
Report to: Audit & Scrutiny Committee

Date of Meeting: 12 December 2024

Subject: HRA Financial Performance 2024/25 as at September 2024

Report by: Chief Finance Officer

1.0 Purpose

1.1 This paper provides an update on the financial performance, as at September 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:

2.1.2 the HRA revenue forecasted surplus of £(4.288)m which is £(1.347)m greater than budgeted for the year to 31 March 2025;

2.1.3 the HRA Capital programme forecasted underspend of £(3.689)m, and

2.1.4 note the adjustments to the HRA Revenue and Capital budgets approved by Council at the meeting on 28 November (para 5.3).

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 was set at £(2.941)m and the forecast as at 30 September 2024 is £(4.288)m, which is £(1.347)m greater than budgeted. This is a favourable increase of £(0.346)m since reported at June.

4.2 The main underspends contributing to the additional surplus are within:

- Employee costs £(0.970)m due to vacancies in Housing Tenancy, continued support to the General fund and timing of filling vacancies, and
 - Additional income £(1.271)m which is mostly offset by charges to contactors through third party payments £0.938m.
- 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 carry forwards from 2023/24. The forecast net expenditure at the year end is £14.392m resulting in an underspend of £(3.689)m. Of this underspend, £3.173m is proposed to carry forward into 2025/26. **Appendix 2** provides the detail for all the projects along with comments on their progress.
- 5.2 The underspend of £(3.689)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 £(1.250)m, and
 - Westhaugh which was delayed due to contractual issues but is now expected to recommence subject to agreement on final contract price £(1.573)m.

There are also forecasted underspends on; the budget for Demolitions £(0.225)m based on 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 required due to additional grant funding.

- 5.3 On review of the spending priorities since the budget was approved in February 2024, a number of adjustments to the capital programme were approved by Council at its meeting on 28 November 2024. These adjustments included:
- removal of the budget for the IT system upgrade which will now be funded from revenue £(0.744)m;
 - increase in the budget for off the shelf purchases £0.283m;
 - increase in the budget for damp and rot work £0.371m;
 - increase in the budget for structural upgrades £0.288m, and
 - reduction in the budget for the Kitchen programme (£0.198)m.

5.4 The net impact of these capital adjustments on the total approved capital programme is nil.

6.0 Conclusions

6.1 The HRA revenue is forecast to achieve a surplus of £(1.347)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 £(3.689)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 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 Equalities Impact

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

Yes

No

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 September 2024

Appendix 2 – HRA Capital Forecast Variances as at September 2024

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 (please list the documents below) No

- HRA Revenue & Capital Budget 2024/25

Author(s)

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

Approved by

NAME	DESIGNATION	SIGNATURE
Chris Alliston	Strategic Director – Partnership & Performance	

Housing Revenue Account	Annual Budget 2024/25	Forecast to March 2024 as at Sept 2024	Variance Forecast to Budget at Sept 2024	Previous variance at June 2024	Variance movement June to Sept 2024	Narrative
	£'000	£'000	£'000	£'000	£'000	
Employee related expenditure	10,148	9,178	(970)	(857)	(113)	Underspend £(0.970)m, movement £(0.113)m driven by: £(0.200)m continued support to the General Fund by Property; £(0.159)m relates to timing adjustments between secondments/placement to roles; £(0.611)m underspend on staffing costs due to vacancies in Housing Tenancy.
Premises related expenditure	2,150	2,211	61	239	(178)	£0.061m overspend, movement £(0.178)m £0.444m of spend relating to voids, offset by earmarked surplus; £0.062m overspend relates to void rent loss, the run rate implies we'll come in over budget for the year.
Transport related expenditure	449	482	33	27	6	£0.033m overspend, movement £0.006m £(0.005)m underspend on staff mileage; £0.037m 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	4,075	3,937	(138)	(138)	(1)	£(0.138)m underspend, movement £(0.001)m: £(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; £0.005m small overspends in other areas. Position includes £0.891m for software upgrade of housing management system, funded through earmarked reserves
Third Party Payments	1,881	2,819	938	976	(38)	£0.938m overspend, movement £(0.038)m: £0.885m relating to payments to subcontractors, these payments are offset by an increase in income; £0.092m overspend on charges from other council services based upon the run rate of current costs for fleet, lands and waste. Budget being reviewed for 2025/26. £(0.026)m budget not spent for contractor spend in community engagement; £(0.013)m budget for voluntary organisations budget not utilised.
Support Services	1,204	1,204	0	(0)	0	On budget
Capital financing costs	1,793	1,793	0	0	0	On budget
Total Gross Expenditure	21,699	21,623	(76)	247	(324)	
Income	(24,640)	(25,911)	(1,271)	(1,249)	(22)	£(1.271)m underspend, movement £(0.022m): £(0.118)m increased rent due increase of property rentals due to off the shelf purchase scheme purchases now being available; £(1.186m) increased income from the servitor WIP estimate which is partially offset by 3rd party payments. £0.040m overspend due the the Westhaugh income budget not being achieved this financial year.
Total Net Expenditure	(2,941)	(4,288)	(1,347)	(1,001)	(346)	

Place Directorate
HRA Capital Forecast Variances at 30 September 2024

Appendix 2

Housing Revenue Account	Annual Budget 2024/25	Actual Spend to date (at today)	Forecast March 2025 at Sept 2024	Variance Forecast to Budget at Sept 2024	CFWD	Previous Variance at June 2024	Variance June to September 2024	Narrative
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Village Town Centre Initiative	0	2,500	0	0		2,500	(2,500)	Transferred to demolitions
IT Infrastructure - HRA	37,000	0	0	(37,000)	37,000	0	(37,000)	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)		0	(50,000)	Expected to be used to support the forecast overspend on MCB Tenant Community Improvements Fund
Bathroom Replacement 2016-20	3,382	3,382	3,382	(0)		(0)	(0)	Expected to spend on budget
Construction Design Management	50,000	0	0	(50,000)		0	(50,000)	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	Expected to spend on budget
New Build	90,000	0	0	(90,000)	90,000	0	(90,000)	Pushed to 25/26 to begin
Lock-up Strategy	98,000	3,600	100,000	2,000		0	2,000	Expected to spend on budget
Structural Upgrades	388,000	0	388,000	0		188,000	(188,000)	Overspend in 2023/24 and forecasted overspend in 2024/25 - largely due to storm damage in the later part of 2023. Budget has been increased to absorb overspend following Council approval.
Landscaping and Communal Environment	150,000	0	150,000	0		0	0	Expected to spend on budget
Damp Rot Works 19-23	571,670	200,104	571,670	0		0	(0)	Previously reported overspend due to the number of cases of damp rot in the year, budget increased following council approval.
Renewable Central Heating Systems - HRA	225,000	0	0	(225,000)		0	(225,000)	No programme currently running for this in 2024/25
MCB Tenant Community Imp Fund	150,000	127,698	229,000	79,000		0	79,000	Expected to overspend - proposed virement from Roads and Footpaths above - paperwork to follow.
Fencing, Gates & Paths	240,000	95,772	245,000	5,000		0	5,000	Expected to spend on budget
CCTV Security	275,000	203,096	275,000	0		0	0	Expected to spend on budget
Aids & Adaptations 2017-20	391,618	218,790	391,618	0		0	(0)	Expected to spend on budget
Demolitions	445,000	2,500	222,500	(222,500)	222,500	0	(222,500)	Expected to spend 50% of allocated budget
Housing Business Mgt System	0	0	0	0		0	(0)	No longer a capital expense, now accounted for within Revenue.
Central Heating Design & Installation 2022-26	750,000	349,433	744,870	(5,130)		(5,130)	0	Expected to spend close to budget
Safe Electrical Installations 2022-26	1,300,000	651,998	1,000,000	(300,000)		0	(300,000)	Project continuing into 2025/26
Roof & Render Upgrading 2023-27	1,500,000	866,503	1,500,000	0		0	(0)	Expected to spend on budget
Kitchen Replacement 2017/20	1,295,570	168,388	1,316,570	21,000		0	21,000	Expected to spend on revised budget while supporting the virements to other programmes
Window Replacement 2022-26	2,000,000	1,526,036	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	(1,930,000)	60,000	This project unlikely to progress until 2025/26. Current forecast spend is for Feasibility studies on the site.
Westhaugh Travelling Site	5,151,000	145,110	3,578,000	(1,573,000)	1,573,000	(0)	(1,573,000)	Expected to be on site as of January 2025
Off the Shelf Purchase	4,013,760	3,635,761	4,290,760	277,000		(0)	277,000	23 properties with a purchase cost of £2.194m, an average of £0.095m per property with the refurb costs producing an average of £40k per property. Additional grant income offsets overspend position.
Total Gross Expenditure	21,170,000	8,314,922	17,131,370	(4,038,630)	3,792,500	(1,744,630)	(2,294,000)	
Off the Shelf Purchase	(800,000)	(900,000)	(1,050,000)	(250,000)		0	(250,000)	Income from SG relating to project above 20 properties at £45k and 3 properties at £50K
Westhaugh Travelling Site	(1,669,224)	0	(1,669,224)	(1)		0	(1)	Expected to receive before March 2025
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.
Total Income	(3,089,224)	(920,000)	(2,739,224)	350,000	(620,000)	600,000	(250,001)	
Total Net Expenditure	18,080,777	7,394,922	14,392,146	(3,688,630)	3,172,500	(1,144,630)	(2,544,001)	