
Report to: Audit & Scrutiny Committee

Date of Meeting: 23 April 2026

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

Report by: Chief Finance Officer

1.0 Purpose

1.1 This paper provides an update on the financial performance, as at 31 December 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 £(6.329)m which is £(1.673)m greater than budgeted for the year to 31 March 2026, and
- the HRA Capital programme forecast underspend of £(6.785)m.

3.0 Background

3.1 This report summarises the forecast financial position of the Housing Revenue Account (HRA) for the financial year as at 31 December 2025.

4.0 Revenue

4.1 The HRA budgeted surplus is £(4.656)m and the forecast as at 31 December 2025 is £(6.329)m, which is a favourable variance of £(1.673)m higher than budgeted. There is a favourable variance movement of £(0.505)m since last reported. Any surplus achieved within the year can contribute to financing capital spend and reduce borrowing.

4.2 The main variances contributing to the forecasted increase in the surplus are:

- £(1.393)m underspend within employee related expenditure and movement of £(0.008)m since last reported. Employee costs are significantly underspent due to recruitment delays. The majority of the underspend relates to vacancies within HRA repairs which is forecast to underspend by £(1.158)m. Underspends within staffing are partially

offset by overspends within payments to third party contractors and internal recharges from other departments due to limited internal resources being available.

- £0.158m overspend within premises related expenditure and movement of £0.048m. The overspend and movement is primarily due to an increase in void rent losses of £0.085m, an increase in rates of £0.015m above budget and a £0.076m forecast overspend on internal recharges from Land Services related to staffing vacancies noted above.
- £(0.016)m underspend within transport related expenditure, no movement in the variance. Most of the underspend relates to vehicle maintenance costs with additional underspends on employee travel costs.
- £(1.096)m underspend within supplies and services and movement of £(1.057)m. We are forecasting an underspend of £(0.699)m on professional fees due to several projects being delayed until 2026/27, including the Stock Condition Survey £(£0.550)m and the Tenant Participation Survey £(0.050)m. There are also related underspends within Materials £(0.283)m and Scaffolding of £(0.061)m.
- £0.503m forecast overspend within third party payments and movement of £0.512m. This is as a consequence of lack of resources mentioned above with vacant posts not filled. Third party contractors have been sourced to maintain a standard level of service to our tenants.
- £0.171m underachievement of income, no movement. This is due to lower income than initially budgeted as a result of the decanting of RAAC properties and a decrease in internal trade contract income from public building repairs due to the limited internal resource available to generate income.

4.3 **Appendix 1** provides a summary of the variances and movement by expenditure category and reasons for the variances.

5.0 Capital

5.1 The HRA Capital Programme for 2025/26 has a net budget of £20.158m. This is made up of the approved budget including carryforwards and an in year additional £1.000m for work on RAAC affected properties under the Roof and Render project as approved by Council in June 2025. A further £3.100m was brought forward from 2026/27 for Off the Shelf purchases as approved by Council in October 2025.

5.2 The forecast net expenditure for the year is £13.373m resulting in an underspend of £(6.785)m. This is a favourable movement of £(3.787)m since last reported.

5.3 The underspend of £(6.785)m reflects underspends on several key projects which are now expected to continue into 2026/27. The main variances include:

- £(1.261)m forecast net underspend on Lochies Road – HRA New Build. Efforts are ongoing to put in place the required procurement and governance necessary to take forward this planned development work. However, there is now a significantly reduced opportunity to incur spend against this project within the current financial year. It is anticipated that works on-site will now likely commence in Q1 of the new financial year 2026/27 with full budget carry forward required.
- £(1.747)m forecast underspend on Off the Shelf Purchases. The Council approved the request to bring forward £3.1m budget from 2026/27 into 2025/26. This was to facilitate the purchase of an additional 20 properties bringing the total to 40 for 2025/26. The HRA has been successful in concluding the purchase of 37 properties with the remaining 3 to conclude in April 2026. As a consequence, there is a request to carryforward £(0.642)m for purchases and £(1.105)m for refurbishment of the properties already concluded. The underspend on the refurbishment is due to reduced availability of external contractors to carry out the work required.
- £(1.000)m forecast underspend on the Roof and Render upgrade project. Following the budget increase actioned in September 2025, the appointed contractor confirmed that they lack the immediate resource capacity to complete the works within 2025/26. This early draw down is therefore not required in 2025/26.
- £(0.400)m forecast underspend within the Kitchen Replacement programme due to delays in initiating the procurement process.
- £(0.375)m forecast underspend within Renewable Central heating systems, this is due to a delay in procurement beginning and obtaining an agreement with tenants and owners.
- £(0.350)m forecast underspend within Demolitions. This is due to a delay in initiating the procurement process. Work is now progressing with demolitions at Park St Chalet units in Tillicoultry, Carnaughton Place Lock ups in Alva and Chapelle Crescent Pigeon Lofts in Tillicoultry.
- £(0.284)m forecast underspend within CCTV security, this is due to a delay in the project starting. Work commenced in November and the residual budget will be carried forward to 2026/27 to complete the works.
- £(0.250)m forecast underspend within Safe Electrical Testing due to a delay in work commencing by the third party contractor.
- £(0.200)m forecast underspend within Conversions and Upgradings as three large conversions are awaiting planning permission.
- £(0.169)m forecast underspend on Roads and Footpath Improvements due to internal capacity limitations.
- £(0.172)m forecast underspend on IT Infrastructure due to a delay with the upgrade of the IT system and hardware purchases pushed back to 2026/27.

- £(0.150)m forecast underspend within Structural Upgrades due to a delay in initiating the procurement process.
- £(0.149)m forecast underspend on Landscaping and Communal Environment. This is due to limited capacity or resource within Land Services. This is requested to be carried forward as an external contractor is planning to quote for improvement works.
- £(0.100)m forecast underspend within Central Heating Design and Installation. This is due to delayed start to programme of works.
- The balance of £(0.178)m is across New Builds and Fencing, gates and paths.

5.4 Of the £(6.785)m underspend, £(5.385)m relates to projects which will continue in 2026/27 and the underspend is therefore requested to be carried forward. The remaining £(1.400)m underspend relates to budget no longer required.

Appendix 2 provides the forecast spend, variance and movement from the previous report for all projects along with comments on their progress and their requested carryforward amounts if appropriate.

6.0 Conclusions

- 6.1 As at 31 December 2025 the HRA revenue is forecast to achieve an additional surplus of £(1.673)m against its budgeted surplus for the year to 31 March 2026.
- 6.2 As at 31 December 2025 the HRA Capital programme is forecast to underspend by £(6.785)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

There are no additional staffing implications arising directly from the recommendations in this report. The forecast reflects existing vacancies and the use of third party contractors to maintain service levels

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** (Please detail)

11.0 Equalities Impact

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:

This report is for noting and there are no direct impacts resulting from the content of this report.

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 31 December 2025

Appendix 2 – HRA Capital Forecast Variances as at 31 December 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)


Yes

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

Author(s)

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Approved by

NAME	DESIGNATION	SIGNATURE
Chris Alliston	Head of Corporate Services	

Place Directorate
HRA Forecast Variances at 31 December 2025

Appendix 1

Housing Revenue Account	Annual Budget 2025/26	Forecast to March 2026 as at Dec 2025	Variance Forecast to Budget at Dec 2025	Previous variance at Sept 2025	Variance movement Sept to Dec 2025	Narrative
	£'000	£'000	£'000	£'000	£'000	
Employee related expenditure	10,669	9,276	(1,393)	(1,385)	(8)	£(1.393)m forecast underspend, Movement of £(0.008)m Employee costs are significantly underspent due to vacancies. HRA repairs are forecast to underspend by £(1.158)m , HRA Service Management £(0.091)m , HRA Supervision & Management £(0.024)m and HRA Tenancy & Estates £(0.108)m . Other small variances £(0.011)m . These underspends are partially offset by overspends within payments to third party contractors and internal recharges due to lack of internal resources.
Premises related expenditure	1,757	1,915	158	110	48	£0.158m forecast overspend, Movement of £0.048m £0.076m forecast overspend within Internal Recharges with reliance on Land Services due to internal vacancies. There is a forecast overspend within Void Rent losses of £0.085m and Rates of £0.015m , this is due to several properties affected by RAAC, not generating income. This overspend is partially offset by a forecast underspend within Cleaning, Council tax and Electricity £(0.020)m . £0.002m various small variances.
Transport related expenditure	543	527	(16)	(16)	0	£(0.016)m forecast underspend, No movement £(0.015)m forecast underspend on vehicle maintenance recharges. £(0.001)m various small variances.
Supplies and Services	3,980	2,884	(1,096)	(39)	(1,057)	£(1.096)m forecast underspend, Movement of £(1.057)m An underspend of £(0.699)m for professional fees is forecast, due to several projects being delayed until 2026/27, including the Stock Condition Survey £(0.550)m and the Tenant Participation Survey £(0.050)m and various others £(0.099)m . Materials (issued from stock) £(0.283)m forecast underspend Scaffold Hire £(0.061)m forecast underspend Equipment Maintenance £(0.024)m forecast underspend Mobile phones £(0.013)m forecast underspend and £(0.016)m various small variances.
Third Party Payments	1,937	2,440	503	(9)	512	£0.503m forecast overspend, Movement of £0.512m £0.507m forecast overspend within Payment to Contractors, HRA reforecast the spend on subcontractors in light of the inability to recruit sufficient employees within HRA to maintain a standard level of service to our tenants. £(0.004)m underspend in various small variances. Movement of £0.512m due to contractors payments, these are now aligned with employee costs underspend
Support Services	1,240	1,240	0	0	(0)	Spend expected in line with budget.
Capital financing costs	2,422	2,422	0	0	(0)	Spend expected in line with budget.
Total Gross Expenditure	22,548	20,704	(1,844)	(1,339)	(505)	
Income	(27,204)	(27,033)	171	171	0	£0.171m forecast overspend, no movement since last reported. £0.171m underachieved income due to RAAC properties being decanted and therefore loss of rent and reduced income to HRA from public building repairs due to limited internal resources.
Total Net Expenditure	(4,656)	(6,329)	(1,673)	(1,168)	(505)	

Housing Revenue Account	Annual Budget 2025/26	Forecast to March 2026 as at Dec 2025	Variance Forecast to Budget at Dec 2025	Variance at Sept 2025	Movement forecast Sept to Dec	Potential budget carry forward into 2026/27	Narrative
Vehicle Purchase	40,000	40,000	(0)	0	(0)	0	Nil forecast variance and movement. Expected to spend on budget.
New Build	87,000	0	(87,000)	(0)	(87,000)	87,000	£(0.087)m forecast underspend, movement of £(0.087)m. Budget to be carried forward to facilitate feasibility works in line with Council approved SHIP (Strategic Housing Investment Plan)
Roof & Render Upgrading 2023-27	2,500,000	1,500,000	(1,000,000)	0	(1,000,000)	0	£(1.000)m forecast underspend, movement of £(1.000)m. Previously forecast to spend in full including additional £1m brought forward from 2026/27 however, due to contractor availability it will not be possible to undertake this additional work in 2025/26.
Central Heating Design & Installation 2022-26	1,060,000	960,000	(100,000)	(305,000)	205,000	100,000	£(0.100)m forecast underspend, movement of £0.205m Delayed start to Programme of Works, residual budget to be carried forward.
Energy Performance Certificates Programme - HRA	50,000	50,000	0	0	0	0	Nil forecast variance and movement. Expected to spend on budget, salary costs to be transferred from Energy Performance Team.
Renewable Central Heating Systems - HRA	450,000	75,000	(375,000)	0	(375,000)	375,000	£(0.375)m forecast underspend, movement of £(0.375)m. Delayed procurement and obtaining agreement with Tenants and Owners.
CCTV Security	329,000	45,000	(284,000)	(99,000)	(185,000)	284,000	£(0.284)m forecast underspend, movement of £(0.185)m. Delay to Project starting, works commenced in November. Residual budget to be carried forward.
Demolitions	622,500	272,500	(350,000)	(350,000)	0	350,000	£(0.350)m forecast underspend, nil movement. Underspend due to a delay in the project starting, works will continue into 2026/27. Budget to be carried forward.
Damp Rot Works 19-23	400,000	400,000	0	0	0	0	Nil forecast variance and movement. Expected to spend on budget.
Structural Upgrades	300,000	150,000	(150,000)	(150,000)	0	150,000	£(0.150)m forecast underspend, nil movement Delayed in procurement phase. Award letter now produced and with Contractor and work is underway.
IT Infrastructure - HRA	174,000	2,000	(172,000)	(87,000)	(85,000)	172,000	£(0.172)m underspend forecast, £(0.085)m movement. Due to a delay with the upgrade of the IT system, the hardware purchases have also been pushed back to 2026/27.
Lock-up Strategy	94,400	94,400	0	0	(0)	0	Nil forecast variance and movement. Expected to spend on budget.
Aids & Adaptations 2017-20	447,000	447,000	(0)	(0)	(0)	0	Nil forecast variance and movement. Expected to spend on budget.
Kitchen Replacement 2017/20	1,421,000	1,021,000	(400,000)	(321,000)	(79,000)	0	£(0.400)m underspend forecast, movement of £(0.079)m Contractor is now in place - Work review is ongoing before additional work is instructed. No underspend required to be carried forward.
Landscaping and Communal Environment	150,000	1,000	(149,000)	0	(149,000)	149,000	£(0.149)m forecast underspend, movement of £(0.149)m Limited capacity of Lands Services. Underspend required to be carried forward as an External Contractor is planning to provide quotation for improvement works in the Bowmar area of Alloa.
MCB Tenant Community Imp Fund	229,000	229,000	0	(59,000)	59,000	0	Expected to spend on budget, movement of £0.059m There was a delay with internal employee capacity limitations and resource challenges. Land Services charges will be incurred in the last financial quarter.
Roads & Footpath Improvements	200,000	31,000	(169,000)	(25,000)	(144,000)	169,000	£(0.169)m underspend forecast, movement of £(0.144)m This is due to internal employee capacity limitations. These works will continue into the next financial year. Anticipated underspend to be carried forward.
Conversions & Upgradings	250,000	50,000	(200,000)	0	(200,000)	200,000	£(0.200)m underspend forecast, movement of £(0.200)m. Anticipated underspend to be carried forward as there are 3 large conversions to be scheduled, awaiting planning permission.
Fencing, Gates & Paths	336,000	245,000	(91,000)	(91,000)	(0)	91,000	£(0.091)m forecast underspend, nil movement This is due to limitation of internal staffing and Contractor delays. Anticipated underspend to be carried forward.
Safe Electrical Installations 2022-26	1,050,000	800,000	(250,000)	(250,000)	0	250,000	£(0.250)m underspend forecast, Nil movement. The predicted underspend relates to external contractor delays, anticipated underspend to be carried forward.
Lochies Road - HRA New Build	1,880,749	0	(1,880,749)	(1,880,749)	0	1,880,749	£(1.881)m underspend and nil movement. Significantly reduced opportunity for spend against this project within the current financial year, efforts are ongoing to put in place the required procurement and governance necessary to take forward this planned development work. It is anticipated that works on-site will not likely commence until early in the new financial year with full budget carry forward required.
Window Replacement 2022-26	1,550,000	1,550,000	0	0	0	0	Nil forecast variance and movement. Expected to spend on budget. Reallocation of budget from safe electrical installations to this project due to the increased cost of installing windows within the conservation area of Tillilcoultry.
Westhough Travelling Site	4,642,443	4,642,443	0	0	0	0	Nil forecast variance and movement. Expected to spend on budget

Housing Revenue Account	Annual Budget 2025/26	Forecast to March 2026 as at Dec 2025	Variance Forecast to Budget at Dec 2025	Variance at Sept 2025	Movement forecast Sept to Dec	Potential budget carry forward into 2026/27	Narrative
Off the Shelf Purchase	6,297,000	4,550,000	(1,747,000)	(0)	(1,747,000)	1,747,000	<p>£(1.747)m forecast underspend, Movement of £(1.747)m</p> <p>The Council approved the request to bring forward £3.1m budget from 2026/27 into 2025/26. This was to facilitate the purchase of an additional 20 properties bringing the total to 40 for 2025/26. HRA have been successful in concluding the purchase of 37 properties with the remaining 3 to conclude in April 2026. As a consequence there is request to carryforward £0.642m for purchases and £1.105m for refurbishment of the properties already concluded. The underspend on the refurbishment is due to availability of external contractors to carry out the work required.</p>
Total Gross Expenditure	24,560,092	17,155,343	(7,404,749)	(3,617,749)	(3,787,000)	6,004,749	
Lochies Road - HRA New Build	(620,000)	0	620,000	620,000	0	(620,000)	Government grant income relating to the building of new bungalows on Lochies road, to be carried forward to next financial year as no spend in 2025/26.
Westhaugh Travelling Site	(1,682,097)	(1,682,097)	0	0	0	0	Income from Scottish Government relating to the Westhaugh Travelling Site project
Off the Shelf Purchase	(2,100,000)	(2,100,000)	(0)	0	(0)	0	Income from Scottish Government relating to the Off the Shelf Purchase project.
Total income	(4,402,097)	(3,782,097)	620,000	620,000	(0)	(620,000)	
Total Net Expenditure	20,157,995	13,373,246	(6,784,749)	(2,997,749)	(3,787,000)	5,384,749	