Item 4

18th November 2026

Glasgow City Council

Finance and Audit Scrutiny Committee

Report by the Executive Director of Financial Services

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ALEO Quarterly Report: Quarter 2 2026/27

Purpose of Report:

To provide the Committee with quarterly information on Arms Length External Organisations. This report covers the second quarter of 2026/27 (1 April 2026 to 18 September 2026).

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 2026 to 18 September 2026. 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 2026-27. 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 deficit at quarter 2 of £2.291m which compares to a budgeted deficit of £7.337m.

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 deficit of £10.710m compared to a budgeted deficit of £9.748m, representing an adverse variance of £0.962m. This adverse variance is mainly due to City Building and this is due to the significantly reduced workload from the GCC investment programme.

2.4 The 2026-27 budget includes approved savings of £4.784m. At this stage of the year, it is anticipated that actual savings will amount to £4.784m representing 100% 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 (£4.665m) and City Property is anticipating a return of £5.900m for 2026/27. The council's budget does not include budgeted contributions from City Building Glasgow or City Building Contracts in 2026/27, and the latest forecast anticipates a deficit of £0.538m for City Building. The probable outturn indicates that contributions from related companies are anticipated to be £0.697m more than budget.

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 – 2026-2027 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)	394	244	-109	-353
City Building (Contracts)	27	12	-20	-32
City Property [1]	3,954	3,092	3,293	201
Clyde Gateway	-14,123	-13,193	-7,366	5,827
Glasgow Life	0	2,532	1,835	-697
Jobs & Business Glasgow	0	-24	76	100
Total	**-9,748**	**-7,337**	**-2,291**	**5,046**

[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 - 2026-2027 Forecast annual outturn against budget

	Annual Net Budgeted Operating Surplus (+) Deficit (-) £'000	Forecast Operating Surplus (+) Deficit (-) £'000	Variance Favourable (+) adverse (-) £'000
City Building (Glasgow)	394	-378	-772
City Building (Contracts)	27	-349	-376
City Property	3,954	4,104	150
Clyde Gateway	-14,123	-14,123	0
Glasgow Life	0	0	0
Jobs & Business Glasgow	0	36	36
Total	**-9,748**	**-10,710**	**-962**

3. Comments on variances

3.1 City Building

City Building (Glasgow)

3.1.1 The net position to date is an operating deficit of £0.109m against a budgeted surplus of £0.244m resulting in an adverse variance of £0.353m.

3.1.2 The annual forecast for 2026/27 anticipates a deficit of £0.378m against a budgeted surplus of £0.394m resulting in an adverse variance of £0.772m. This is mainly due to inflationary increases and training academy financing costs. This represents a cost to the council of £0.189m.

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 £0.020m against a budgeted surplus of £0.012m resulting in an adverse variance of £0.032m.

3.1.5 The annual forecast for 2026/27 anticipates a deficit of £0.349m against a budgeted surplus of £0.027m. This is mainly due to reduced income in GCC investment reflecting the Council's current investment plans.

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 £1.835m against a budgeted surplus of £2.532m. This is due to slippage in income options to date, however, this is expected to be managed in the year.

3.2.2 The annual forecast for 2026-27 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 2026) the net deficit to date is £7.366m compared to a budgeted deficit of £13.193m. 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 2026 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 2026/27 to 2028/29 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 2026-27 is a planned deficit of £14.123m and the current outturn projection remains in line with this forecast. This will be funded from a combination of deferred grant income and accumulated reserves.

3.4 City Property

3.4.1 At quarter 2 the actual net surplus is £3.293m, representing £0.201m more than the budgeted surplus of £3.092m.

3.4.2 The annual forecast surplus for City Property at quarter 2 is £4.104m against an budgeted surplus of £3.954m

3.4.3 The position at quarter 2 and the annual forecast reflects the revised financial strategy and budget approved for 2026-27.

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 2026) the actual net surplus is £0.076m. This position is mainly due to an underspend in employee costs.

3.5.2 The annual forecast surplus at quarter 2 for Jobs & Business Glasgow is £0.036m.

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.