
Report to: Audit & Scrutiny Committee

Date of Meeting: 30 October 2025

Subject: HRA Financial Performance 2025/26 as at June 2025

Report by: Chief Finance Officer

1.0 Purpose

- 1.1 This paper provides an update on the financial performance, as at 30 June 2025, in respect of:
- the Housing Revenue Account (HRA) revenue and capital spend for the financial year 2025/26.

2.0 Recommendations

- 2.1 Committee is asked to note the report, commenting and challenging as appropriate on:
- the HRA revenue forecasted surplus of £(5,045)m which is £(0.389)m greater than budgeted for the year to 31 March 2026, and
 - the HRA Capital programme forecast underspend of £(1.275)m.
- 2.2 Committee is asked to note and recommend for Council approval, the request to vire £0.450m from the safe electrical testing programme to the window replacement programme (paragraph 5.2).
- 2.3 Committee is asked to note the findings of the review of the Capital 2023/24 overspend position and improvement actions which have been put in place (paragraph 5.3-5.6).

3.0 Background

- 3.1 This report summarises the forecast financial position of the Housing Revenue Account (HRA) for the financial year as at 30 June 2025.

4.0 Revenue

- 4.1 The HRA budgeted surplus is £(4.656)m and the forecast as at 30 June 2025 is £(5.045)m, which is £(0.389)m higher than budgeted.
- 4.2 The main variances contributing to the forecast overspend are:

- £(0.407)m underspend for Employee related expenditure. There are several vacancies within the HRA operations, repairs and admin teams. Additionally, there is an underspend forecast within overtime, based on current 2025/26 actual costs incurred. The underspend also includes £0.102m additional costs for the agreed pay award which is 1% above the 3% budgeted.
 - £(0.021)m underspend forecast within Transport. The main underspend is on vehicle maintenance with additional underspends on employee travel costs.
 - £0.030m forecast overspend within insurance costs.
- 4.3 Any surplus achieved within the year can contribute to financing capital spend and reduce borrowing. **Appendix 1** provides a summary and reasons for the variances.
- 5.0 Capital**
- 5.1 The HRA Capital Programme for 2025/26 is net £16.058m in line with the approved budget including carry forwards from 2024/25. The forecast net expenditure for the year is £14.783m resulting in an underspend of £(1.275)m. As many of the projects are across multiple years it is proposed that the underspend is carried forward to 2026/27. **Appendix 2** provides the detail for all projects along with comments on their progress.
- 5.2 The underspend of £(1.275)m reflects underspends on several projects which are now expected to continue into 2026/27. These include:

- £0.450m overspend forecast within window replacements. This is due to a change in the schedule of works, resulting in works carried out within the conservation area of Clackmannanshire which incurred costs higher than the anticipated budget. This overspend is anticipated to be covered via a virement from the Safe Electrical Testing Programme which is currently forecast to underspend. In line with financial regulations, this virement requires approval by the Director of Place, the Chief Finance Officer, the Chief Executive and Council. This report asks Committee to recommend for this virement to be approved by Council at its next meeting.
- £(0.700)m underspend forecast within safe electrical testing. £(0.450)m of this underspend is proposed to be vired to the window replacement project as noted above, pending Council approval. The remaining (£0.250)m underspend is due to a delay in work commencing.
- £(0.321)m underspend forecast within the kitchen replacement programme due to delays in initiating the procurement process.
- £(0.273)m underspend forecast within demolitions. This is due to a delay in initiating the procurement process and is now due to commence in November 2025.
- £(0.260)m underspend forecast within central heating design and installation which is delayed and due to continue into 2026/27.

- £(0.087)m underspend within IT infrastructure delayed due to the delay in the implementation of the Civica Servitor system upgrade. Until this software is implemented the related hardware cannot be purchased.
 - £(0.059)m underspend within the community improvement fund, due to internal employee capacity limitations.
 - £(0.025)m underspend within roads and footpaths, due to internal employee capacity limitations.
- 5.3 Within the Council Financial Performance report 2023/24 presented to Audit & Scrutiny Committee in October 2024, it was highlighted that several projects within the HRA capital programme had overspent their approved budget at the year end.
- 5.4 Whilst this impacted positively on tenants as work was completed ahead of schedule, expenditure was not being managed in line with budget and this was not highlighted to allow appropriate governance arrangements to be put in place.
- 5.5 A review was undertaken instructed by the Director of Place into the overspends. Senior Managers have identified that due to the cross-portfolio management of the HRA between Housing Services and Property Services, this enabled a disconnect in the oversight of the capital programmes. As a result the following improvement actions are being taken:
- As part of the 2025/26 budget process (approved by Council in February 2025), a realignment of HRA functions within the one service (Housing Services) has been approved and is currently in the process of merging. This will be concluded by December 2025.
 - Through March to November 2025, the HRA Planned Works oversight has been directly managed by the Strategic Director of Place Services whilst in transition.
 - A Future Homes Board has been established, chaired by the Strategic Director of Place Services. This Board is operating and obtaining regular updates on the HRA capital and improvement programmes. These are discussed and challenged as appropriate. The Finance team are also looking to obtain further analytical financial information to support their monthly challenge process at the department's SLT.
- 5.6 These measures contribute to the reduction of the risks associated with this area of work and assist with preventing and identifying any overspends timeously.
- 6.0 Conclusions**
- 6.1 As at 30 June 2025 the HRA revenue is forecast to achieve an additional surplus of £(0.389)m against its budgeted surplus for the year to 31 March 2026.

- 6.2 As at 30 June 2025 the HRA Capital programme is forecast to underspend by £(1.275)m for the year to 31 March 2026.

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 has been consulted and has 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 ☒

10.0 Declarations

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

- (1) **Our Priorities** (Please double click on the check box ☒)

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 ☒

11.0 Impact Assessments

- 11.1 Have you attached the combined equalities impact assessment to ensure compliance with the public sector equality duty and fairer Scotland duty? (All EFSIAs also require to be published on the Council's website)

Yes ☐

- 11.2 If an impact assessment has not been undertaken you should explain why:

An Equality Impact Assessment (EQIA) and Fairer Scotland Duty Assessment have not been prepared as this is a financial report and does not relate to a new policy or strategy.

12.0 Legality

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

13.0 Appendices

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

Appendix 1 – HRA Revenue Forecast Variances as at June 2025

Appendix 2 – HRA Capital Forecast Variances as at June 2025

14.0 Background Papers

- 14.1 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)

Housing Revenue Account Budget 2025/26 and Capital Programme 2025/26

Author(s)

NAME	DESIGNATION	TEL NO / EXTENSION
Nicola Mack	Chief Accountant	
Lindsay Sim	Chief Finance Officer	2022

Approved by

NAME	DESIGNATION	SIGNATURE
Chris Alliston	Strategic Director of Partnership & Performance	

Place Directorate
HRA Forecast Variances at 30 June 2025

Appendix 1

Housing Revenue Account	Annual Budget 2025/26 £'000	Forecast to March 2026 as at June 2025 £'000	Variance Forecast to Budget £'000	Narrative
Employee related expenditure	10,669	10,262	(407)	£(0.407)m forecast underspend: £(0.292)m due to vacancies and delays with recruitment across the service, the majority within HRA Operations and others within Repairs and Admin, offset by £100k additional costs due to the agreed pay award being higher than budgeted. £(0.115)m within overtime costs, based on the actual costs incurred year-to-date.
Premises related expenditure	1,757	1,765	9	£0.009m forecast overspend: £0.026m overspend within private contractor costs. This overspend is anticipated to be significantly lower than the 2024/25 Overspend due to the increased utilisation of internal workforce. £(0.017)m underspend relating to utility costs and council tax for Westhaugh which is currently not operational.
Transport related expenditure	543	522	(21)	£(0.021)m forecast underspend: £(0.006)m underspend within staff travel costs. £(0.015)m underspend within vehicle maintenance costs.
Supplies and Services	3,980	4,011	30	£0.030m forecast overspend due to insurance costs being greater than budgeted.
Third Party Payments	1,937	1,937	0	On budget
Support Services	1,240	1,240	0	On budget
Capital financing costs	2,422	2,422	(0)	On budget
Total Gross Expenditure	22,548	22,159	(389)	
Income	(27,204)	(27,204)	0	On budget
Total Net Expenditure	(4,656)	(5,045)	(389)	

Place Directorate
HRA Capital Forecast Variances at 30 June 2025

Appendix 2

Housing Revenue Account	Annual Budget 2025/2026	Forecast March 2026	Variance Forecast to Budget	Potential budget to be carried forward into 2026/27	Narrative
	£'000	£'000	£'000	£'000	
Vehicle Purchase	40,000	40,000	0	0	Expected to spend on budget
New Build	87,000	87,000	0	0	Expected to spend on budget
Roof & Render Upgrading 2023-27	1,500,000	1,500,000	(0)	0	Expected to spend on budget
Central Heating Design & Installation 2022-26	1,060,000	800,000	(260,000)	260,000	£(0.260)m forecast underspend: This relates to a predicted underspend due to third party contractors who do not have available capacity to complete the work.
Energy Performance Certificates Programme - HRA	50,000	50,000	0	0	Expected to spend on budget
Renewable Central Heating Systems - HRA	450,000	450,000	0	0	Expected to spend on budget by the end of the year. Due to a shortage of staff within the energy performance team work had not begun by the end of Q1.
CCTV Security	329,000	329,000	0	0	Expected to spend on budget
Demolitions	622,500	350,000	(272,500)	272,500	£(0.273)m forecast underspend as work was delayed whilst undergoing procurement. Work is due to begin on the 3rd of November. As a result of the delayed start work, will likely continue into 2026/27.
Damp Rot Works 19-23	400,000	400,000	0	0	Expected to spend on budget
Structural Upgrades	300,000	300,000	0	0	Expected to spend on budget
IT Infrastructure - HRA	174,000	87,000	(87,000)	87,000	£(0.087)m forecast underspend on hardware due to a delay in the implementation of the Civica Update. Without this update the hardware related purchases will be delayed into 2026/27.
Lock-up Strategy	94,400	94,400	0	0	Expected to spend on budget
Aids & Adaptations 2017-20	447,000	447,000	(0)	0	Expected to spend on budget
Kitchen Replacement 2017/20	1,421,000	1,100,000	(321,000)	321,000	£(0.321)m underspend forecast due to delay with procurement. Works will continue into 2026/27.
Landscaping and Communal Environment	150,000	150,000	0	0	Expected to spend on budget
MCB Tenant Community Imp Fund	229,000	170,000	(59,000)	59,000	£(0.059)m potential underspend due to internal employee capacity limitations. These works will continue into 2026/27.
Roads & Footpath Improvements	200,000	175,000	(25,000)	25,000	£(0.025)m potential underspend due to internal employee capacity limitations. These works will continue into 2026/27.

Housing Revenue Account	Annual Budget 2025/2026	Forecast March 2026	Variance Forecast to Budget	Potential budget to be carried forward into 2026/27	Narrative
	£'000	£'000	£'000	£'000	
Conversions & Upgradings	250,000	250,000	0	0	Expected to spend on budget
Fencing, Gates & Paths	336,000	336,000	0	0	Expected to spend on budget
Safe Electrical Installations 2022-26	1,500,000	800,000	(700,000)	250,000	£(0.700)m forecast underspend - Awaiting Council approval to vire £(0.450)m of this underspend to the window replacement project due to increased cost of installing windows within the conservation area of Tillicoultry. The existing safe electrical installations program of works can be completed within the year utilising the remaining budget. The remaining £(0.250)m underspend is due to a delay in work commencing.
Lochies Road - HRA New Build	1,880,749	1,880,749	0	0	Project on hold due to Procurement delay and works expected to commence in last quarter. Forecast will be adjusted in Q2 when further information is known on expected timescales for completion.
Window Replacement 2022-26	1,100,000	1,550,000	450,000	0	£0.450m forecast overspend - pending Council approval to vire £0.450m from safe electrical installations into this project due to the increased cost of installing windows within the conservation area of Tillicoultry.
Westhaugh Travelling Site	4,642,443	4,642,443	0	0	Expected to spend on budget
Off the Shelf Purchase	3,197,000	3,197,000	0	0	Expected to spend on budget
Total Gross Expenditure	20,460,092	19,185,592	(1,274,500)	1,274,500	
Lochies Road - HRA New Build	(620,000)	(620,000)	0	0	Income from SG relating to the project
Westhaugh Travelling Site	(1,682,097)	(1,682,097)	0	0	Income from SG relating to the project
Off the Shelf Purchase	(2,100,000)	(2,100,000)	0	0	Income from SG relating to the project
Total Income	(4,402,097)	(4,402,097)	0	0	
Total Net Expenditure	16,057,995	14,783,495	(1,274,500)	1,274,500	

