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**Report to: Audit & Scrutiny Committee**

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**Date of Meeting: 11 December 2025**

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**Subject: HRA Financial Performance 2025/26 as at September 2025**

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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 30 September 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 £(5,825)m which is £(1.169)m greater than budgeted for the year to 31 March 2026, and
  - the HRA Capital programme forecast underspend of £(2.998)

## **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 September 2025.

## **4.0 Revenue**

- 4.1. The HRA budgeted surplus is £(4.656)m and the forecast as at 30 September 2025 is £(5.825)m, which is £(1.169)m higher than budgeted. This is a favourable increase of £(0.780)m since last reported.
- 4.2. The main variances contributing to the forecast overspend are:
- £(1.385)m underspend within employee related expenditure, movement of £(0.978)m. There are several vacancies within the HRA operations, repairs and administration teams. Recruitment activity is being progressed to a number of trade operative posts with expectation that

current vacancies within the establishment will be significantly reduced by final quarter of the current financial year.

- £0.110m overspend within premises related expenditure, movement of £0.101m. The overspend and movement is primarily due to an increase in void rent losses of £0.085m, an increase in rates of £0.016m above budgeted and a £0.025m projected overspend on internal recharges from Land Services related to staffing vacancies noted above.
  - £(0.016)m underspend within transport related expenditure, movement of £0.004. The majority of the underspend relates to vehicle maintenance costs with additional underspends on employee travel costs.
  - £(0.039)m underspend within supplies and services, movement of £(0.069)m. This is mainly comprised of underspends across legal expenses (£0.014)m and scaffolding hire (£0.021)m.
  - £0.171m underachievement of income, movement of £0.171m. This is due to lower income than initially budgeted as a result of the decanting of RAAC properties and a decrease in DLO income from public building repairs due to the limited internal resource.
- 4.3. Any surplus achieved within the year can contribute to financing capital spend and reduce borrowing. **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 £17.058m in line with the approved budget including carry forwards from 2024/25. The budget has also been increased by an additional £1m for work on RAAC affected properties under the Roof and Render project as approved by Council in June 2025. This was brought forward from the budget allocated to Roof and Render work in 2026/27.
- 5.2. The forecast net expenditure for the year is £14.060m resulting in an underspend of £(2.998)m. This is an increase of £(1.723)m from last reported, mainly as a result of the delay in progressing the Lochies Road – HRA new Build £(1.261)m.
- 5.3. The underspend of £(2.998)m reflects underspends on several projects which are now expected to continue into 2026/27. This main variances in excess of £0.150m 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 for spend

against this project within the current financial year. It is anticipated that works on-site will not likely commence until Q1 of the new financial year 2026/27 with full budget carry forward required.

- £(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.
- £(0.321)m forecast underspend within the Kitchen Replacement programme due to delays in initiating the procurement process.
- £(0.305)m forecast underspend within Central Heating Design and Installation which is delayed and due to continue into 2026/27.
- £(0.250)m forecast underspend within Safe Electrical Testing due to a delay in work commencing.
- £(0.150)m forecast underspend within Structural Upgrades due to a delay in initiating the procurement process.

5.4. As many of the projects are across multiple years it is proposed that the underspend of £(2.998)m is carried forward to 2026/27 in full. Appendix 2 provides the forecast spend, variance and movement from the previous report for all projects along with comments on their progress.

## **6.0 Conclusions**

- 6.1. As at 30 September 2025 the HRA revenue is forecast to achieve an additional surplus of £(1.169)m against its budgeted surplus for the year to 31 March 2026.
- 6.2. As at 30 September 2025 the HRA Capital programme is forecast to underspend by £(2.998)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 have been consulted and have agreed the financial implications as set out in the report. Yes ☒

8.4. *Staffing*

## 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 Impact Assessments

8.1 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 ☐

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

There are no direct impacts resulting from the contents of this report.

## 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 September 2025

Appendix 2 – HRA Capital Forecast Variances as at September 2025

## 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 ☐

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 September 2025

Appendix 1

Housing Revenue Account	Annual Budget 2025/26	Forecast to March 2026 as at Sept 2025	Variance Forecast to Budget at Sept 2025	Previous variance at June 2025	Variance movement June to Sept 2025	Narrative
	£'000	£'000	£'000	£'000	£'000	
Employee related expenditure	10,669	9,283	(1,385)	(407)	(978)	<b>£(1.385)m forecast underspend, Movement of £(0.978)m.</b> <b>£(1.386)m</b> due to delays with recruitment across the service mainly within HRA repairs £(1.150)m. There have also been a number of retirements and staff reducing hours worked. Recruitment activity is being progressed to a number of trade operative posts with expectation that current vacancies within the establishment will be significantly reduced by final quarter of the current financial year. <b>£0.001m</b> overspend on long service awards.
Premises related expenditure	1,757	1,867	110	9	101	<b>£0.110m Forecast overspend, movement of £0.101m.</b> <b>£0.085m</b> overspend relates to an increase in void rent loss, due to a higher number of voids at the end of the period. Senior Management are monitoring this and will review further at the end of quarter 3. <b>£0.016m</b> overspend relates to actual rates costs being higher than budgeted. <b>£0.025m</b> overspend due to internal recharges from land services. This is related to the lower staffing availability within HRA. <b>£(0.016)m</b> underspend relating to cleaning materials, council tax and electricity.
Transport related expenditure	543	527	(16)	(21)	4	<b>£(0.016)m forecast underspend, Movement of £0.004m.</b> <b>£(0.011)m</b> forecast underspend on vehicle maintenance recharges. <b>£(0.005)m</b> forecast underspend on staff mileage.
Supplies and Services	3,980	3,942	(39)	30	(69)	<b>£(0.039)m Forecast underspend, Movement of £0.069m.</b> <b>£(0.014)m</b> forecast underspend on legal expenses. <b>£(0.021)m</b> forecast underspend on scaffold hire. <b>£(0.004)m</b> various forecast underspends within stationery/storage & removal costs/publications.
Third Party Payments	1,937	1,928	(9)	0	(9)	<b>£(0.009)m forecast underspend, Movement of £0.010m.</b> <b>£(0.009)m</b> forecast underspend on payment to contractors.
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.
<b>Total Gross Expenditure</b>	<b>22,548</b>	<b>21,208</b>	<b>(1,340)</b>	<b>(389)</b>	<b>(951)</b>	
Income	(27,204)	(27,033)	171	0	171	<b>£0.171m</b> forecast under budget, movement of <b>£0.171m</b> , due to RAAC properties being decanted and a decrease in income to DLO from public building repairs due to limited internal resources.
<b>Total Net Expenditure</b>	<b>(4,656)</b>	<b>(5,825)</b>	<b>(1,169)</b>	<b>(389)</b>	<b>(780)</b>	

Place Directorate  
HRA Capital Forecast Variances at 30 September 2025

Appendix 2

Housing Revenue Account	Annual Budget 2025/26	Actual spend to Sept 2025/26	Forecast to March 2026 as at Sept 2025	Variance Forecast to Budget at Sept 2025	Variance at June 2025	Movement forecast June to September	Potential budget carry forward into 2026/27	Narrative
	£'000	£'001	£'000	£'000	£'000	£'000	£'000	
Vehicle Purchase	40,000	0	40,000	0	0	0	0	Expected to spend on budget
New Build	87,000	0	87,000	(0)	0	(0)	0	Expected to spend on budget
Roof & Render Upgrading 2023-27	2,500,000	949,937	2,500,000	(0)	0	(0)	0	Nil forecast variance and movement. £1.000m budget brought forward from 2026/27 as approved by Council in June to enable works to take place on RAAC properties in the current year alongside the programmed roof and render works.
Central Heating Design & Installation 2022-26	1,060,000	434,284	755,000	(305,000)	(260,000)	(45,000)	305,000	Forecast underspend <b>£(0.305)m</b> , movement of <b>£(0.045)m</b> Reduced forecast by a further £45k, underspend is due to the limitations of third party contractors who will be unable to fully meet the programme of work within the current year. Anticipated underspend to be carried forward to 2026/27.
Energy Performance Certificates Programme - HRA	50,000	0	50,000	0	0	0		Expected to spend on budget
Renewable Central Heating Systems - HRA	450,000	0	450,000	0	0	0		Expected to spend on budget
CCTV Security	329,000	36,082	230,000	(99,000)	0	(99,000)	99,000	<b>£(0.099)m</b> forecast underspend, movement of <b>£(0.099)m</b> Due to limited resources, a delay in commencing the procurement process has led to a delayed start for the CCTV project which, while now procured, will be unlikely to spend the full budget within the year. Anticipated underspend to be carried forward to 2026/27.
Demolitions	622,500	44,224	272,500	(350,000)	(272,500)	(77,500)	350,000	<b>£(0.350)m</b> forecast underspend, movement of <b>£(0.078)m</b> A further reduction in the works able to be completed within the current year due to third party limitations of labour. Anticipated underspend to be carried forward to 2026/27.
Damp Rot Works 19-23	400,000	232,828	400,000	0	0	0		Expected to spend on budget
Structural Upgrades	300,000	0	150,000	(150,000)	0	(150,000)	150,000	<b>£(0.150)m</b> forecast underspend, movement of <b>£0.150m</b> . Forecast spend has been reduced due to limited internal resources which delayed the start of the procurement process. Currently project is due to start in December 2025. Anticipated underspend to be carried forward to 2026/27.
IT Infrastructure - HRA	174,000	1,333	87,000	(87,000)	(87,000)	0	87,000	<b>£(0.087)m</b> forecast underspend on hardware, nil movement. Underspend due to a delay in the implementation of the Civica Update (HRA property) without this update the hardware related purchases will be delayed into 2026/27. Anticipated underspend to be carried forward to 2026/27.
Lock-up Strategy	94,400	78,539	94,400	0	0	0	0	Expected to spend on budget
Aids & Adaptations 2017-20	447,000	314,750	447,000	(0)	0	(0)	0	Expected to spend on budget
Kitchen Replacement 2017/20	1,421,000	309,141	1,100,000	(321,000)	(321,000)	0	321,000	<b>£(0.321)m</b> forecast underspend, nil movement due to the delay in procurement start due to internal limitations of staffing, work is expected to continue into 2026/27. Anticipated underspend to be carried forward to 2026/27.

	Annual Budget 2025/26	Actual spend to Sept 2025/26	Forecast to March 2026 as at Sept 2025	Variance Forecast to Budget at Sept 2025	Variance at June 2025	Movement forecast June to September	Potential budget carry forward into 2026/27	Narrative
<b>Housing Revenue Account</b>								
Landscaping and Communal Environment	150,000	0	150,000	0	0	0		Expected to spend on budget
MCB Tenant Community Imp Fund	229,000	53,845	170,000	(59,000)	(59,000)	0	59,000	£(0.059)m potential underspend due to internal employee capacity limitations. These works will continue into 2026/27. Anticipated underspend to be carried forward to 2026/27.
Roads & Footpath Improvements	200,000	12,000	175,000	(25,000)	(25,000)	0	25,000	£(0.025)m potential underspend, nil movement due to internal employee capacity limitations. These works will continue into 2026/27. Anticipated underspend to be carried forward to 26/27.
Conversions & Upgradings	250,000	0	250,000	0	0	0	0	Expected to spend on budget
Fencing, Gates & Paths	336,000	3,950	245,000	(91,000)	0	(91,000)	91,000	£(0.091)m forecast underspend, £(0.091)m movement due to limitation of internal staffing. Anticipated underspend to be carried forward to 2026/27.
Safe Electrical Installations 2022-26	1,050,000	358,055	800,000	(250,000)	(700,000)	450,000	250,000	£(0.250)m underspend, movement of £0.450m. £(0.250)m underspend relates to external contractor delays and is anticipated to be carried forward into 2026/27. Movement of £0.450m following reallocation of budget to the Window Replacement Programme.
Lochies Road - HRA New Build	1,880,749	0	0	(1,880,749)	0	(1,880,749)	1,880,749	£(1.881)m underspend and 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 Q1 of the new financial year 2026-27 with full budget carry forward required
Window Replacement 2022-26	1,550,000	1,148,176	1,550,000	0	450,000	(450,000)	0	Nil variance, movement of £(0.450)m following reallocation of budget from safe electrical installations to this project due to the increased cost of installing windows within the conservation area of Tilllicoultry.
Westhaugh Travelling Site	4,642,443	1,908,105	4,642,443	(0)	0	(0)	0	Expected to spend on budget
Off the Shelf Purchase	3,197,000	2,124,246	3,197,000	0	0	0	0	Expected to spend on budget
<b>Total Gross Expenditure</b>	<b>21,460,092</b>	<b>8,031,081</b>	<b>17,842,343</b>	<b>(3,617,749)</b>	<b>(1,274,500)</b>	<b>(2,343,249)</b>	<b>3,617,749</b>	
Lochies Road - HRA New Build	(620,000)	0	0	620,000	0	620,000	(620,000)	Income from SG to be drawdown in line with spend, now anticipated to be in 2026/27
Westhaugh Travelling Site	(1,682,097)	0	(1,682,097)	0	0	0	0	Income from SG relating to the project
Off the Shelf Purchase	(2,100,000)	0	(2,100,000)	(0)	0	(0)	0	Income from SG relating to the project
<b>Total Income</b>	<b>(4,402,097)</b>	<b>0</b>	<b>(3,782,097)</b>	<b>620,000</b>	<b>0</b>	<b>620,000</b>	<b>(620,000)</b>	
<b>Total Net Expenditure</b>	<b>17,057,995</b>	<b>8,031,081</b>	<b>14,060,246</b>	<b>(2,997,749)</b>	<b>(1,274,500)</b>	<b>(1,723,249)</b>	<b>2,997,749</b>	