



Glasgow City Council

City Administration Committee

Item 1

19th June 2025

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

Contact: Robert Emmott Ext: 73837

Outturn Report 2024-25

Purpose of Report:

The purpose of this report is to conclude the monitoring process for 2024-25 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 2025.

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 12; 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 ☐

1. Introduction

- 1.1 The purpose of this report is to provide a high level overview of the Council's draft outturn position for 2024-25 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 2025.

2. Approved Budget

- 2.1 The 2024-25 budget was approved by Council on 15 February 2024 and subsequently updated by the City Administration Committee on 9 May 2024. 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 £77.4m up to the end of period 12. To the outturn, there has been an increase of £36.3m to net expenditure in relation to services. Overall, therefore there has been a cumulative net budget increase of £113.7m 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, Financial Services, Neighbourhoods, Regeneration and Sustainability and Social Work Services have increased by £6.5m in respect of previously approved carry forwards.
- 3.2.2 Expenditure budgets across a number of services have increased by a total of £15.0m to reflect draws from the Budget Support Fund covering the overspend on Homelessness (£14.6m) and ER/VR costs (£0.4m).
- 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 within Neighbourhoods, Regeneration and Sustainability have increased by £0.6m to reflect additional Scottish Government funding in respect of Support for Housing Supply.
- 3.2.5 Expenditure and income budgets within Chief Executives Office have increased by £2.7m in respect of donated funds for Targeted Employability (£1.0m), Scottish Government funding for Whole Family Wellbeing Fund (£0.9m) and Child Poverty Grant (£0.8m).
- 3.2.6 Expenditure and income budgets within Social Work Services have increased by £557.4m to reflect contribution to Integrated Joint Board (IJB) and income from IJB for commissioned services.

- 3.2.7 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.
- 3.2.8 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 £9.6m for the City Deal Clyde Waterfront and West End Innovation Quarter, following approval of the Outline Business Case change control and £5.1m for the City Deal Collegelands and Calton Barras project, following approval of Full Business Case 4 and 5 by the City Deal Cabinet. 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 expenditure budget of £230.0m in relation to the Future of Digital and ICT Services. This change was approved at City Administration Committee on 28 September 2023.
- 4.2.3 An increase to gross expenditure budgets to reflect the investments agreed at Council on 20 February 2025. Full details shown in the table below.

Investment Programme	Amount
Property Investment 2025-26 to 2027-28	£63.0m
Infrastructure Investment 2025-26 to 2027-28	£75.6m
Fleet Investment 2025-26 to 2027-28	£5.0m
Clyde Gateway regeneration projects 2025-26 to 2027-28	£2.4m
Roads, Pavements, Carriageways and Cycleways	£20.0m
Bringing Property and Land back into Productive Use Fund	£10.0m
Parks and Open Spaces	£3.0m
Rapid Repairs Fund and the City Centre Improvement Grant	£1.0m
Climate Emergency Capital Fund	£4.0m
Feminist City Action Fund	£0.5m

4.3 The following budget adjustment requires approval by the City Administration Committee:

4.3.1 An increase to income budgets of £1.9m to reflect additional general capital grant in respect of future flooding commitments.

4.3.2 The virement of £7.0m expenditure budget from the Hydrogen RCV's project to the Fleet Investment 22/23. This reflects the changes outlined in the report to the Environment and Liveable Neighbourhoods City Policy Committee on 22 August 2023 as part of the Fleet Strategy update report.

4.3.3 The virement of £11.1m expenditure budget from the Community Asset Fund to various projects. These include the Property Sale and Leaseback Fund for expenditure at Tollcross Pool (£1.8m), Glasgow Life General Capital Fund in respect of Kelvingrove Art Gallery (£3.5m) and Langside Library (£2.9m) and the Peoples Palace Winter Gardens project (£2.9m). This is to consolidate expenditure budgets to reflect the budget management responsibility.

4.3.4 The virement of £1.7m from HSCP Capital miscellaneous to Brighton Place Redevelopment. This is to consolidate expenditure budgets to reflect the budget management responsibility.

5. Earmarked Reserves

5.1 In some cases, given the profile of expenditure, service commitments will extend into 2025-26. It is therefore appropriate to reflect this as a reduction in the final budget for 2024-25 with consequent carry forward as an earmarked element of the General Fund. The proposed carry forwards for 2024-25 are shown below:

Department	Total £m	Key Programmes
Chief Executive's Office	28.0	<ul style="list-style-type: none">• Financial Inclusion• Communities Fund• Employability• Economic Development• Glasgow 850• Service Redesign
Education Services	5.1	<ul style="list-style-type: none">• Digital• Counsellors Through Schools• Summer Activities Children and Young People• Pupil Equity Fund
Financial Services	5.1	<ul style="list-style-type: none">• Electoral Integrity Programme

Department	Total	Key Programmes
	£m	
		<ul style="list-style-type: none"> • CBS Support for Financial Inclusion • Scottish Welfare Fund
Neighbourhoods, Regeneration and Sustainability	2.7	<ul style="list-style-type: none"> • Supporting Local Community Climate Action • Local Trees Greening Strategy • Feminist City Action Fund • Bin Hub Roll-out
Total	40.9	

5.2 In light of the current financial position a review of prior year carry forwards has been undertaken and £3.4m can be released.

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 £53.7m.

6. Revenues

6.1 Council Tax

6.1.1 Total Council Tax income collected in the year amounts to £352.2m. This is £5.3m 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 93.37% (last year 93.79%). 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 £394.8m. 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 92.06% (last year 91.55%). The target rate of collection of Non Domestic Rates was 91.00%.

7. General Fund

7.1 At outturn overspends were reported in Education Services, Neighbourhoods, Regeneration and Sustainability and Related Companies partly offset underspends in Chief Executives Office and Financial Services as outlined below:

- Education Services £15.6m (2.0%) – Overspends in employee costs due to increasing school roles, and additional staffing required to meet the complexity of needs within the ASL sector, inflationary increases in transport costs and under recoveries in income from letting and school meal income. These are partly offset by an underspend in Early Years employee costs.
- Neighbourhoods, Regeneration and Sustainability £33.1m (19.6%) – Overspends due to overtime and agency in relation to absence, higher transport costs due to fuel and maintenance costs and increased utility, rates, building repairs and rents costs across the property estate.
- Related Companies £5.0m (4.5%) – Overspend in relation to Glasgow Life utilities and premises costs and increased costs relating to performance sport.
- Financial Services -£7.7m (-5.1%) – Underspend relating to Empty Property relief partially offset by an overspend in housing benefits.
- Chief Executives Office -£0.3m (-0.3%) – Underspend due to employee costs being lower than anticipated.

7.2 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.

7.3 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 overspent by £45.7m (See Appendix 1). Services are expected to have spent between 94.9% and 119.6% of their final budget.

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 £16.5m. This includes an operational underspend of £0.4m which reflects the successful implementation of the recovery plan approved by the IJB during the year. In addition to this there are local and national priorities which will not be completed until future years (£6.8m). These include funding received from the Scottish Government, Health Board and Council to fund priorities such as prescribing, mental health and homelessness. 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 2024-25 budget an additional £9.3m 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 2024-25 which will be taken to General Reserves. The IJB will consider its outturn report on 25th June 2025.
- 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 meeting the cost of the overspend on homelessness within the Health and Social Care Partnership. The outturn cost of this in 2024/25 is £27m, though £12.4m of this will be met from IJB reserves, leading to a net cost to the Council of £14.6m.

9. Related Companies

- 9.1 City Property returned £4.3m which is £0.3m greater than budget.
- 9.2 City Building returned the following:

	Return £m	Budget £m	Variance £m
City Building Glasgow	-4.0	-2.5	-1.5
City Building Contracts	-0.8	-2.0	1.2
Total	-4.8	-4.5	-0.3

- 9.3 City Building Contracts has seen its planned turnover reduced following delays in placing work from the council due to higher than anticipated tender returns related to the above inflationary pressures.

10. Investment Programme and Financing Costs

- 10.1 The outturn Investment Programme expenditure for the year totalled £123.5m. Total capital income for the year amounted to £39.9m.
- 10.2 Receipts from asset sales totalled £8.1m.

- 10.3 Overall financing costs are reporting an underspend of £28.0m. This underspend reflects the application of asset sales as noted above (£8.1m) and is also due to a lower level of capital expenditure than anticipated and higher than budgeted interest on balances (£19.9m). This underspend will support a contribution of £5.0m to the Cultural and Recreation Fund in line with previous plans and a contribution of £12.1m 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 2023-24 outturn report the balance on the Budget Support Fund, held as an earmarked element of the general fund, was £53.5m.
- 11.2 During 2024-25 net costs of £18.0m were charged to the fund primarily relating to the impact of home office decisions on homelessness (£14.6m), voluntary severance/early retirement costs (£4.9m), supporting the phasing of budget options (£1.0m) offset by the timing of pay award funding (-£2.5m). In addition, in line with the position reported at probable outturn £7.0m of the budget support fund will be utilised to support the 2024-25 outturn position. This results in a closing balance of £28.5m.

12. Financial Implications – Accounting Adjustments

- 12.1 It is customary at this stage to seek approval of substantive accounting transactions directly related to the closure of the accounts. For 2024-25 these are as follows:
- 12.1.1 The transfer of £5.0m to the Cultural and Recreation Fund to continue support for the Council's cultural and events programme.
- 12.1.2 The transfer of £12.1m to the Insurance Fund to meet insurance liabilities.
- 12.1.3 In accordance with recommended accounting practice a corresponding adjustment to both sides of the balance sheet of £29.3m is required to reflect the net debtor position on 2019-2020 to 2024-2025 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 £15.5m in line with proper accounting practice.
- 12.2 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.
- 12.3 The residual funds available after these adjustments have been made will then form part of the Council's general fund.

13. Funds and Balances

- 13.1 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.
- 13.2 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 2025 are as follows:

	£m
Cultural and Recreation Fund	3.5
Insurance Fund	5.0
Repairs and Renewals Fund	2.8
New Technology Fund	12.5
Winter Maintenance Fund	0.9
Capital Reserve Fund	24.1

- 13.3 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.
- 13.4 After taking into account the accounting adjustments outlined in paragraph 12 the unearmarked general fund balance as at 31 March 2025 is projected to be £26.3m (1.2% of net expenditure), in line with the position as at 31 March 2024.

14. Policy and Resource Implications

Resource Implications:

<i>Financial:</i>	The financial implications are as outlined in the report.
<i>Legal:</i>	None
<i>Personnel:</i>	None
<i>Procurement:</i>	None

Equality and Socio- Economic Impacts:

<i>Does the proposal support the Council's Equality Outcomes 2021-25</i>	Supports the overall implementation of the strategic plan.
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<i>What are the potential equality impacts as a result of this report?</i>	No significant impact.
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Climate Impacts:

<i>Does the proposal support any Climate Plan actions? Please specify:</i>	None
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<i>What are the potential climate impacts as a result of this proposal?</i>	None
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<i>Will the proposal contribute to Glasgow's net zero carbon target?</i>	None
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Privacy and Data Protection impacts:	None
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15. Recommendations

15.1 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 12; 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	102.5	102.8	-0.3	99.7
Education Services	797.1	781.5	15.6	102.0
Financial Services	141.9	149.6	-7.7	94.9
Neighbourhoods, Regeneration and Sustainability	201.9	168.8	33.1	119.6
Related Companies	115.9	110.9	5.0	104.5
Social Work Services	574.1	574.1	0.0	100.0
Total	1,933.4	1,887.7	45.7	102.4