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**Report to: Audit and Scrutiny Committee**

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**Date of Meeting: 17<sup>th</sup> April 2025**

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**Subject: HRA Financial Performance 2024/25 as at December 2024**

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**Report by: Chief Finance Officer**

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## **1.0 Purpose**

- 1.1. This paper provides an update on the financial performance, as at December 2024, in respect of:
- the Housing Revenue Account (HRA) revenue and capital spend for the financial year 2024/25.

## **2.0 Recommendations**

- 2.1. Committee is asked to note the report, commenting and challenging as appropriate on:
- 2.1.1. the HRA revenue forecasted surplus of £(4.195)m which is £(1.258)m greater than budgeted for the year to 31 March 2025, and
- 2.1.2. the HRA Capital programme forecasted underspend of £(5.741)m.

## **3.0 Background**

- 3.1. This report summarises the forecasted financial position of the Housing Revenue Account (HRA) for the financial year ending 31 March 2025.

## **4.0 Revenue**

- 4.1. The HRA budgeted surplus is £(2.937)m and the forecast as at December 2024 is £(4.195)m, which is £(1.258)m greater than budgeted. This is an adverse movement of £0.089m since reported at September 2024.
- 4.2. The main variances contributing to the surplus are within:
- Employee costs £(0.904)m mainly due to vacancies in Housing Tenancy, continued support to the General fund and timing of filling vacancies, and
  - Additional income £(1.308)m which is significantly offset by charges to subcontractors through third party payments £0.970m.

- 4.3. The forecast position also includes estimated costs of £0.891m for the software upgrade of the housing Management System which is funded from earmarked reserves.
- 4.4. Any additional surplus in the year can contribute to financing capital spend and reduce borrowing. **Appendix 1** provides a summary and reasons for the variances and movement from the previous period.

## **5.0 Capital**

- 5.1. The HRA Capital Programme for 2024/25 is £18.081m in line with the approved budget including additional carryforwards from 2023/24. The forecast net expenditure at the year-end is £12.340m resulting in an underspend of £(5.741)m. Of this underspend, £5.476m is proposed to be carried forward into 2025/26. **Appendix 2** provides the detail for all projects along with comments on their progress.
- 5.2. The underspend of £(5.741)m reflects underspends on two large projects which are now expected to continue into 2025/26 and the budget will be carried forward. These include:
- Lochies Road HRA rebuild expected not to progress until 2025/26 £(1.870)m, and
  - Westhaugh which was delayed due to contractual issues but is now expected to recommence in 2025/26 £(4.982)m. This is a significant movement since last reported and details of progress on this project were reported to Council at its meeting on 20th March 2024.

There are also forecasted underspends on; the budget for Demolitions £(0.223)m based on current planned demolitions, the programme for Safe electrical installations £(0.300)m which will continue into 2025/26 and renewable central heating systems £(0.225)m which has not been progressed in the current financial year.

## **6.0 Conclusions**

- 6.1. The HRA revenue is forecast to achieve a surplus of £(1.258)m over and above the budgeted surplus for the year to 31 March 2025.
- 6.2. The HRA Capital programme is forecast to underspend by £(5.741)m for the year to 31 March 2025.

## **7.0 Sustainability Implications**

- 7.1. There are no direct environmental sustainability implications arising from this report.

## **8.0 Resource Implications**

- 8.1. *Financial Details*

8.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes ☒

8.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes ☒

8.4. *Staffing*

8.5. There are no direct staffing implications arising from this report.

## 9.0 Exempt Reports

9.1. Is this report exempt? Yes ☐ (please detail the reasons for exemption below) No ☒

## 7.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

### (1) Our Priorities

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all ☐

Our families; children and young people will have the best possible start in life ☐

Women and girls will be confident and aspirational, and achieve their full potential ☐

Our communities will be resilient and empowered so that they can thrive and flourish ☐

### (2) Council Policies

Complies with relevant Council Policies ☒

## 8.0 Equalities Impact

8.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes ☐ No ☒

## 9.0 Legality

9.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes ☒

## 10.0 Appendices

- 10.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix 1 – HRA Revenue Forecast Variances as at December 2024

Appendix 2 – HRA Capital Forecast Variances as at December 2024

## 11.0 Background Papers

- 11.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Yes ☒ (please list the documents below) No ☐

HRA Financial Performance 2024/25 as at September 2024

Housing Revenue Account Budget 2024/25 and Capital Programme 2024/25

### Author(s)

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### Approved by

NAME	DESIGNATION	SIGNATURE
Nicola Mack	Chief Accountant	
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HRA Forecast Variances as at December 2024

## Appendix 1

Housing Revenue Account	Annual Budget 2024/25	Forecast to March 2025 as at Dec 2024	Variance Forecast to Budget at Dec 2024	Previous variance at Sept 2024	Variance movement Sept to Dec 2024	Narrative
	£'000	£'000	£'000	£'000	£'000	
Employee related expenditure	10,148	9,243	(904)	(970)	66	<b>Underspend £(0.904)m, movement £0.066m driven by:</b> £(0.190)m continued support to the General Fund by Property; £(0.714)m underspend on staffing costs due to vacancies in Housing Tenancy.
Premises related expenditure	2,150	2,233	83	61	22	<b>£0.083m overspend, movement £0.022m</b> Overspend and movement relates to void rent loss, the run rate implies we'll come in over budget for the year.
Transport related expenditure	449	482	33	33	(0)	<b>£0.033m overspend, movement £0.000m</b> £(0.005)m underspend on staff mileage; £0.038m overspend in short term vehicle hire costs, comprises of the electric fleet which have been extended with additional up front rental costs unknown at the time of budget setting.
Supplies and Services	4,077	3,946	(131)	(138)	7	<b>£(0.131)m underspend, movement £0.007m:</b> £(0.155)m relates to materials issued, the run rate implies we'll spend lower than budget for the year; £(0.018)m underspend on equipment maintenance; £(0.017)m underspend on mobile phones; £0.038m on scaffold hire which is greater than anticipated spend in this area at the time the budget was set £0.010m overspend on legal fees; £0.010m small overspends in other areas.
Third Party Payments	1,881	2,850	970	938	32	<b>£0.970m overspend, movement £(0.032)m:</b> £0.885m, no movement: relating to payments to subcontractors, these payments are offset by an increase in income; £0.123m, movement £0.023m: overspend in other council accounts based upon the run rate of current costs e.g. land services, waste, pest control £(0.026)m, no movement: budget not utilised for contractor spend in community engagement; £(0.013)m underspend on payments to voluntary organisations -Tenant Federation, budget increased to take account of need to commission - tenant satisfaction survey, HRA BP Review
Support Services	1,204	1,204	0	(0)	0	On budget
Capital financing costs	1,793	1,793	0	0	0	On budget
<b>Total Gross Expenditure</b>	<b>21,701</b>	<b>21,751</b>	<b>50</b>	<b>(76)</b>	<b>126</b>	
Income	(24,638)	(25,946)	(1,308)	(1,271)	(37)	<b>£(1.308)m underspend, movement £(0.037m):</b> £(0.162)m, movement £(0.037)m: increase of property rentals due to off the shelf purchase scheme and properties now being available; £(1.186m), no movement: increased income from the servitor WIP estimate which is partially offset by 3rd party payments to subcontractors. £0.040m unachieved income due to the Westhaugh accommodation not being available for rental this financial year.
<b>Total Net Expenditure</b>	<b>(2,937)</b>	<b>(4,195)</b>	<b>(1,258)</b>	<b>(1,347)</b>	<b>(89)</b>	

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HRA Capital Forecast Variances at December 2024

## Appendix 2

Housing Revenue Account	Annual Budget 2024/25 £'000	Actual Spend to date (at today) £'000	Forecast March 2025 at December 2024 £'000	Variance Forecast to Budget at Dec 2024 £'000	Estimated Carry Forward £'000	Previous Variance at September 2024 £'000	Variance Sep to Dec 2024 £'000	Narrative
Village Town Centre Initiative	0	2,500	0	0		0	0	Transferred to demolitions
IT Infrastructure - HRA	37,000	0	0	(37,000)	37,000	(37,000)	0	Expected to be next year before we spend this in relation to the new system being installed
Roads & Footpath Improvements	50,000	0	0	(50,000)		(50,000)	0	Expected to be used to support the forecast overspend on MCB Tenant Community Improvements Fund ( 1010001 )
Bathroom Replacement 2016-20	3,382	3,382	3,382	(0)		(0)	0	On budget
Construction Design Management	50,000	0	0	(50,000)		(50,000)	0	Will now be absorbed into other areas of the capital programmes
Energy Performance Certificates Programme - HRA	50,000	50,000	50,000	0		0	0	On Budget
New Build	90,000	0	0	(90,000)	90,000	(90,000)	0	Request to carryforward to 2025/26
Lock-up Strategy	98,000	3,600	3,600	(94,400)	94,400	2,000	(96,400)	Request to carryforward to 2025/26
Structural Upgrades	388,000	388,828	388,828	828		0	828	In line with budget
Landscaping and Communal Environment	150,000	0	150,000	0		0	0	Expected to spend on budget
Damp Rot Works 19-23	571,670	247,479	571,670	0		0	0	Currently assessing the level of cases that can be completed, we're assuming a full budget spend currently but there is a possibility of an underspend and carry forward to next year.
Renewable Central Heating Systems - HRA	225,000	0	0	(225,000)		(225,000)	0	No programme currently running for this
MCB Tenant Community Imp Fund	150,000	198,115	229,000	79,000		79,000	(0)	Expected to overspend - proposed virement from Roads and Footpaths above - paperwork to follow.
Fencing, Gates & Paths	240,000	117,294	245,000	5,000		5,000	0	Spend slightly over budget
CCTV Security	275,000	222,838	275,000	0		0	0	Expected to spend on budget
Aids & Adaptations 2017-20	391,618	337,394	391,618	0		0	0	Expected to spend on budget
Demolitions	445,000	2,500	222,500	(222,500)	222,500	(222,500)	0	Expected to spend 50% of allocated budget
Central Heating Design & Installation 2022-26	750,000	404,505	744,870	(5,130)		(5,130)	(0)	Expected to spend close to budget
Safe Electrical Installations 2022-26	1,300,000	880,062	1,000,000	(300,000)	300,000	(300,000)	0	Proposed carryforward of underspend
Roof & Render Upgrading 2023-27	1,500,000	1,340,529	1,500,000	0		0	0	Expected to spend on budget
Kitchen Replacement 2017/20	1,295,570	624,234	1,295,570	(0)		21,000	(21,000)	Expected to spend on revised budget while supporting the virements to other programmes
Window Replacement 2022-26	2,000,000	1,807,493	2,000,000	0		0	0	Expected to spend on budget
Lochies Road - HRA New Build	1,945,000	64,251	75,000	(1,870,000)	1,870,000	(1,870,000)	0	This project will not progress until 2025/26. Current forecast spend is for Feasibility studies on the site with proposed carryforward of underspend.
Westhaugh Travelling Site	5,151,000	168,867	168,867	(4,982,133)	4,982,133	(1,573,000)	(3,409,133)	Project delayed into 2025/26
Off the Shelf Purchase	4,013,760	4,156,952	4,258,760	245,000		277,000	(32,000)	Purchase and refurbishment of 23 properties
<b>Total Gross Expenditure</b>	<b>21,170,000</b>	<b>11,020,823</b>	<b>13,573,666</b>	<b>(7,596,334)</b>	<b>7,596,033</b>	<b>(4,038,630)</b>	<b>(3,557,705)</b>	
Off the Shelf Purchase	(800,000)	(900,000)	(1,045,000)	(245,000)		(250,000)	5,000	Income from SG relating to project above 21 properties at £45k and 2 properties at £50k
Westhaugh Travelling Site	(1,669,224)	0	(168,867)	1,500,357	(1,500,357)	(1)	1,500,357	Project stalled and agreed with Scot Gov to fwd grant income into 2025/26 Budgeted £1.7m but only £0.495m available 2024/25, of which we received £0.169m
Lochies Road - HRA New Build	(620,000)	0	0	620,000	(620,000)	620,000	0	This project unlikely to progress until 2025/26.
Sale of HRA Land	0	(20,000)	(20,000)	(20,000)		(20,000)	0	Sale of Land at Argyll Street, Alloa.
CCTV Security		(19,964)	0	0		0	0	
<b>Total Income</b>	<b>(3,089,224)</b>	<b>(939,964)</b>	<b>(1,233,867)</b>	<b>1,855,357</b>	<b>(2,120,357)</b>	<b>350,000</b>	<b>1,505,357</b>	
<b>Total Net Expenditure</b>	<b>18,080,777</b>	<b>10,080,859</b>	<b>12,339,799</b>	<b>(5,740,978)</b>	<b>5,475,676</b>	<b>(3,688,630)</b>	<b>(2,052,348)</b>	