



Glasgow City Council

Finance and Audit Scrutiny Committee

Report by the Executive Director of Financial Services

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Item 4

17th September 2025

ALEO Quarterly Report: Quarter 1 2025/26

Purpose of Report:

To provide the Committee with quarterly information on Arms Length External Organisations. This report covers the first quarter of 2025/26 (1 April 2025 to 27 June 2025).

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 2025 to 27 June 2025. 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 2025-26. 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 £8.067m which compares to a budgeted surplus of £6.655m. Clyde Gateway have planned for a budgeted deficit in 2025-26 which is fully funded from accumulated reserves.
- 2.3 The 2025-26 budget includes approved savings of £3.869m. At this stage of the year, it is anticipated that actual savings will amount to £3.504m representing 91% 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 – 2025-2026 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)	4,958	1,434	1,775	341
City Building (Contracts)	491	-72	-44	28
City Property ¹	3,444	1,647	1,647	0
Clyde Gateway	108	-4,056	-3,356	700
Glasgow Life	0	7,723	8,079	356
Jobs & Business Glasgow	0	-21	-34	-13
Total	9,001	6,655	8,067	1,412

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.

3. Comments on variances

3.1 City Building

City Building (Glasgow)

- 3.1.1 The net position is an operating surplus of £1.775m against a budgeted surplus of £1.434m.
- 3.1.2 City Building (Glasgow) is expected to return budgeted surpluses and returns to members for 2025/26.
- 3.1.3 This position will continue to be closely monitored going forward.

City Building (Contracts)

- 3.1.4 The net operating deficit to date is £0.044m against a budgeted deficit of £0.072m.
- 3.1.5 City Building (Contracts) is expected to return budgeted surpluses and returns to members for 2025/26.
- 3.1.6 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 £8.079m against a budgeted surplus of £7.723m.
- 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 2025) the actual net deficit to date is £3.356m against a budgeted deficit of £4.056m. 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 2025 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 2025/26 to 2027/28 financial years.

3.4 City Property

- 3.4.1 At quarter 1 the actual net surplus is £1.647m in line with the budgeted surplus of £1.647m.
- 3.4.2 The annual forecast surplus for City Property at quarter 1 is £3.444m, in line with the budgeted surplus of £3.444m.
- 3.4.3 The position at quarter 1 and the annual forecast reflects the revised financial strategy and budget approved for 2025-26.
- 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 2025) the actual net deficit is £0.034m against a budgeted deficit of £0.021m resulting in an adverse variance of £0.013m. 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.