

BRIEFING PAPER

SUBJECT: HOUSING REVENUE ACCOUNT REVENUE BUDGET 2016/17 TO 2018/19

DATE: 12 NOVEMBER 2015

RECIPIENT: OVERVIEW AND SCRUTINY MANAGEMENT COMMITTEE

THIS IS NOT A DECISION PAPER

SUMMARY:

The Housing Revenue Account (HRA) budget report, which is to be published on 10 November 2015, will be presented to Cabinet on 18 November 2015 for decision. The purpose of this report is to outline the development of the HRA revenue budget for 2016/17 to 2018/19 in response to financial challenges, whilst recognising the priorities of the Executive. The main financial challenge results from Government proposals, announced in the July 2015 Budget, to reduce social rents charged by Local Authorities to their tenants by 1% per annum for a 4 year period from 2016 to 2020.

The report summarises the reduction in rental income due to variations in inflation assumptions and changes in government guidance. It then outlines the initial draft budget proposals of the Executive for 2016/17 which will be used as the basis for extensive consultation with a range of stakeholders over the coming months. The results of the consultation will be reported alongside the Executive's final proposals which will be presented to Cabinet in early February and recommended to Council on 10 February 2016.

The report deals with the Housing Revenue Account and covers revenue services to council tenants only, as there is a separate report for General Fund revenue services. Proposals for capital expenditure will be presented early in the new year.

BACKGROUND and BRIEFING DETAILS:

1. The recommendations have been put forward to summarise the current budget position and outline the initial draft budget proposals of the Executive for 2016/17. These will be used as the basis for extensive consultation with a range of stakeholders over the coming months.
2. The production of a financial forecast and an outline timetable are a requirement of the Council's Budget and Policy Framework Procedure Rules.

Consultation & Communications

3. Consultation on the proposals will commence on 19 November 2015. This will include meeting with trades unions, affected staff and any people or organisations affected by the proposals to ensure all options have been considered. An on-line questionnaire, which will also be available in hard copy, will be published following the 18 November 2015 Cabinet meeting.

BRIEFING PAPER

4. Cabinet Members are keen to listen to new ideas and to receive feedback on the proposals to help to finalise the Executive's HRA budget and 30 year HRA Business Plan to be recommended to Full Council in February 2016.

Resource and Policy Implications

5. The HRA budget is in itself a major policy exercise dealing with resource allocation within the Council and is supported by the Council's Management Team (CMT), together with specific legal and financial advice.

Options

6. There are almost limitless options that can be applied to budget changes in the year most of which are driven by political priorities. In formulating the draft options to present in this paper the Executive have taken into account the relevant impact of all options that were under consideration and as a result some have not been progressed.
7. Alternative options may be presented to Council at the meeting in February at which a decision will be taken after the end of the consultation process

Appendices/Supporting Information:

8. Report and appendices to be published on 10 November 2015

Further Information Available From:

Name: Alan Denford

Tel: 023 8083 3159

E-mail: Alan.Denford@southampton.gov.uk

Name: Nick Cross

Tel: 023 8083 2241

E-mail: Nick.Cross@southampton.gov.uk