



Glasgow City Council
City Administration Committee

Item 1

4 June 2026

Report by Councillor Richard Bell, Depute Leader and City
Treasurer and Convener for Financial Inclusion

Contact: Robert Emmott Ext: 73837

OUTTURN REPORT 2025-26

Purpose of Report:

The purpose of this report is to conclude the monitoring process for 2025-26 and to seek approval for a number of substantive accounting transactions to allow completion of the Council's accounts by the statutory deadline of 30 June 2026.

Recommendations:

The City Administration Committee is asked to:

- (1) approve the various budget adjustments outlined in paragraph 3 and paragraph 4.3, the carry forwards in paragraph 5 and the substantive accounting adjustments outlined in paragraph 13; and
- (2) note that the report will be referred to the Finance and Audit Scrutiny Committee.

Ward No(s):

Citywide:

Local member(s) advised: Yes No consulted: Yes No

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1. Introduction

- 1.1 The purpose of this report is to provide a high level overview of the Council's draft outturn position for 2025-26 and to seek approval for a number of substantive accounting transactions to allow completion of the Council's annual accounts by the statutory deadline of 30 June 2026.

2. Approved Budget

- 2.1 The 2025-26 budget was approved by Council on 20 February 2025 and subsequently updated by the City Administration Committee on 24 April 2025. In order to monitor financial performance accurately, budgets have been updated each period to reflect new monies, operational changes and any additional approvals.

3. Revenue Budget

- 3.1 The net expenditure budget had increased by £32.4m up to the end of period 12. To the outturn, there has been an increase of £46.9m to net expenditure in relation to services. Overall, therefore there has been a cumulative net budget increase of £79.3m from the original budget.
- 3.2 The significant budget changes since period 12 are as follows:
- 3.2.1 Expenditure budgets within Chief Executive's Office, Education Services, Financial Services and Neighbourhoods, Regeneration have increased by £6.7m in respect of previously approved carry forwards.
- 3.2.2 Expenditure budgets within Social Work Services have increased by a total of £38.4m to reflect a draw from the Budget Support Fund (£37.2m) and contribution from the Capital Fund (£1.8m) to fund the overspend on Homelessness.
- 3.2.3 Expenditure budgets within Chief Executive's Office have increased by £0.8m in respect of job evaluation costs.
- 3.2.4 Expenditure budgets with Social Work Services have increased by £0.6m to reflect additional National Insurance costs as noted in section 7.2.
- 3.2.5 Expenditure and income budgets with Chief Executives Office have increased by £0.8m to reflect funding from the UK Government for Glasgow Health Determination grant.
- 3.2.6 Expenditure and income budgets with Education Services have increased by £0.6m to reflect funding from the Scottish Government for School Aged Childcare.
- 3.2.7 Expenditure and income budgets within Neighbourhoods, Regeneration and Sustainability have increased by £19.4m to reflect increased grant from the Scottish Government for the Affordable Supply Housing programme (£23.8m)

funding from the Scottish Government for Scotland's Schools for the Future (£1.3m) and a reprofiling of Scottish Government Home Energy Efficiency Programmes (HEEPS) (-£5.7m).

- 3.2.8 Expenditure and income budgets within Social Work Services have increased by £612.0m to reflect contribution to Integrated Joint Board (IJB) and income from IJB for commissioned services.
- 3.2.9 There have also been adjustments to income and expenditure budgets in line with the Executive Director of Financial Services delegated powers and budget realignments between and within various service departments to reflect the transfer of responsibilities and service reconfigurations.
- 3.2.10 In addition across services there will be a number of further budget changes related to the application of proper accounting practice to the final accounts. In the main these changes reflect the impact of International Financial Reporting Standards in areas of pensions, capital accounting and financial instruments and have no net impact on the Council's general fund.

4. Investment Programme

- 4.1 There have been a number of virements, and technical adjustments to expenditure and income budgets to conform with proper accounting practice in relation to the completion of accounts.
- 4.2 In addition to the above there has been the following previously approved budget changes.
 - 4.2.1 An increase to the gross expenditure budget of £23.2m for the City Deal City Centre following approval of the Full Business Case – Argyle Street East (£20.2m) and Full Business Case – Stockwell Street (£3.0m). An increase to the gross expenditure budget of £0.6m for the City Deal Clyde Waterfront and West End Innovation Quarter, following approval of the Full Business Case – CWIC Phase 1. These changes form part of the existing approval by the Council's Executive Committee on 25 June 2015.
 - 4.2.2 An increase to the gross income budget of £21.3m to reflect allocation of City Deal funding across the following City Deal projects. MGSDP (0.5m), Collegelands, Calton Barras (£0.3m), Clyde Waterfront and West End (£8.1m), City Centre (£7.4m), Canal North Gateway (£0.2m), Sighthill (£2.2m) and Clyde Metro (£2.6m). These changes form part of the existing approval by the Council's Executive Committee on 25 June 2015.
 - 4.2.3 An increase to the gross expenditure and income budget of £2.6m to reflect acceptance of Vacant and Derelict Land Improvement projects awards relating to Milton Discovery Woos and Tureen St School. An increase to the gross expenditure and income budget of £1.0m to reflect acceptance of Regeneration Capital Grant Fund (RCGF) awards relating to Glue Factory Micro-Power Station retrofit and Social Entrepreneur Centre Possilpark. These changes were approved at City Administration Committee on 5 June 2025.

- 4.2.4 An increase to the gross expenditure and income budget of £1.5m to reflect Pride in Place Impact Fund. This change was approved at City Administration Committee on 6 November 2025.
- 4.2.5 An increase to the gross expenditure and income budget of £0.6m to reflect acceptance of RCGF awards relating to Meat Market Sheds. This change was approved at City Administration Committee on 12 March 2026.
- 4.2.6 The virement of £1.0m expenditure budget from the historical 2009/11 Clyde Waterfront Programme to the current Govan Heritage Development project. This change was approved by City Administration Committee on 26 March 2026.
- 4.2.7 An increase to gross expenditure budgets to reflect the investments agreed at Council on 24 February 2026. Full details shown in the table below.

| Investment Programme | Amount |
|---|---------------|
| Heritage Building Viability Grant Scheme | £1.0m |
| Gully Cleaning Machines | £0.5m |
| Drain Repairs Scheme | £1.0m |
| City Centre Improvements | £1.0m |
| Cemetery Footpath Renewal | £1.5m |
| Extend Community Municipal Investment Model | £1.4m |

- 4.3 The following budget adjustment requires approval by the City Administration Committee:
- 4.3.1 An increase to income budgets of £3.5m to reflect additional general capital grant in respect homelessness and Union Street fire.
- 4.3.2 An increase to expenditure and income budgets of £0.6m to reflect additional general capital grant in respect of Housing First monies. The gross expenditure budget is allocated to the HSCP.
- 4.3.3 The virement of £2.4m expenditure budget from HSCP 2025/26 Capital Allocation to Brighton Place Redevelopment.
- 4.3.4 The virement of £0.7m expenditure budget from Transforming Pollok Park to the Property and Land Services Pollok Stables project.
- 4.3.5 The virement of £1.4m expenditure budget from Education Estate Investment 2017-21 to Education Property Investment 2025-28 to reflect consolidation of the projects.
- 4.3.6 The virement of £0.6m expenditure budget from RCGF to the City Deal Collegelands, Calton/Barras project.

5. Earmarked Reserves

5.1 In some cases, given the profile of expenditure, service commitments will extend into 2026-27. It is therefore appropriate to reflect this as a reduction in the final budget for 2025-26 with consequent carry forward as an earmarked element of the General Fund. The proposed carry forwards for 2025-26 are shown below:

| Department | Total | Key Programmes |
|---|-------------|---|
| | £m | |
| Chief Executive's Office | 7.1 | <ul style="list-style-type: none"> • Financial Inclusion • Employability • Economic Development • Civic Innovation |
| Education Services | 6.8 | <ul style="list-style-type: none"> • Digital • Counsellors Through Schools • Summer Activities Children and Young People • Pupil Equity Fund |
| Financial Services | 4.0 | <ul style="list-style-type: none"> • Electoral Integrity Programme • CBS Support for Financial Inclusion • Scottish Welfare Fund • FS Change Fund |
| Neighbourhoods, Regeneration and Sustainability | 5.2 | <ul style="list-style-type: none"> • Firework Control Zones • Local Trees Greening Strategy • GP Surgery Project • Extended Producer Responsibility • Model for Climate Investment |
| Total | 23.1 | |

5.2 A review of provisions held has determined the provision held for the settlement of the previous equal pay settlement (£3.1m) should be released and the balance held as an earmarked element of the general fund reserve.

5.3 Having accounted for current and prior year carry forwards the total earmarked element of the general fund related to services will amount to £63.8m.

6. Revenues

6.1 Council Tax

- 6.1.1 Total Council Tax income collected in the year amounts to £382.1m. This is £4.0m ahead of budget. This is due to a review of bad debt provisions and buoyancy which has been built into future years budgets.
- 6.1.2 Council Tax collected during the year of billing amounted to 92.98% (last year 93.37%). The target rate of collection for Council Tax was 94%.

6.2 Non Domestic Rates

- 6.2.1 Total Non Domestic Rates collected in the year amounted to £389.1m. Non Domestic Rates income forms part of the overall local government finance settlement and therefore does not vary in relation to the actual amount of income received. There is therefore no impact on the Council's overall budgetary position.
- 6.2.2 Non Domestic Rates collected during the year of billing amounted to 91.06% (last year 92.06%). The target rate of collection of Non Domestic Rates was 91.00%.

7. General Fund

- 7.1 At outturn an overspend was reported in Neighbourhoods, Regeneration and Sustainability offset by underspends in Related Companies, Education Services, Financial Services and Chief Executives Office as outlined below:
- Education Services -£0.3m (0.0%) – Overspends in ASL due to additional staffing and transport with continued increasing demand in this area, offset by underspends in Early Years in employee costs and a timing difference in additional teachers being recruited in August.
 - Neighbourhoods, Regeneration and Sustainability £1.2m (0.6%) – Overspends in refuse collection and disposal employee costs due to absence levels, waste disposal contract cost increases, and higher transport costs due to maintenance costs. Further overspends due to utility prices, building repairs and dilapidation costs across the GCC Property Estate. Offset by underspends in other areas of NRS, in relation to staffing costs due to vacancies across a number of services and an over recovery of income from Planning fees.
 - Related Companies -£1.6m (-1.4%) – Underspend mainly relates to lower than anticipated grant for RSBi.
 - Financial Services -£0.3m (-0.2%) – Underspends in employee costs due to vacancies, offset by an overspend in housing benefits. There were underspends in Council Tax Reduction Scheme and the Scottish Welfare

Fund of £1.9m and £0.3m respectively. These have been earmarked for 2026-27 Scottish Welfare Fund to meet current levels of demand.

- Chief Executives Office -£0.1m (-0.1%) – Underspend due to transfer payments being lower than anticipated.

7.2 There was an additional payment of National Insurance due to the HMRC identified during 2025/26 totalling £1.2m. This has been allocated across services and ALEO's and is included within the services position above.

7.3 Financial pressures across service budgets were closely monitored and corrective action was identified by Executive Directors to contain net expenditure within approved budgets as far as possible. This process was supported by the establishment of the probable outturn and the provision of updates throughout the year.

7.4 The accounts are now all but finalised and indications are, that having completed all necessary entries and, allowing for the budget adjustments and carry forwards noted above total net direct service expenditure will be underspent by £1.1m (See Appendix 1). Services are expected to have spent between 98.6% and 100.6% of their final budget.

7.5 The 2025-26 budget included approved savings of £22.6m for services of which £20.9m has been achieved. The shortfalls are within Chief Executives service (£0.2m) and NRS (£1.5m). These shortfalls are due to delayed implementation of savings options however it is expected that most of these savings will be realised in full in 2026-27.

7.6 The 2025-26 budget also included approved investment of £12.1 million for services. The total expenditure incurred for 2025-26 is £7.6m. Underspends include the provision of free school meals for all Primary 6 children from August of £0.6m and a number of investments in Neighbourhoods, Regeneration and Sustainability mainly related to recruitment of new staff of £3.8m.

8. Integration Joint Board

8.1 The Glasgow City Integration Joint Board (IJB) assumed responsibility for the planning and commissioning of health and social care services within the city on 1 April 2016. While the financial position of Social Work Services continued to be monitored through the Council's existing reporting structures the overall financial position is now the responsibility of the IJB.

8.2 The financial outturn for the IJB reflects an underspend of £31.6m. This includes an operational underspend of £0.6m, which reflects the successful implementation of recovery actions taken by the IJB during the year. In addition, there are local and national priorities which will not be completed until future years (£22.8m). These include funding received from the Scottish Government, Health Board and Council to fund priorities such as unscheduled care and a reduced working week for Health Board employees. This relates to ring-fenced funding which has been received or allocated to meet specific

commitments and must be carried forward to meet the conditions attached to the receipt of this funding. As part of the 2025-26 budget an additional £8.2m of savings were taken to smooth the impact of the increase in costs which is anticipated in 2026-27 when employer superannuation rates are increased by Strathclyde Pension Fund for Council employees. This additional saving generated a further planned underspend in 2025-26 which will be taken to General Reserves. The IJB will consider its outturn report on 24th June 2026.

8.3 In line with proper accounting practice this overspend is reflected within the Council's accounts as an accrual of income from the IJB. This has no net impact on the council's overall financial position.

8.4 In addition, the Council has committed to meet the net costs arising from Home Office asylum decisions within the IJB. The net cost of this to the Council in 2025-26 is £38.4m.

9. Related Companies

9.1 City Property returned £4.9m which is £0.9m greater than budget.

9.2 City Building returned £1.6m which is £2.9m less than budget. This reflects increased support costs to City Building Glasgow and reduced workload of City Building Contracts. Training costs in relation to City Building were under budget by £0.5m. In addition, there is a cost impact of £0.4m for a reduction to the City Building Contracts return for 2024-25 following the completion of their annual audit process.

10. Investment Programme and Financing Costs

10.1 The outturn Investment Programme expenditure for the year totalled £221.5m. Total capital income for the year amounted to £69.7m.

10.2 Receipts from asset sales totalled £3.4m.

10.3 Overall financing costs are reporting an underspend of £13.2m. This underspend reflects the application of asset sales as noted above (£3.4m) and is also due to a lower level of capital expenditure than anticipated and higher than budgeted interest on balances (£9.8m). This underspend will support a contribution of £3.4m to the Cultural and Recreation Fund in line with previous plans and a contribution of £12.0m to the Insurance Fund to meet insurance liabilities arising from increased costs of claims and insurance premiums.

11. Budget Support Fund

11.1 As reported in the 2024-25 outturn report the balance on the Budget Support Fund, held as an earmarked element of the general fund, was £28.5m.

11.2 During 2025-26 a budgeted contribution was made to the fund of £8.7m resulting in a fund balance of £37.2m.

- 11.3 Homelessness costs for 2025-26 of £38.4m were met from the Budget Support Fund (£37.2m) and the balance from a contribution from the Capital Fund to meet the principal element of loan repayments as a result of General Capital Grant flexibilities (£1.2m). This extinguishes the Budget Support Fund.

12. General Capital Grant Flexibilities

- 12.1 As reported in the 2026-27 budget report the Scottish Government has provided a variation to the conditions on the use of General Capital Grant. This variation allows the grant to be used as a contribution to the Capital Fund in 2025-26 from where it can be used to repay the principal element of borrowing costs. This variation has been provided for Homelessness costs and for Union Street Fire impacts. This provides a revenue underspend, that can be applied over future years to provide capacity to meet the Homelessness pressure and to meet the immediate costs of the Union Street Fire.
- 12.2 In 2025-26 this flexibility allowed £59.5m of General Capital Grant to be contributed to the Capital Fund. During 2025-26 the contribution from the Capital Fund is limited to the principal value of borrowing costs which is £36.4m.
- 12.3 The contribution from Capital Fund in respect of the 2025-26 flexibility will offset Union Street costs of £0.3m and Homelessness costs of £1.2m. A balance of £34.1m will be carried forward as an earmarked element of the General Fund balance to meet Homelessness and Union Street Fire costs in future years.
- 12.4 It is anticipated that in 2026-27 there will be a further contribution from the Capital Fund of £23.9m to repay the principal element of borrowing costs in respect of Homelessness costs.
- 12.5 In addition, grants to businesses impacted by the Union Street Fire of £0.8m will be offset by the contribution from the Capital Fund. This will be replenished in 2026-27 by additional General Revenue Grant funding from Scottish Government.

13. Financial Implications – Accounting Adjustments

- 13.1 It is customary at this stage to seek approval of substantive accounting transactions directly related to the closure of the accounts. For 2025-26 these are as follows:
- 13.1.1 The transfer of £3.4m to the Cultural and Recreation Fund to continue support for the Council's cultural and events programme.
- 13.1.2 The transfer of £12.0m to the Insurance Fund to meet insurance liabilities.
- 13.1.3 In accordance with recommended accounting practice a corresponding adjustment to both sides of the balance sheet of £26.3m is required to reflect the net debtor position on 2020-2021 to 2025-2026 in respect of local taxes and those older than 2 years in respect of sundry debtors including Common Good

rental income and irrecoverable amounts raised in the year. In addition, as agent for the collection of non domestic rates, the outstanding debtor has been reduced by £11.4m in line with proper accounting practice.

- 13.2 In common with previous practice, it is proposed that the Executive Director of Financial Services actions entries as required to the Council's reserve funds within the previously approved spending plans of these reserves and in keeping with proper accounting practice.
- 13.3 The residual funds available after these adjustments have been made will then form part of the Council's general fund.

14. Funds and Balances

- 14.1 The Council's overall balances form part of its overarching financial framework and are reviewed on an annual basis to ensure that sufficient reserves and balances are retained to meet known commitments and any unanticipated events.
- 14.2 If the accounting adjustments outlined at paragraph 12 are approved then the anticipated balances held in the Council's key reserve funds as at 31 March 2026 are as follows:

| | £m |
|------------------------------|------|
| Cultural and Recreation Fund | 3.9 |
| Insurance Fund | 3.3 |
| Repairs and Renewals Fund | 1.8 |
| New Technology Fund | 8.2 |
| Winter Maintenance Fund | 1.0 |
| Capital Reserve Fund | 50.0 |

- 14.3 The Council also operates a number of other reserve accounts for specific purposes each of which will be included in the detail of the final accounts.
- 14.4 As reported in the Annual Accounts 2024-25 completion report, the adoption of IFRS 16 required the remeasurement of the Public Private Partnerships (PPP) and Design, Build, Finance, Maintain (DBFM) arrangements lease liabilities which resulted in an increase to the debt cost savings achieved through financial flexibilities associated with service concession arrangements. The benefit of this for 2025-26 is £8.2m and this will increase the unearmarked general fund reserve. The impact of the increase to savings in relation to IFRS16 was included in the 2026-27 budget assumptions.
- 14.5 After taking into account the accounting adjustments outlined in paragraph 13 and noting the impact of IFRS16 in paragraph 14.4 the unearmarked general fund balance as at 31 March 2026 is projected to be £42.0m (1.9% of net expenditure), £9.2m greater than the position as at 31 March 2025.

15. Policy and Resource Implications

Resource Implications:

Financial: The financial implications are as outlined in the report.

Legal: None

Personnel: None

Procurement:

Council Strategic Plan: Grand Challenge 4 – Enable staff to deliver essential services in a sustainable, innovative and efficient way for our communities

Mission 2 – Run an open, well governed council in partnership with all our communities

Equality and Socio-Economic Impacts:

Does the proposal support the Council's Equality Outcomes 2025-29? Please specify. Supports the overall implementation of the strategic plan.

What are the potential equality impacts as a result of this report? No significant impact

Please highlight if the policy/proposal will help address socio-economic disadvantage. No significant impact

Climate Impacts:

Does the proposal support any Climate Plan actions? Please specify: None

What are the potential climate impacts as a None

*result of this
proposal?*

*Will the proposal
contribute to
Glasgow's net zero
carbon target?*

None

**Privacy and Data
Protection Impacts:**

Are there any potential
data protection impacts
as a result of this report
Y/N

If Yes, please confirm that
a Data Protection Impact
Assessment (DPIA) has
been carried out

16. Recommendations

16.1 The City Administration Committee is asked to

- (1) approve the various budget adjustments outlined in paragraph 3 and paragraph 4.3, the carry forwards in paragraph 5 and the substantive accounting adjustments outlined in paragraph 13; and
- (2) note that the report will be referred to the Finance and Audit Scrutiny Committee

Appendix 1

| Services | Net Expenditure £m | Estimate £m | Variance £m | % Spend |
|--|--------------------------|----------------|----------------|-------------|
| Chief Executive's Office | 115.5 | 115.6 | -0.1 | 99.9 |
| Education Services | 834.9 | 835.2 | -0.3 | 100.0 |
| Financial Services | 156.9 | 157.2 | -0.3 | 99.8 |
| Neighbourhoods, Regeneration and Sustainability | 191.6 | 190.4 | 1.2 | 100.6 |
| Related Companies | 109.6 | 111.2 | -1.6 | 98.6 |
| Social Work Services | 625.3 | 625.3 | 0.0 | 100.0 |
| Total | 2,033.8 | 2,034.9 | -1.1 | 99.9 |