



Glasgow City Council

Finance and Audit Scrutiny Committee

Report by the Executive Director of Financial Services

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Item 3

19th November 2025

ALEO Quarterly Report: Quarter 2 2025/26

Purpose of Report:

To provide the Committee with quarterly information on Arms Length External Organisations. This report covers the second quarter of 2025/26 (1 April 2025 to 19 September 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 2, covering the period 1 April 2025 to 19 September 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 2 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 2 of £7.330m which compares to a budgeted surplus of £5.164m.
- 2.3 Table 2 shows the forecast operating surplus or deficit position for the year compared to the annual budget for each ALEO. The forecast for the year is a surplus of £6.752m compared to a budgeted surplus of £9.001m, representing an adverse variance of £2.249m. This adverse variance reflects a lower return from City Building mainly due to support costs within City Building (Glasgow) and reduced workload from the GCC investment programme impacting on City Building (Contracts).
- 2.4 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 90.6% of target. This is reflected in the overall financial position reported in this monitoring statement.
- 2.5 The council's budget includes a contribution from City Property (£3.965m), City Building Glasgow (£2.5m) and City Building Contracts (£2.0m). The probable outturn indicates that contributions from related companies are anticipated to be £2.228m less than budget. This reflects a lower return from City Building of £1.837m. City Property is anticipating a return of £4.400m for 2025/26.

- 2.6 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 2) 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	2,353	1,849	-504
City Building (Contracts)	491	-55	-53	2
City Property ¹	3,444	1,967	2,219	252
Clyde Gateway	108	934	3,422	2,488
Glasgow Life	0	0	0	0
Jobs & Business Glasgow	0	-35	-107	-72
Total	9,001	5,164	7,330	2,166

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.

- 2.7 The forecast outturn against budget for each ALEO is shown in Table 2 below. It is this comparison between the annual net budgeted operating surplus and the forecast operating surplus/deficit at the year-end which could impact on the general fund reserves of the Council.

Table 2 - 2025-2026 Forecast annual outturn against budget

	Annual Net Budgeted Operating Surplus (+) Deficit (-) £'000	Forecast Operating Surplus (+) Deficit (-) £'000	Variance Favourable (+) adverse (-) £'000
City Building (Glasgow)	4,958	2,652	-2,306
City Building (Contracts)	491	511	20
City Property	3,444	3,565	121
Clyde Gateway	108	108	0
Glasgow Life	0	0	0
Jobs & Business Glasgow	0	-84	-84
Total	9,001	6,752	-2,249

3. Comments on variances

3.1 City Building

City Building (Glasgow)

- 3.1.1 The net position to date is an operating surplus of £1.849m against a budgeted surplus of £2.353m.
- 3.1.2 The council's budget included a return to the council of £2.500m and it is estimated £1.326m will be achieved. This reduction is mainly due to support costs.
- 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 £0.053m against a budgeted deficit of £0.055m.
- 3.1.5 The council's budget included a return to the council of £2.0m and it is estimated that £0.511m will be achieved. This reduction is mainly due to reduced workload from the GCC investment programme.
- 3.1.6 This position will continue to be closely monitored going forward.

3.2 Glasgow Life

- 3.2.1 At quarter 2, a break even position is being reported.
- 3.2.2 The annual forecast for 2025-26 is a breakeven position.
- 3.2.3 This position will continue to be closely monitored going forward.

3.3 Clyde Gateway

- 3.3.1 At quarter 2 (to 30 September 2025) the net surplus to date is £3.422m compared to a budgeted surplus of £0.934m. This is primarily due to phasing delays on capital projects and greater than forecast property income.
- 3.3.2 As planned, it is still expected that 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.

- 3.3.3 As in previous years, a re-forecasting exercise was undertaken based on actual income and expenditure at the 6 month point. The re-forecast annual net budget for 2025-26 is a planned surplus of £0.108m and the current outturn projection remains in line with this forecast.

3.4 City Property

- 3.4.1 At quarter 2 the actual net surplus is £2.219m, representing £0.252m more than the budgeted surplus of £1.967m.
- 3.4.2 The annual forecast surplus for City Property at quarter 2 is £3.565m, £0.121m higher than the budgeted surplus of £3.444m.
- 3.4.3 The position at quarter 2 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 2 (to 30 September 2025) the net deficit is £0.107m. This position is mainly due to one off unbudgeted expenditure and delayed commercial property revenue.
- 3.5.2 The annual forecast deficit at quarter 2 for Jobs & Business Glasgow is £0.084m. This deficit will be funded from the utilisation Jobs & Business Glasgow general reserves.

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.