made in the following year's budget to reflect this.

7.9 Budget Review

7.9.a During the course of this Agreement the Council will review the operation of the Budget every six months.

7.9.b During the first year of the Agreement, the treatment of surpluses and deficits, and performance on financial targets, will be considered in relation to any inaccuracies in the budget or targets.