



Glasgow City Council

Finance and Audit Scrutiny Committee

Report by Executive Director of Finance

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Item 5

21st August 2024

ALEO Quarterly Report: Quarter 1 2024/25

Purpose of Report:

To provide the Committee with quarterly information on Arms Length External Organisations. This report covers the first quarter of 2024/25 (1 April 2024 to 28 June 2024).

Recommendations:

The Committee is asked to note the contents of the report.

Ward No(s):

Citywide:

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

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1. Introduction

- 1.1 This report provides financial information for the Council's Arms Length Organisations ('ALEOs') for quarter 1, covering the period 1 April 2024 to 28 June 2024. The financial information is based on the latest position provided by each ALEO and includes the financial performance to date. The overall responsibility for the financial management of each ALEO rests with the Board of that ALEO.

2. Financial Position

- 2.1 The format of the financial report shows income and expenditure on an accruals basis, however, technical non-cash accounting entries are excluded as they distort the underlying operating trading performance of the ALEO. At the financial year end these technical accounting entries are included to reflect proper accounting practice and are reported as part of their statutory accounts and within the Council's group accounts.
- 2.2 Table 1 shows the actual operating performance against budget for each ALEO to quarter 1 of 2024-25. Further information about the financial performance of each ALEO is contained in section 3 of the report. The financial performance across all ALEOs shows an actual operating net surplus at quarter 1 of £0.876m which compares to a budgeted deficit of £0.883m. Clyde Gateway have planned for a budgeted deficit in 2024-25 which is fully funded from accumulated reserves.
- 2.3 The 2024-25 budget includes approved savings of £3.244m. At this stage of the year, it is anticipated that actual savings will amount to £3.149m representing 97% of target. This is reflected in the overall financial position reported in this monitoring statement.
- 2.4 The council's budget includes a contribution from City Property (£3.965m), City Building Glasgow (£2.500m) and City Building Contracts (2.000m).

2.5 A summary of the operating performance to date against the budgeted operating position for each ALEO is shown in Table 1 below. Reasons for significant variances are provided for each ALEO at section 3.

Table 1 – 2024-2025 Actual year to date (quarter 1) operating performance against budget

ALEO	Annual Net Budgeted Operating Surplus (+) Deficit (-) £'000	Net Budgeted Operating Surplus (+) Deficit (-) to date £'000	Actual Net Operating Surplus (+) Deficit (-) to date £'000	Variance favourable(+) adverse(-) £'000
City Building (Glasgow)	6,385	1,750	1,839	89
City Building (Contracts)	2,381	-398	-396	2
City Property ¹	2,218	1,016	1,016	0
Clyde Gateway²	-14,034	-6,454	-4,730	1,724
Glasgow Life	0	3,198	3,066	-132
Jobs & Business Glasgow	0	5	81	76
Total	-3,050	-883	876	1,759

¹ City Property includes figures for City Property (Glasgow) LLP, City Property Glasgow (Investments) LLP; CPG (Operations SL1) LLP, CPG (Operations SL2) LLP and CPG (Operations SL3) LLP.

² Clyde Gateway budget deficit is planned for and is funded from reserves brought forward and regeneration returns.

3. Comments on variances

3.1 City Building

3.1.1 The Council's Executive Committee on the 8 December 2016 approved the terms of a 50/50 joint venture between the Council and the Wheatley Group to form City Building (Glasgow). The Joint Venture is responsible for housing repairs and investment programmes, City Council repairs programme and apprentice training and the RSBi operation. In addition, it was agreed that City Building (Contracts) would remain wholly owned by the Council as a separate company and will be responsible for the Council's investment programme and work for other Registered Social Landlords.

City Building (Glasgow)

3.1.2 The net position is an operating surplus of £1.839m against a budgeted surplus of £1.750m.

3.1.3 City Building (Glasgow) is expected to return budgeted surpluses and returns to members for 2024/25.

3.1.4 This position will continue to be closely monitored going forward.

City Building (Contracts)

3.1.5 The net operating deficit to date is £0.396m against a budgeted deficit of £0.398m.

3.1.6 City Building (Contracts) is expected to return budgeted surpluses and returns to members for 2024/25.

3.1.7 This position will continue to be closely monitored going forward.

3.2 Glasgow Life

3.2.1 The actual net operating surplus to date is £3.066m against a budgeted surplus of £3.198m.

3.2.2 The annual net budget reflects an anticipated break even position.

3.2.3 This position will continue to be closely monitored going forward.

3.3 Clyde Gateway

3.3.1 At quarter 1 (to 30 June 2024) the actual net deficit to date is £4.730m against a budgeted deficit of £6.454m. This is primarily due to phasing delays on capital projects and consequential timing of drawdown of the associated grant funding.

3.3.2 As planned, the current year's expenditure is being funded from a combination of existing reserves brought forward, including deferred grant funding income (received prior to March 2024 against contracted works) and Clyde Gateway's own regeneration returns from property disposals and rental income, together with grant funding awards for the current financial year. This deferred grant funding together with accumulated reserves within the group is being applied against key regeneration projects and programmes spanning the 2024/25 to 2026/27 financial years.

3.4 City Property

3.4.1 At quarter 1 the actual net surplus is £1.016m in line with the budgeted surplus of £1.016m.

3.4.2 The annual forecast surplus for City Property at quarter 1 is £2.218m, in line with the budgeted surplus of £2.218m.

3.4.3 The position at quarter 1 and the annual forecast reflects the revised financial strategy and budget approved for 2024-25.

3.4.4 The financial position is continuously monitored in terms of costs, income generation and debt management, in line with the financial strategy.

3.5 Jobs & Business Glasgow

3.5.1 At quarter 1 (to 30 June 2024) the actual net surplus is £0.081m against a budgeted surplus of £0.005m resulting in a favourable variance of £0.076m. This position is mainly due to timing and JBG remains on target to outturn at a breakeven position operationally.

4. Policy and Resource Implications

4.1 Resource Implications:

4.1.1 Financial: As noted above

4.1.2 Legal: None

4.1.3 Personnel: None

4.1.4 Procurement: None

4.2 Council Strategic Plan: Recommendations reflect outcomes across all themes

4.3 Equality and Socio-Economic Impacts: None

4.4 Climate Impacts: None

4.5 Privacy and Data Protection impacts: None

5. Recommendations

5.1 The Committee is asked to note the contents of the report.