



Glasgow City Council

City Administration Committee

Report by Councillor Allan Gow, City Treasurer

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Item 2

28th November 2019

BUDGET MONITORING 2019-20; PERIOD 8

Purpose of Report:

This report provides a summary of financial performance for the period 1 April 2019 to 25 October 2019 and includes the probable outturn for 2019-20.

Recommendations:

The City Administration Committee is asked to:

- i. approve the adjustments relating to the revenue budget at section 4
- ii. note that this report and all detailed service reports will be considered by the Finance and Audit Scrutiny Committee

Ward No(s):

Citywide:

Local member(s) advised: Yes No

consulted: Yes No

PLEASE NOTE THE FOLLOWING:

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1. Introduction

1.1 This report provides a summary of financial performance for the period 1 April 2019 to 25 October 2019 and includes the probable outturn for 2019-20.

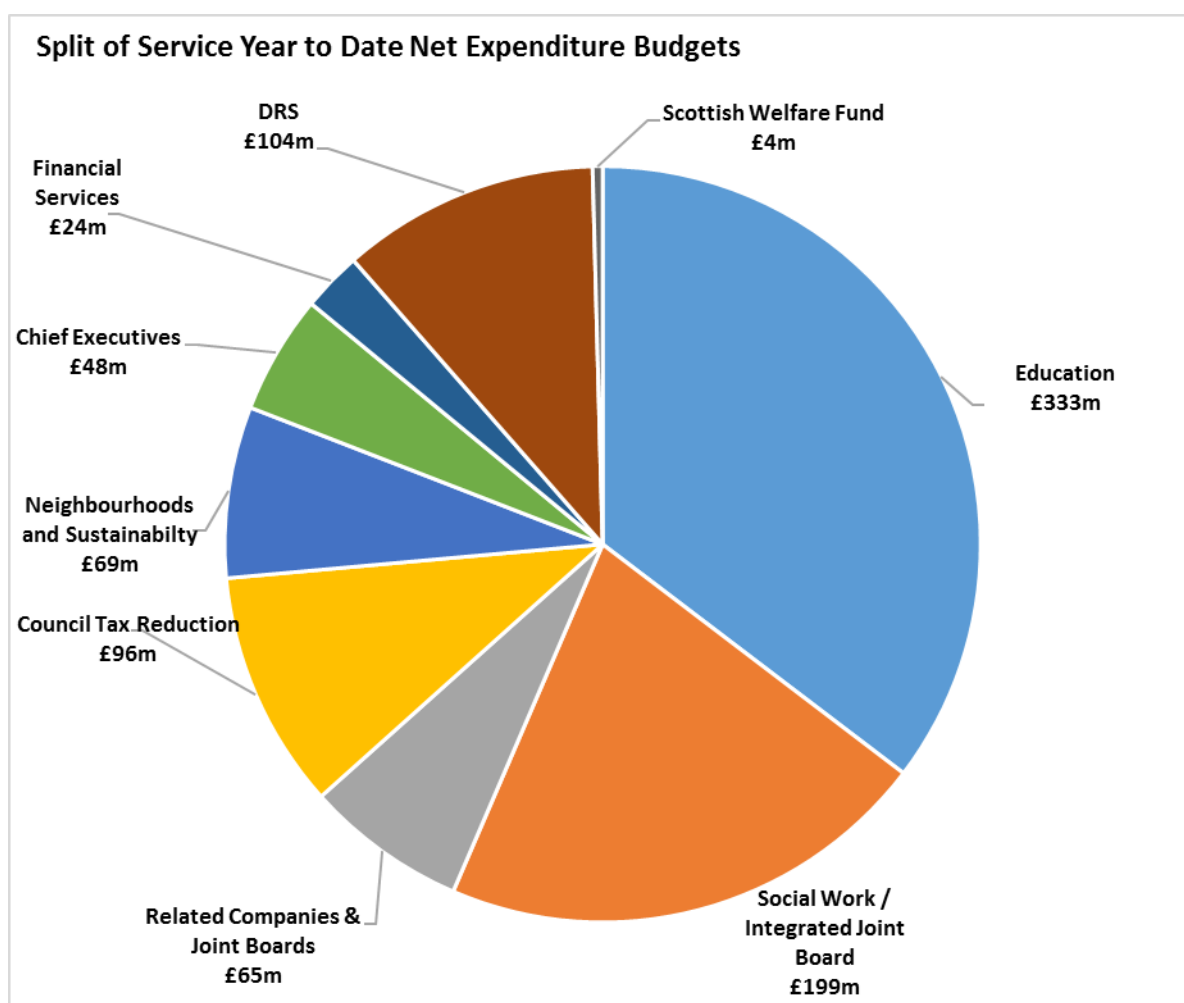
2. Reporting Format

2.1 This report provides a summary of the Council's financial position.

3. Approved Budget

3.1 The 2019-20 budget was approved by Council on 21 February 2019 and the detailed service estimates subsequently approved by the City Administration Committee on 4 April 2019. These budgets are shown as "Original Annual Budget", in the attached monitoring statements. In order to monitor financial performance accurately, budgets will be updated each period to reflect new monies, operational changes and any additional approvals.

3.2



3.3 The key changes to the original budget made up to period 8 are outlined in section 4, below.

4. Revenue Budget

- 4.1 During period 7 and 8 there has been a net budget increase of £6.3m resulting in a cumulative budget increase of £22.6m to date. Service specific budget changes are summarised in the paragraph below.
- 4.2 The significant budget changes since period 6 are as follows:
- 4.2.1 Expenditure budgets have increased within Education Services by £4.2m in respect of additional funding from the Scottish Government for probationers teachers costs (£3.2m) and for counsellor and wellbeing support in schools (£1.0m).
- 4.2.2 Expenditure budgets across services have increased £2.6m in respect of previously approved carry forwards.
- 4.2.3 Expenditure budgets within Related Companies have increased by £0.5m to reflect additional serviced fee to City Parking in relation to the Collegelands car park as outlined in the Executive Committee report of 13 December 2012.
- 4.2.4 Expenditure budgets have reduced within Social Work Services by £2.1m to reflect a transfer of budget to meet the funding costs in relation to the Care Home capital investment.
- 4.2.5 Income and expenditure budgets within Education Services have increased by £0.5m to reflect additional funding from external public sector providers for external secondment of education staff (£0.3m) and additional funding from Education Scotland in relation to school projects for STEM and Food for Thought (£0.2m).
- 4.2.6 Income and expenditure budgets within Development and Regeneration Services have increased by £0.1m to reflect COSLA Digital Boost funding.
- 4.2.7 Income and expenditure budgets within Neighbourhoods and Sustainability have increased by £0.4m in respect of additional Scottish Government funding for the TARA project (£0.1m), additional funding in respect of the Caledonian Project (£0.1m) and additional expenditure and income associated with RingGo (£0.2m).
- 4.2.8 Income and expenditure budgets within Social Work Services have increased by £1.7m due to additional Health Board Resource Transfer in respect of the transfer of complex care bed provision (£0.9m), addiction services (£0.7m) and funding of chief officer post (£0.1m).
- 4.3 There have also been adjustments to income and expenditure budgets in line with the Executive Director of Finance's delegated powers and budget realignments between and within various service departments to reflect the transfer of responsibilities and service reconfigurations.

5. Summary Position

Revenues

5.1 Council Tax

- 5.1.1 A probable outturn exercise has now been completed and is projecting that the actual income expected to be collected from council tax is £295.9m. This is £5.3m more than budget.

5.1.2 The council tax collected to 31 October 2019 amounts to £161.9m. This represents 66.00% of the figure to be collected and is 0.01% behind last year's equivalent collection figure. The target rate of collection for Council Tax this year is 95.03%.

5.2 Non Domestic Rates

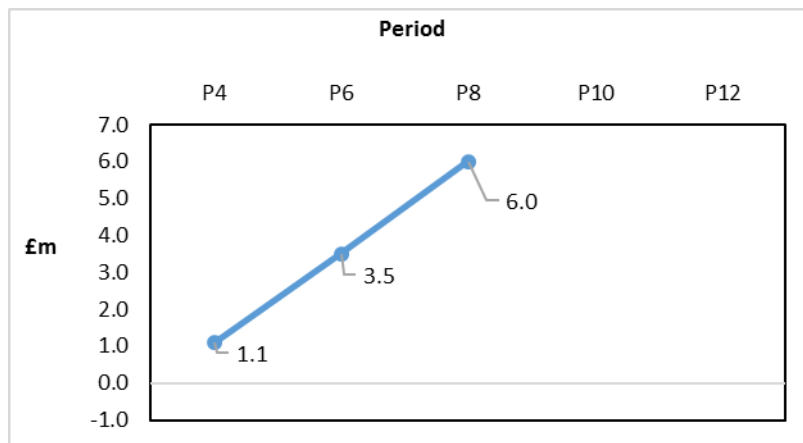
5.2.1 Non Domestic Rates income is allocated to councils as part of the local government settlement. The council retains all NDR it collects, however where this varies from the amount included within the Local Government settlement a commensurate increase or decrease is made to the general revenue grant to ensure no overall change in the total revenue support provided by the Scottish Government.

5.2.2 The Non Domestic Rates collected to 31 October 2019 amount to £246.1m. This represents 64.83% of the figure to be collected and is 0.14% ahead of last year's equivalent collection figure. The target rate for collection for Non Domestic Rates for this year is 97.7%.

6. General Fund

6.1 Net expenditure is running at 100.9% of profile, representing an overspend of £6.0m. This reflects overspends within Education Services, Development and Regeneration Services and Neighbourhoods and Sustainability offset by savings within Financial Services.

6.2 Net Expenditure Position – budget variance:



7. Services

7.1 Education Services £3.2m

7.1.1 This reflects overspends relating to increasing pupil rolls affecting employee costs, property, transport and supplies and services offset by savings in Early Years graduate recruitment.

7.2 Development and Regeneration Services £1.6m

7.2.1 This reflects an overspend in the property and land services division mainly due to overspends on property repairs and utilities. Employee costs are also overspent mainly within Non Schools Catering and FM services. Other areas of the service are showing a net underspend mainly due to Economic Development and Building Control.

7.3 Neighbourhoods and Sustainability £1.6m

7.3.1 This reflects lower commercial refuse income offset by increased income in environmental services due to income from external sources and underspends from vacancy management.

7.4 Financial Services -£0.4m – Council Tax Reduction/Benefits Payments -£1.0m Scottish Welfare Fund +£0.6m

7.4.1 The underspend in Council Tax reduction reflects a lower level of commitment in respect of the Council Tax Reduction scheme and the overspend in Scottish Welfare Fund is due to an increase in demand for the service.

8. Social Work Services

8.1 The Glasgow City Integration Joint board (IJB) is now responsible for the planning and commissioning of health and social care services within the city.

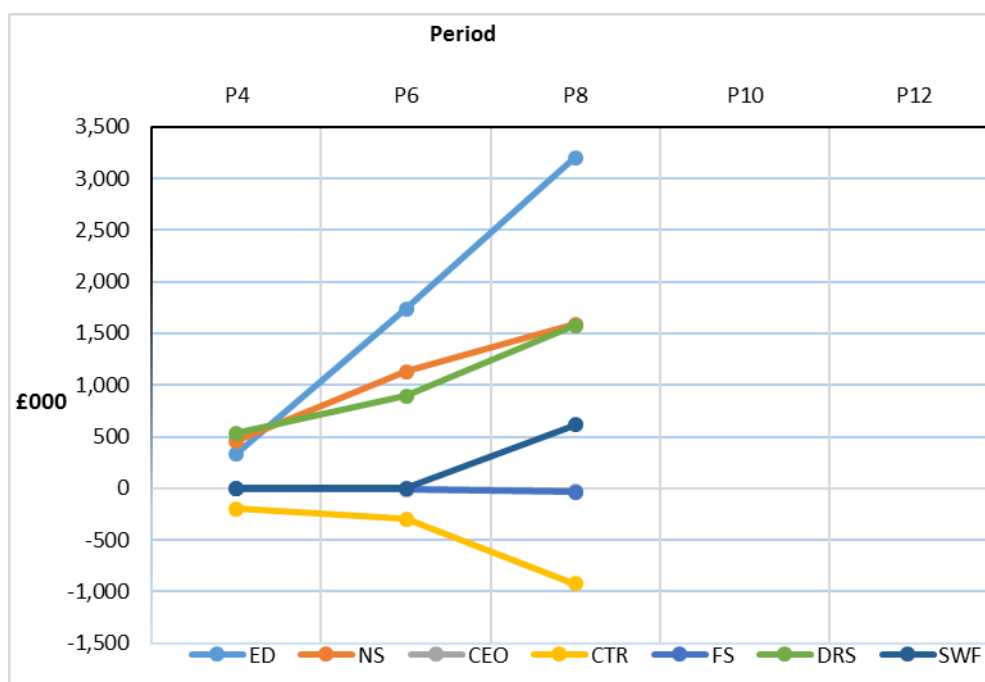
8.2 While the financial position of Social Work Services continues to be monitored through the Council's existing reporting structures the overall financial position is now the responsibility of the IJB and is therefore reported separately from the General Fund. The Reserves policy of the IJB has resulted in the transfer of previous year underspends to IJB reserves to mitigate any ongoing or future budget pressures.

8.3 At period 8 Social Work Services is showing an underspend of £3.0m. This underspend is mainly within Children and Families as a result of staff vacancies within the service and the early delivery of future year savings.

8.4 This position is a significant improvement from the period 6 position. The improvement is mainly within Older People Home Care Services, which now reflects the £4.7m funding approved by the Council and the IJB with regard to the homecare overspend.

9 Service Variance Comparison

9.1 Service financial performance across the year to date is illustrated below:



10. Trading Operations

10.1 Both Trading Operations are currently generating a surplus in line with budget.

10.2 It is expected that both trading operations will achieve a break-even position in 2019-20 (excluding IAS 19 employee benefits costs, which are not included in Trading Operations' charge-out rates).

11. Forecast

11.1 The probable outturn for the year has been completed. This shows service net direct expenditure over budget by £9.7m as detailed in appendix 1.

11.2 Social Work Services have also completed a probable outturn for the IJB which indicates that overall net expenditure is anticipated to be £5.3m under budget. In line with the reserves policy of the IJB this underspend will be transferred to the IJB reserves to mitigate any ongoing or future budget pressures and therefore has no net impact on the Council's overall financial position.

11.3 Council tax income is projected to be £5.3m greater than budget.

11.4 Financing costs are currently projected to be underspent by £3.9m due to lower than budgeted interest costs.

11.5 Contributions from related companies and trading operations are anticipated to be £1.7m under budget due to a lower than expected return from City Building Contracts.

11.6 The probable includes a £1.0m contribution to general fund reserves in line with budget.

11.7 Overall the probable is forecasting a £2.2m increase in the level of contribution from general fund reserves. This will result in a revised contribution from reserves of £15.2m in 2019-20. This position will continue to be reviewed throughout the remainder of the year and any significant variances reported through the normal monitoring process.

12. Recommendations

12.1 The City Administration Committee is asked to:

- (I) approve the adjustments relating to the revenue budget at section 4
- (II) note that this report and all detailed service department reports will be considered by the Finance and Audit Scrutiny Committee.

LIST of Attachments:

- Key Figures
- Council Tax Income
- Non Domestic Rates Income
- General Fund Summary
- Social Work Services Summary
- Trading Operations

APPENDIX 1

GLASGOW CITY COUNCIL BUDGET MONITORING

KEY FIGURES

PERIOD 8 - 1 April 2019 to 25 October 2019

Measure	Status (Under or Over Budget Profile)	Period 8	Probable
Council Tax Income	Ahead		+£5.3m
Council Tax Collection Rate	Behind	-0.01%	
Non Domestic Rates Collection Rate	Ahead	+0.14%	
General Fund Net Expenditure	Over	+£6.0m	
 <u>Service Departments:</u>			
Chief Executive's Office	On budget		On budget
Development and Regeneration Services	Over	+£1.6m	+£2.3m
Education Services	Over	+£3.2m	+£6.3m
Financial Services	On budget		-£0.1m
Financial Services – Benefit Payments	Under	-£1.0m	-£2.6m
Financial Services – Scottish Welfare Fund	On budget	+£0.6m	+£1.0m
Neighbourhoods and Sustainability	Over	+£1.6m	+£2.8m
		+£6.0m	+£9.7m
Financing Costs			-£3.9m
Related Companies and Trading Operations			+£1.7m
Increase in Contribution from General Fund Balances			+£2.2m
Probable Outturn			Nil
Social Work Services		-£3.0m	-£5.3m
 <u>General Fund Balances</u>			
2019-20 Budget Contribution from Balances			£13.0m
Increase in Contribution			£2.2m
Revised 2019-20 Contribution from Balances			£15.2m

Glasgow City Council

Budget Monitoring 2019/20

Revenues - Income Monitoring and Cash Collection

Period to 25th October 2019

Council Tax

Income Monitoring	Estimate 2019/20 £000	Forecast Outturn 2019/20 £000	Variance £000
	290,599	295,859	5,260

Cash Collection

Month	Actual Cash in Month £000	Actual Cash to Date £000	% of Cash Collected to Date %	Last Year Actual %	Comparison v Last Year %
April	32,027	32,027	13.20	12.93	0.27
May	21,557	53,584	21.93	21.57	0.36
June	20,473	74,057	29.95	29.90	0.05
July	22,684	96,741	39.16	38.89	0.27
August	21,662	118,403	48.12	47.74	0.38
September	21,588	139,991	56.89	56.51	0.38
October	21,948	161,939	66.00	66.01	-0.01
November			0.00	75.10	
December			0.00	84.59	
January			0.00	91.02	
February			0.00	93.61	
March			0.00	95.03	
Total Cash to be Collected (i.e. net of Council Tax Reduction etc)		245,353			
Target collection in year (95.03%)		233,159			

Glasgow City Council

Budget Monitoring 2019/20

Revenues - Cash Collection

Period to 25th October 2019

Non Domestic Rates

Month	Actual Cash in Month £000	Actual Cash to Date £000	% of Cash Collected to Date %	Last Year Actual %	Comparison v Last Year %
April	24,420	24,420	6.40	9.05	-2.65
May	43,917	68,337	17.93	17.65	0.28
June	29,160	97,497	25.49	25.49	0.00
July	28,733	126,230	33.08	33.04	0.04
August	29,847	156,077	40.92	41.15	-0.23
September	53,151	209,228	54.85	54.99	-0.14
October	36,901	246,129	64.83	64.69	0.14
November			0.00	72.51	
December			0.00	80.68	
January			0.00	88.95	
February			0.00	96.32	
March			0.00	97.98	
Total Cash to be Collected		379,632			
Target collection in year (97.7%)		370,900			

GLASGOW CITY COUNCIL
2019/20 REVENUE BUDGET : MONITORING REPORT
GENERAL FUND SERVICE SUMMARY

PERIOD 8: 1 APRIL 2019 TO 25 OCTOBER 2019

Original Annual Budget £000	Approved Changes £000	Revised Budget £000	Department	Total Expenditure		Total Income		Net Expenditure		Variance on Net Expenditure £000
				Actual	Budgeted	Actual	Budgeted	Actual	Budgeted	
				£000	£000	£000	£000	£000	£000	
89,524	1,674	91,198	Chief Executive's Office	54,744	54,765	6,995	6,992	47,749	47,773	-24
61,277	-3,746	57,531	Development & Regeneration Services	197,076	194,455	91,023	89,981	106,053	104,474	1,579 OVER
579,640	21,940	601,580	Education Services	347,655	344,744	11,351	11,641	336,304	333,103	3,201 OVER
38,606	968	39,574	Financial Services	33,892	33,928	9,774	9,774	24,118	24,154	-36
80,905	-188	80,717	Financial Services - Council Tax Reduction Scheme/Benefit Payments	258,105	259,028	163,426	163,426	94,679	95,602	-923
6,812	1,000	7,812	Financial Services - Scottish Welfare Fund	4,970	4,355	0	0	4,970	4,355	615 OVER
121,665	2,449	124,114	Neighbourhoods and Sustainability	108,190	107,943	37,501	38,841	70,689	69,102	1,587 OVER
101,457	595	102,052	Related Companies and Joint Boards	65,931	65,931	946	946	64,985	64,985	0
-52,094	-651	-52,745	Specific Grant	0	0	52,485	52,485	-52,485	-52,485	0
1,027,792	24,041	1,051,833	TOTAL	1,070,563	1,065,149	373,501	374,086	697,062	691,063	5,999 OVER

Net Expenditure : Rate of Spend as Percentage of Budget to Date

	4	6	8	10	12
Percentage	100.3%	100.7%	100.9%		

NEIGHBOURHOODS AND SUSTAINABILITY - MANAGED SERVICES SUMMARY

PERIOD 8: 1 APRIL 2019 TO 25 OCTOBER 2019

Original Annual Budget £000	Approved Changes £000	Revised Budget £000	Committee/Department	Total Expenditure		Total Income		Net Expenditure		Variance on Net Expenditure
				Actual	Budgeted	Actual	Budgeted	Actual	Budgeted	
				£000	£000	£000	£000	£000	£000	
0	0	0	<u>Neighbourhoods and Sustainability</u> Public Analyst	1,794	1,627	1,794	1,627	0	0	0
0	0	0	TOTAL	1,794	1,627	1,794	1,627	0	0	0

Expenditure as a Percentage of Income to Date

	4	6	8	10	12
Percentage	100.0%	100.0%	100.0%		

**CITY OF GLASGOW COUNCIL
2019/20 REVENUE BUDGET : MONITORING REPORT
SOCIAL WORK SERVICES SUMMARY**

PERIOD 8: 1 APRIL 2019 TO 25 OCTOBER 2019

Original Annual Budget £000	Approved Changes £000	Revised Budget £000	Department	Total Expenditure		Total Income		Net Expenditure		Variance on Net Expenditure £000
				Actual	Budgeted	Actual	Budgeted	Actual	Budgeted	£000
				£000	£000	£000	£000	£000	£000	
428,803	-1,421	427,382	Social Work Services	344,579	346,335	141,355	140,096	203,224	206,239	-3,015
-15,161	0	-15,161	Specific Grant	0	0	7,581	7,581	-7,581	-7,581	0
0	0	0	Draw from LJB reserves	0	0	-3,015	0	3,015	0	3,015
413,642	-1,421	412,221	TOTAL	344,579	346,335	145,921	147,677	198,658	198,658	0

Net Expenditure : Rate of Spend as Percentage of Budget to Date

	4	6	8	10	12
Percentage	100.0%	100.0%	100.0%		

GLASGOW CITY COUNCIL
2019/20 REVENUE BUDGET : MONITORING REPORT
TRADING OPERATIONS

Summary Expenditure and Income as at Period 8

Revised Annual Net Surplus	TRADING OPERATION	Expenditure	Income	Gross Surplus	Appropriations	Net Surplus	Budgeted Net Surplus	Variance Over/(-)Under
£000		£000	£000	£000	£000	£000	£000	£000
	<u>NEIGHBOURHOODS AND SUSTAINABILITY</u>							
877	Area Operations	45,157	45,393	236	0	236	250	-14
706	Transport	15,430	15,799	369	0	369	379	-10
1,583	TOTAL	60,587	61,192	605	0	605	629	-24