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**Report to: Audit & Scrutiny Committee**

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**Date of Meeting: 11 June 2026**

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**Subject: HRA Financial Performance 2025/26 as at March 2026**

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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 31 March 2026, 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 surplus of £(6.441)m which is £(1.785)m greater than budgeted for the year to 31 March 2026, and
- the HRA Capital programme underspend of £(6.347)m.

## **3.0 Background**

3.1 This report summarises the draft financial position of the Housing Revenue Account (HRA) for the financial year as at 31 March 2026. These figures are draft and will be finalised through the audit of the 2025/26 accounts.

## **4.0 Revenue**

4.1 The HRA surplus at 31 March 2026 is £(6.441)m which is £1.785m greater than budgeted. This is a favourable movement of £(0.111)m from that forecasted as at 31 December 2025. Appendix 1 provides a summary of the variances.

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

- £(1.243)m underspend within employee related expenditure and movement of £0.150m since last reported. Employee costs are significantly underspent due to recruitment delays. Most of the underspend relates to vacancies within HRA operations which is underspent by £(1.077)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.

- £0.192m overspend within premises related expenditure, movement of £0.034m. The overspend primarily relates to costs associated with Voids £0.283m, of which £0.151m was carried forward from the previous year to offset these anticipated costs. Additional costs on internal recharges to Land Services £0.051m also contribute to the overspend, with underspends on insurance and utilities of £0.140m partly offsetting these costs.
- £(0.057)m underspend within transport related expenditure, movement of £(0.041)m. The underspend is mainly across Short term vehicle hire £(0.050)m.
- £(0.656)m underspend within supplies and services and movement of £0.440m. The main variances are: underspend of £(0.688)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 and there are also related underspends within Materials £(0.492)m, Scaffolding hire £(0.062)m and purchase of equipment £(0.040)m. These underspends are partly offset by spend of £0.580m on computer software which was to be met from a carryforward of budget from 2024/25 as project was delayed.
- £1.586m overspend within third party payments and movement of £1.083m. This is due to 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 and is partly offset by additional income from Internal trade contract and staffing underspends.
- Income £(1.126)m underspend, movement of £(1.297)m. The main variances are: £(0.721)m recharge income from internal trades offsetting the overspend on third party payments (noted above), £(0.240)m from treasury activities and £(0.157)m additional income from housing rents.
- £(0.480)m underspend, movement of £(0.480)m relating to Capital Financing costs. This is due to external borrowing being lower than anticipated.

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 carry forwards 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 net expenditure for the year is £13.811m resulting in an underspend of £(6.347)m. This is a movement of £0.438m since last reported.

5.3 The underspend of £(6.347)m reflects underspends on several key projects which are now expected to continue into 2026/27. The main variances include:

- £(1.261)m 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. Plans are ongoing to complete the project within 2026/27 however the project is facing additional costs due to the length the project is taking to complete. Additional funds from the Scottish government will be sought in order to complete this project.
- £(1.205)m net 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 twenty properties bringing the total to forty for 2025/26. The HRA has been successful in concluding the purchase of thirty-six properties with the remaining four to conclude in 2026/27. Additionally, we were only able to refurbish 21 of the 36 properties. Of the underspend a potential £1.155m is being requested to be carried forward into 2026/27. £0.490m for the purchase of the remaining four homes and £0.665m for the refurbishment of the remaining 19 properties.
- £(0.803)m underspend on the Roof and Render upgrade project. Following the budget increase actioned in September 2025, the appointed contractor has since confirmed that they lack the immediate resource capacity to complete the works within 2025/26. As a result, this early draw down was not able to be utilised in full during 2025/26 and the underspend will be carried forward.
- £(0.536)m 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 and will continue into 2026/27.
- £(0.379)m underspend within Renewable Central Heating Systems, this is due to a delay in procurement beginning and obtaining an agreement with tenants and owners.
- £(0.300)m underspend within Structural Upgrades due to a delay in initiating the procurement process.
- £(0.255)m underspend within the Window Replacement Programme. Project was completed within scope and underbudget.

- £(0.215)m underspend within Conversions and Upgrades as three large conversions are awaiting planning permission delaying the project into 2026/27.
- £(0.213)m 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.
- £(0.198)m underspend within the Kitchen Replacement programme due to delays in initiating the procurement process.
- £(0.193)m underspend on Fencing, Gates & Paths due to internal capacity limitations.
- £(0.188)m underspend on Roads and Footpath Improvements due to internal capacity limitations. These works will continue into the next financial year.
- £(0.173)m underspend on IT Infrastructure due to a delay with the upgrade of the IT system and hardware purchases pushed back to 2026/27.
- £(0.158)m underspend within Safe Electrical Testing due to a delay in work commencing by the third-party contractor.
- £(0.149)m underspend on Landscaping and Communal Environment due to limited capacity of Lands Services. A quotation for an external contractor to carry out the works has been sought and underspend to be carried forward.
- The remaining £(0.120)m underspend consists of 10 projects with variances below £100k.

5.4 Of the £(6.347)m underspend, £(5.748)m relates to projects which will continue in 2026/27, and the underspend is therefore requested to be carried forward. The remaining £(0.599)m underspend relates to budget no longer required.

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

## 6.0 Conclusions

- 6.1 As of 31 March 2026 the HRA revenue achieve an additional surplus of £(1.785)m against its budgeted surplus for the year to 31 March 2026.
- 6.2 As of 31 March 2026 the HRA Capital programme is underspent by £(6.347)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

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:

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 Variances as of 31 March 2026

Appendix 2 – HRA Capital Forecast Variances as of 31 March 2026

## 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)

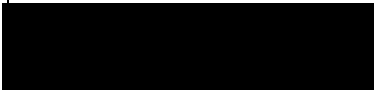
Yes.

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

### Author(s)

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Lindsay Sim	Chief Finance Officer	2022

### Approved by

NAME	DESIGNATION	SIGNATURE
Chris Alliston	Head of Corporate Services	

HRA	Annual Budget 2025/26 £'000	Actuals to March 2026 £'000	Variance Actual to Budget at March 2026 £'000	Previous Variance - December £'000	Variance Movement Dec to March 2026 £'000	Narrative
Employee related expenditure	10,669	9,426	(1,243)	(1,393)	150	£(1.243)m underspend, movement of £0.150m £(1.077)m underspend within HRA operations, primarily relates to vacancies within repairs. This underspend is offset with the overspend within the HRA third party payments and additional income through the internal trade contract.
Premises related expenditure	1,757	1,948	192	158	34	£0.192m overspend, movement of £(0.034)m Overspend on Void related costs of £0.283m due to additional properties becoming void (some of which to be met from carryforward of £0.151m from 24/25) and internal recharges to Land Services £0.054m. This is offset by underspends within Insurance £(0.089)m, and Utilities £(0.051)m.
Transport related expenditure	543	486	(57)	(16)	(41)	£(0.057)m underspend, movement of £(0.041)m Underspends on short term vehicle hire £(0.050)m and vehicle maintenance recharges £(0.024)m as well as other minor costs underspend £(0.006)m. This is offset by an overspend of £0.023m on insurance repairs.
Supplies and Services	3,980	3,324	(656)	(1,096)	440	£(0.656)m underspend, movement of £0.440m Underspend of £(0.668)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 £(0.492)m and Scaffolding hire £(0.062)m and purchase of equipment £(0.040)m. Underspend partly offset by unbudgeted spend on Computer software maint £0.580m which was planned to come from a carryforward from the previous year.
Third Party Payments	1,937	3,523	1,586	503	1,083	£1.586m overspend, movement of £1.083m £1.587m overspend within Payment to Contractors for spend on subcontractors in light of the inability to recruit sufficient employees within HRA to maintain a standard level of service to our tenants. £(0.001)m underspend in various small variances. Movement of £1.083m due to contractors payments, these are aligned with employee costs underspend
Support Services	1,240	1,240	0	0	0	Spend in line with budget.
Capital financing costs	2,422	1,942	(480)	0	(480)	£(0.480)m underspend, movement of £(0.480)m underspend. £(0.480)m favourable to budget due to new external borrowing being lower than anticipated.
<b>Total Gross Expenditure</b>	<b>22,548</b>	<b>21,890</b>	<b>(659)</b>	<b>(1,844)</b>	<b>1,185</b>	
Income	(27,204)	(28,330)	(1,126)	171	(1,297)	£(1.126)m underspend, movement of £(1.297)m relating to £(0.157)m in housing rents, £(0.721)m within internal trade contract (this is offset by the overspend within Payment to subcontractors), £(0.008)m other income and £(0.240)m income from treasury activities
<b>Total Net Expenditure</b>	<b>(4,656)</b>	<b>(6,441)</b>	<b>(1,784)</b>	<b>(1,673)</b>	<b>(111)</b>	



Place Directorate  
HRA Capital Outturn at 31 March 2026

Appendix 2

Housing Revenue Account	Budget Expenditure 2025/26	Actual Expenditure 2025/26	Variance Budget v Actual 2025/26	Proposed 2025/26 Underspend C/FWD	Q3 Outturn Variance 2025/26	Variance movement Dec to Mar 2025/26	Narrative
Vehicle Purchase	40,000	37,985	- 2,015	-	-	- 2,015	£(0.002)m underspend and movement. Spend close to budget
New Build	87,000	-	- 87,000	87,000	87,000	-	£(0.087)m underspend, movement of Nil. 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	1,696,721	- 803,279	803,279	- 1,000,000	196,721	£(0.803)m underspend, movement of £0.197m. Additional £1m brought forward from 2026/27 however, due to contractor availability it will not be possible to undertake this additional work fully in 2025/26.
Central Heating Design & Installation 2022-26	1,060,000	1,054,540	- 5,460	-	- 100,000	94,540	£(0.005)m underspend, movement of £0.095m Spend in line with budget - small underspend
Energy Performance Certificates Programme - HRA	50,000	46,350	- 3,650	-	-	- 3,650	£(0.004)m underspend movement of £(0.004)m Spend close to budget.
Renewable Central Heating Systems - HRA	450,000	71,100	- 378,900	378,900	- 375,000	- 3,900	£(0.379)m underspend, movement of £(0.004)m. Delayed procurement and obtaining agreement with Tenants and Owners.
CCTV Security	329,000	115,853	- 213,147	213,147	- 284,000	70,853	£(0.213)m underspend, movement of £0.071m. Delay to Project starting, works commenced in November. Residual budget to be carried forward.
Demolitions	622,500	86,768	- 535,732	535,732	- 350,000	- 185,732	£(0.536)m underspend, movement of £(0.186)m. 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	435,309	35,309	-	-	35,309	£0.035m overspend movement of £0.035m Additional costs rose due to complications with some properties.
Structural Upgrades	300,000	-	- 300,000	300,000	- 150,000	- 150,000	£(0.300)m underspend, movement of £(0.150)m Delayed in procurement phase. Award letter now produced and with Contractor and work is underway.
IT Infrastructure - HRA	174,000	1,333	- 172,667	172,667	- 172,000	- 667	£(0.173)m underspend, £(0.001)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	93,872	- 528	-	-	- 528	£(0.001)m underspend and movement. Spend close to budget.
Aids & Adaptations 2017-20	447,000	443,467	- 3,533	-	-	- 3,533	£(0.004)m variance and movement. Spend close to budget.
Kitchen Replacement 2017/20	1,421,000	1,222,653	- 198,347	-	- 400,000	201,653	£(0.198)m underspend, movement of £0.202m 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	850	- 149,150	149,150	- 149,000	- 150	£(0.149)m underspend, movement of Nil 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	233,062	4,062	-	-	4,062	£0.004m overspend, movement of £0.004m Spend in line with budget - small overspend
Roads & Footpath Improvements	200,000	12,000	- 188,000	188,000	- 169,000	- 19,000	£(0.188)m underspend, movement of £(0.019)m This is due to internal employee capacity limitations. These works will continue into the next financial year and underspend to be carried forward.
Conversions & Upgradings	250,000	34,636	- 215,364	215,364	- 200,000	- 15,364	£(0.215)m underspend, movement of £(0.015)m. Underspend to be carried forward as there are 3 large conversions to be scheduled, awaiting planning permission.

Housing Revenue Account	Budget Expenditure 2025/26	Actual Expenditure 2025/26	Variance Budget v Actual 2025/26	Proposed 2025/26 Underspend C/FWD	Q3 Outturn Variance 2025/26	Variance movement Dec to Mar 2025/26	Narrative
Fencing, Gates & Paths	336,000	142,856	- 193,144	190,000	- 91,000	- 102,144	£(0.193)m underspend, movement of £(0.102)m This is due to limitation of internal staffing and Contractor delays. Underspend to be carried forward.
Safe Electrical Installations 2022-26	1,050,000	892,353	- 157,647	157,647	- 250,000	92,353	£(0.158)m underspend, movement of £0.092m. The underspend relates to external contractor delays, underspend to be carried forward.
Lochies Road - HRA New Build	1,880,749	-	- 1,880,749	1,880,749	- 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. 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	1,294,561	- 255,439	-	-	- 255,439	£(0.255)m underspend and movement of £(0.255)m. Reallocation of budget from safe electrical installations to this project due to the increased cost of installing windows within the conservation area of Tilllicoutry. No carry forward required
Westhaugh Travelling Site	4,642,443	4,495,068	- 147,375	147,375	-	- 147,375	£(0.147)m underspend movement of £(0.147)m Capital element of the project has mostly concluded, carry forward of underspend to cover estimated retentions to be confirmed.
Off the Shelf Purchase	6,297,000	4,841,515	- 1,455,485	1,155,000	- 1,747,000	291,515	£(1.455)m underspend movement of £0.292m Underspend relates to the purchase of 4 properties and refurbishment on the additional properties not completed within the year due to the limitation of the third party contractor carrying out the refurbishments. 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 36 properties with the remaining 4 to conclude in April 2026. As a consequence there is request to carryforward £1.155m, £0.490m for the four remaining purchases and £0.665m the refurbishment of these four additional properties and fifteen properties that have already purchased but awaiting refurbishment. The underspend on the refurbishment is due to availability of external contractors to carry out the work required.
<b>Total Gross Expenditure</b>	<b>24,560,092</b>	<b>17,252,851</b>	<b>- 7,307,241</b>	<b>6,574,011</b>	<b>- 7,404,749</b>	<b>97,508</b>	
Lochies Road - HRA New Build	- 620,000	-	620,000	- 620,000	620,000	-	£0.620m overspend movement of Nil 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	- 1,591,785	90,312	-	-	90,312	£0.090m underachievement of grant, £0.090m movement. Part of the grant had been claimed in prior year but budget was not reduced.
Off the Shelf Purchase	- 2,100,000	- 1,850,000	250,000	- 206,000	-	250,000	£0.250m underachievement of grant, movement of £0.250m Due to the nature of the properties the grants given were slightly lower than the income budgeted. An estimated £206k will be carried forward to claim against the purchase of the 4 remaining properties.
<b>Total Income</b>	<b>- 4,402,097</b>	<b>- 3,441,785</b>	<b>960,312</b>	<b>- 826,000</b>	<b>620,000</b>	<b>340,312</b>	
<b>Total Net Expenditure</b>	<b>20,157,995</b>	<b>13,811,067</b>	<b>- 6,346,928</b>	<b>5,748,011</b>	<b>- 6,784,749</b>	<b>437,821</b>	