



**Glasgow City Council**

**City Administration Committee**

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

**Contact: Martin Booth Ext: 73837**

**Item 1**

**7th November 2024**

## **BUDGET MONITORING 2024-25; PERIOD 7**

### **Purpose of Report:**

This report provides a summary of financial performance for the period 1 April 2024 to 20 September 2024.

### **Recommendations:**

The City Administration Committee is asked to:

- i. approve the adjustments relating to the revenue budget at section 4
- ii. note that this report and all detailed service reports will be considered by the Finance and Audit Scrutiny Committee

Ward No(s):

Citywide: ☒

Local member(s) advised: Yes ☐ No ☐

consulted: Yes ☐ No ☐

#### **PLEASE NOTE THE FOLLOWING:**

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## 1. Introduction

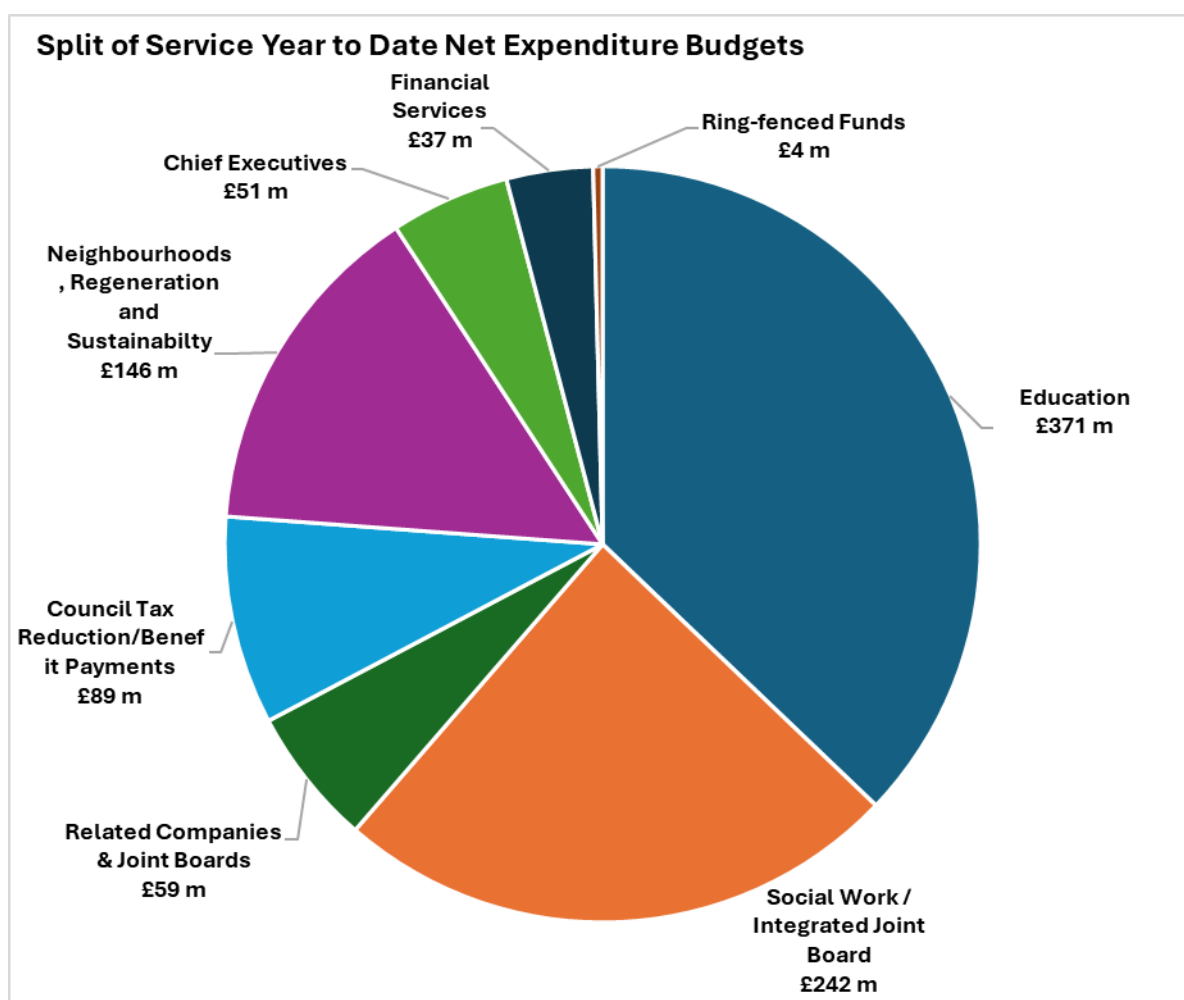
- 1.1 This report provides a summary of financial performance for the period 1 April 2024 to 20 September 2024.

## 2. Reporting Format

- 2.1 This report provides a summary of the Council's financial position.

## 3. Approved Budget

- 3.1 The 2024-25 budget was approved by Council on 15 February 2024 and the detailed service estimates were subsequently approved by the City Administration Committee on 9 May 2024.
- 3.2 These budgets are shown as "Original Annual Budget", in the attached monitoring statements. In order to monitor financial performance accurately, budgets will be updated each period to reflect new monies, operational changes and any additional approvals.



- 3.3 The key changes to the original budget made up to period 7 are outlined in section 4, below.

#### **4. Revenue Budget**

- 4.1 During periods 5 to 7 there has been a net budget increase of £15.3m resulting in a cumulative budget increase of £50.8m to date. Service specific budget changes are summarised in the paragraph below.
- 4.2 The significant budget changes since the start of the year are as follows:
  - 4.2.1 Expenditure budgets across a number of services have increased by a total of £2.4m to reflect previously approved general carry forwards.
  - 4.2.2 Income and expenditure budgets within Chief Executives have increased by £12.5m due to funding received from the UK Government for Shared Prosperity Funding.
  - 4.2.3 Expenditure budgets within Education Services have increased by £5.1m in respect of the agreed Teachers Pay Award for 2024/25 academic year.
  - 4.2.4 Expenditure budgets within Education Services have increased by £3.9m in respect of Probationer Funding from the Scottish Government.
  - 4.2.5 Income and expenditure budgets within Education Services have increased by £2.0m in respect of Scottish Milk and Healthy Snacks funding from the Scottish Government.
  - 4.2.6 Income and expenditure budgets within Education Services have increased by £0.8m in respect of Care Experienced – Attainment funding from the Scottish Government.
  - 4.2.7 Income and expenditure budgets within Education Services have increased by £0.5m in respect of Youth Music Initiative funding from Creative Scotland.
  - 4.2.8 Income and expenditure budgets within Education Services have increased by £1.1m in respect of Active Schools funding from Sports Scotland.
  - 4.2.9 Income and expenditure budgets within NRS have decreased by £25.3m to reflect an amendment to the 2024/25 grant award from the Scottish Government for the Affordable Housing programme.
  - 4.2.10 Income and expenditure budgets within NRS have increased by £1.2m in respect of Scotland Schools for the Future funding from the Scottish Government for the Design, Build, Finance, Maintain primary schools in Blairdardie and Carntyne.
  - 4.2.11 Expenditure budgets within Social Work have increased by £3.1m in respect of Children's Social Care Pay Uplift funding from the Scottish Government.
  - 4.2.12 Income and expenditure budgets within Social Work Services have increased by £2.6m as a result of funding received from the Scottish Government for Improved Mental Health Services for Children and Young People (£1.7m) and for Care Experienced (£0.9m).

- 4.3 There have also been adjustments to income and expenditure budgets in line with the Executive Director of Finance's delegated powers and budget realignments between and within various service departments to reflect the transfer of responsibilities and service reconfigurations.

## **5. Summary Position**

### **Revenues**

#### **5.1 Council Tax**

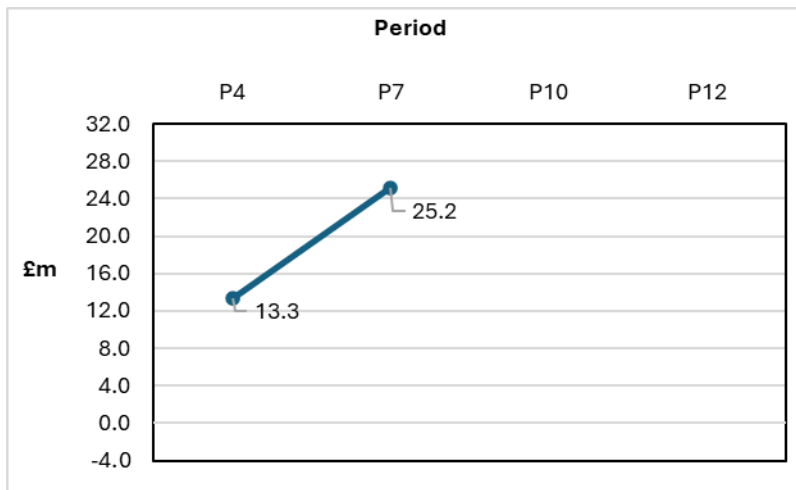
- 5.1.1 A probable outturn exercise has now been completed and is projecting that the actual income expected to be collected from council tax is £350.0 million. This is £4.2m more than budget.
- 5.1.2 The council tax collected to 30 September 2024 amounts to £167.9m. This represents 56.88% of the figure to be collected and is 0.27% behind last year's equivalent collection figure. The collection target for 2024/25 is 94%.

#### **5.2 Non Domestic Rates**

- 5.2.1 Non Domestic Rates (NDR) income is allocated to councils as part of the local government settlement. The council retains all NDR it collects, however where this varies from the amount included within the Local Government settlement a commensurate increase or decrease is made to the general revenue grant to ensure no overall change in the total revenue support provided by the Scottish Government.
- 5.2.2 The Non Domestic Rates collected to 30 September 2024 amounts to £212.8m. This represents 47.97% of the figure to be collected and is 0.89% ahead of last year's equivalent collection figure. The collection target for 2024/25 is 91%.

## **6. General Fund**

- 6.1 Net expenditure is running at 103.3% of profile, representing an overspend of £25.2m. This reflects overspends within Neighbourhoods, Regeneration and Sustainability, Education Services and Related Companies partly offset by an underspend in Financial Services.
- 6.2 Net Expenditure Position – budget variance:



## 7. Services

### 7.1 Neighbourhoods, Regeneration and Sustainability £15.5m

- 7.1.1 This reflects an overspend of £7.9m in Property Asset Management due to utility supply price increases, increased rent, rates and repairs across the entire GCC property estate.
- 7.1.2 There are also overspends in Refuse Collection and Disposal due to agency, overtime, transport costs, higher costs relating to waste disposal contractor payments and a shortfall in income, and in Roads Operations mainly due to an increase in streetlighting costs and a shortfall in income. These pressures are offset by underspends due to staff vacancies where some recruitment is underway and from lower vehicle leasing costs.

### 7.2 Education Services £8.9m

- 7.2.1 This reflects overspends in staffing associated with ongoing pressures from pupil roll increases and from additional staffing required to meet the increasing complexity of pupil needs in the ASL sector. There are further overspends in pupil transport due to cost increases within the transport sector. Income is under-recovered in Secondary schools in relation to school letting and school meal income. These pressures are offset by a non-recurring underspend in Early Years employee costs.

### 7.3 Financial Services -£1.0m

- 7.3.1 This reflects an underspend in the value of Non-Domestic Rates Empty Property Relief awarded and an underspend in employee costs in CBS. This is off-set by an overspend in Catering and Facilities Management due to an under recovery of income within Encore venues and overspends within employee costs and continued pressure within food provision costs. Benefits are overspent due to the anticipated under recovery of income relating to Housing Benefits, partly offset by the anticipated underspend against Council Tax Reduction.

#### **7.4 Related Companies £1.8m**

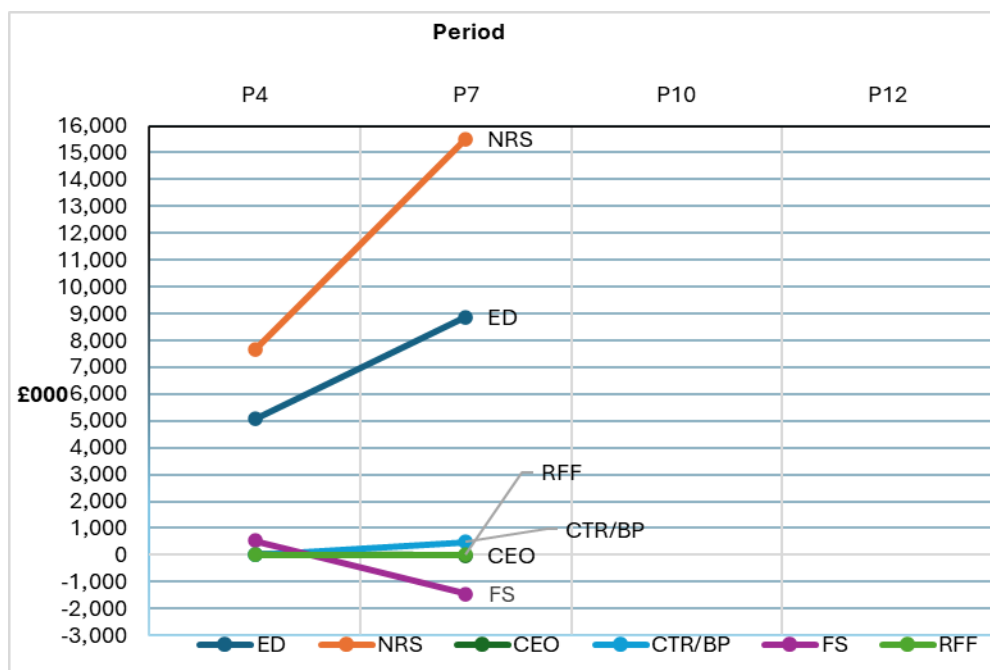
- 7.4.1 This reflects an identified deficit within Glasgow Life (£1.5m) and the RSBI deficit within City Building Joint Venture (£0.3m).

#### **8. Social Work Services**

- 8.1 The Glasgow City Integration Joint board (IJB) is now responsible for the planning and commissioning of health and social care services within the city.
- 8.2 While the financial position of Social Work Services continues to be monitored through the Council's existing reporting structures the overall financial position is now the responsibility of the IJB and is therefore reported separately from the General Fund. The Reserves policy of the IJB has resulted in the transfer of previous year underspends to IJB reserves to mitigate any ongoing or future budget pressures.
- 8.3 At period 7 Social Work Services is showing an overspend of £3.2m. This overspend reflects overspends within Adult Services and Children and Families offset by underspends within Older People/Physical Disabilities, Criminal Justice and Resources.

## 9. Service Variance Comparison

9.1 Service financial performance across the year to date is illustrated below:



## 10. Forecast

- 10.1 The probable outturn for the year has been completed. This shows service net direct expenditure over budget by £48.3m as detailed in appendix 1.
- 10.2 Social Work Services have also completed a probable outturn for the IJB which indicates that overall net expenditure is anticipated to be £0.8m over budget. This overspend will be met from IJB reserves and has no net impact on the Council's overall financial position.
- 10.3 The probable outturn includes the impact of the pay awards for 2024-25. This includes additional costs to be met by the council from the increase to 3.2% from 3%. It also reflects estimates of funding from Scottish Government compared to actual costs of the final agreed pay awards. Pay awards for 2024-25 has resulted in an additional cost of £3.1m.
- 10.4 In light of the current financial position a review of current carry forwards has been undertaken. Given a review of employability funding a carry forward of £3.4m in relation to Glasgow Guarantee can be released.
- 10.5 Additional General Revenue Grant of £7.5m has been allocated to the council. This sum will be allocated to support the probable outturn position.
- 10.6 Council tax income is projected to be £4.2m greater than budget.
- 10.7 Financing costs are currently projected to be underspent by £11.2m due to a lower level of capital expenditure and associated borrowing than anticipated and higher interest returns on cash balances than budgeted.

10.8 Contributions from related companies are anticipated to be £0.4m under budget. This reflects a lower return from City Building related to material price increases across the sector and lower turnover within City Building (Contracts) (£0.7m) offset by an increased return from City Property (£0.3m). In addition, costs in respect of RSBI are over budget by £0.5m and costs in respect of Glasgow Life are over budget by £4.2m due to utilities and premises costs. The total impact of Related Companies activities is £5.1m above budget.

10.9 Overall the probable is forecasting a £11.7m draw from the budget support fund. An updated forecast for the budget support fund is detailed below:

Balance as at 1/4/24	+£53.5m
Draws reported at LP7 24/25	-£5.3m
Pay Award funding 23/24	+£2.5m
Draw to support 24/25 probable	<u>-£11.7m</u>
Estimated balance at 31/3/25	+£39.0m

10.10 Due to the significant overspend services have identified strict vacancy management and strict control of expenditure as actions to help address the overspends. This will be kept under review and reported back to Committee.

10.11 Social Work Services have reported the net costs of Home Office decisions are projected to be £24.1m for 2024-25. However, activity remains volatile which is making predictions hard to do with any degree of accuracy. The impact of this pressure when known is anticipated to be met by a draw from the budget support fund.

## **11. Recommendations**

11.1 The City Administration Committee is asked to:

- (I) approve the adjustments relating to the revenue budget at section 4
- (II) note that this report and all detailed service department reports will be considered by the Finance and Audit Scrutiny Committee.

### **LIST of Attachments:**

- Key Figures
- Council Tax Income
- Non Domestic Rates Income
- General Fund Summary
- Social Work Services Summary



## APPENDIX 1

### GLASGOW CITY COUNCIL BUDGET MONITORING

#### KEY FIGURES

#### PERIOD 7 - 1 April 2024 to 20 September 2024

Measure	Status (Under or Over Budget Profile)	Period 7	Probable
Council Tax Income	Ahead		+£4.2m
Council Tax Collection Rate	Behind	-0.27%	
Non Domestic Rates Collection Rate	Ahead	+0.89%	
General Fund Net Expenditure	Over	+£25.2m	+£48.3m
<b><u>Service Departments:</u></b>			
Chief Executive's Office	On budget		
Education Services	Over	+£8.9m	+£17.9m
Financial Services	Under	-£1.5m	-£2.9m
Financial Services – Benefit Payments	Over	+£0.5m	+£1.0m
Financial Services – Ring Fenced Funds	On budget		
Neighbourhoods, Regeneration and Sustainability	Over	+£15.5m	+£32.3m
		<b>+£23.4m</b>	<b>+£48.3m</b>
Pay award impact			+£3.1m
Glasgow Guarantee release			-£3.4m
Additional General Revenue Grant			-£7.5m
Financing Costs			-£11.2m
Related Companies		+£1.8m	+£5.1m
<b>Reduction in Contribution to Budget Support Fund</b>			-£30.2m
<b>Probable Outturn</b>			<b>Nil</b>
Social Work Services	Over	+£3.2m	+£0.8m
<b><u>General Fund Balances</u></b>			
2024-25 Budget Contribution to Budget Support Fund			+£18.5m
Reduction in Contribution			-£30.2m
<b>Revised 2024-25 Contribution from Budget Support Fund</b>			<b>-£11.7m</b>

# Glasgow City Council

## Budget Monitoring 2024/25

### Revenues - Income Monitoring and Cash Collection

Period to 30th September 2024

#### Council Tax

Income Monitoring	Estimate 2024/25 £000	Forecast Outturn 2024/25 £000	Variance £000
	345,879	350,049	4,170

#### Cash Collection

Month	Actual Cash in Month £000	Actual Cash to Date £000	% of Cash Collected to Date %	Last Year Actual %	Comparison v Last Year %
April	40,497	40,497	13.89	13.41	0.48
May	27,201	67,698	23.05	23.02	0.03
June	24,102	91,800	31.01	31.35	-0.34
July	25,763	117,563	39.65	39.89	-0.24
August	25,039	142,602	48.25	48.67	-0.42
September	25,325	167,927	56.88	57.15	-0.27
October			0.00	65.74	
November			0.00	74.65	
December			0.00	82.87	
January			0.00	89.48	
February			0.00	92.15	
March			0.00	93.79	

**Total Cash to be Collected  
(i.e. net of Council Tax Reduction etc)** **295,217**

**Target collection in year (94%)** **277,504**

# Glasgow City Council

## Budget Monitoring 2024/25

### Revenues - Cash Collection

Period to 30th September 2024

#### Non Domestic Rates

Month	Actual Cash in Month £000	Actual Cash to Date £000	% of Cash Collected to Date %	Last Year Actual %	Comparison v Last Year %
April	26,633	26,633	5.90	2.41	3.49
May	32,891	59,524	13.25	11.59	1.66
June	60,941	120,465	26.93	26.28	0.65
July	32,648	153,113	34.29	33.22	1.07
August	31,376	184,489	41.69	40.63	1.06
September	28,268	212,757	47.97	47.08	0.89
October			0.00	61.29	
November			0.00	69.63	
December			0.00	77.13	
January			0.00	83.89	
February			0.00	90.03	
March			0.00	91.54	
Total Cash to be Collected		443,565			
Target collection in year (91%)		403,644			

**GLASGOW CITY COUNCIL**  
**2024/25 REVENUE BUDGET : MONITORING REPORT**  
**GENERAL FUND SERVICE SUMMARY**

PERIOD 7: 1 APRIL 2024 TO 20 SEPTEMBER 2024

Original Annual Budget £000	Approved Changes £000	Revised Budget £000	Department	Total Expenditure		Total Income		Net Expenditure		Variance on Net Expenditure £000	
				Actual £000	Budgeted £000	Actual £000	Budgeted £000	Actual £000	Budgeted £000		
106,417	16,760	123,177	Chief Executive's Office	62,686	62,789	11,906	11,998	50,780	50,791	-11	
747,988	17,659	765,647	Education Services	389,723	381,479	9,884	10,513	379,839	370,966	8,873	OVER
49,668	1,484	51,152	Financial Services	57,505	59,709	22,103	22,861	35,402	36,848	-1,446	
92,064	-335	91,729	Financial Services - Council Tax Reduction Scheme/Benefit Payments	193,821	194,060	104,838	105,553	88,983	88,507	476	OVER
7,368	300	7,668	Financial Services - Ring-fenced Funds	4,048	4,048	0	0	4,048	4,048	0	
195,365	7,325	202,690	Neighbourhoods, Regeneration and Sustainability	255,006	238,721	93,598	92,819	161,408	145,902	15,506	OVER
106,102	4,127	110,229	Related Companies and Joint Boards	60,608	58,762	17	17	60,591	58,745	1,846	OVER
-40,291	0	-40,291	Specific Grant	0	0	141	141	-141	-141	0	
1,264,681	47,320	1,312,001	TOTAL	1,023,397	999,568	242,487	243,902	780,910	755,666	25,244	OVER

Net Expenditure : Rate of Spend as Percentage of Budget to Date

	4	7	10	12
Percentage	103.1%	103.3%		

CITY OF GLASGOW COUNCIL  
2024/25 REVENUE BUDGET : MONITORING REPORT  
SOCIAL WORK SERVICES SUMMARY

PERIOD 7: 1 APRIL 2024 TO 20 SEPTEMBER 2024

Original Annual Budget £000	Approved Changes £000	Revised Budget £000	Department	Total Expenditure		Total Income		Net Expenditure		Variance on Net Expenditure £000	
				Actual	Budgeted	Actual	Budgeted	Actual	Budgeted		
				£000	£000	£000	£000	£000	£000	£000	
563,163	3,499	566,662	Social Work Services	401,366	384,383	150,074	136,281	251,292	248,102	3,190	OVER
-15,482	0	-15,482	Specific Grant	0	0	6,451	6,451	-6,451	-6,451	0	
0	0	0	Transfer from IJB reserves	0	0	3,190	0	-3,190	0	-3,190	
547,681	3,499	551,180	TOTAL	401,366	384,383	159,715	142,732	241,651	241,651	0	

Net Expenditure : Rate of Spend as Percentage of Budget to Date

	4	7	10	12
Percentage	100.0%	100.0%		