



Glasgow City Council

City Administration Committee

Report by Councillor Allan Gow, City Treasurer

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Item 3

28th November 2019

Budget Monitoring: Investment Programme 2019/20 - Quarter 2

Purpose of report:

To provide a monitoring statement of financial performance and progress on the council's Investment Programme as at quarter 2 (period 8).

Recommendations:

The committee is asked to:

- i Approve the requested budget adjustments as detailed in paragraph 2.3;
- ii Note that this report and all detailed monitoring statements 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** This monitoring statement provides a summary of the financial performance and progress on the delivery of the council's Investment Programme to the first quarter of 2019/20 (period 8, 25 October 2019). The overall Investment Programme comprises individual service programmes plus a council-wide Transformation programme, replacing Service Reform.
- 1.2** This summary statement is based on information contained in the council's corporate financial systems and includes accruals and adjustments in line with agreed financial policies. Appendix 1 compares the total probable outturn gross expenditure with the total approved budget for each service, and provides a profile of the probable outturn over years. Details of actual expenditure in 2019/20 and cumulative to date are also provided. A similar analysis for income is provided within Appendix 2, with the overall net expenditure position outlined within Appendix 3.
- 1.3** The Executive Director of Finance has delegated authority to transfer up to £100,000 between projects to correct any projected overspend that cannot be addressed through remedial action. Where this is not possible, or is insufficient to resolve the problem, a request for additional resources or a larger transfer may be submitted to the City Administration Committee.

2. Budget changes

Total budget changes

- 2.1** The net expenditure budget for the investment programme increased by £39.9m up to the end of period 4. During Period 5, 6, 7, and 8 there has been a net budget increase of £8.9m resulting in a total net budget increase for the year of £48.8m

Previously approved budget changes

- 2.2** The following adjustments have been approved and increase the gross expenditure budget by £18.5m and the gross income budget by £9.6m resulting in an increase to the net expenditure budget of £8.9m:
- 2.2.1** An increase to the gross expenditure budget of £4.2m in respect of a GCC contribution to the redevelopment of the Citizens Theatre. Prior approvals total £6.0m, £4m approved at the Executive Committee of 12 June 2014 with two further approvals of £1m respectively at the City Administration Committees of 22 February 2018 and 7 March 2019. To date £1.8m funding has been drawn down with this change representing the £4.2m residual balance;
- 2.2.2** An increase to the gross expenditure and income budgets of £3.528m in relation to Vacant and Derelict Land Fund (VDLF) funding for 2019/20. This was approved at City Administration Committee on 29 August 2019;
- 2.2.3** An increase to the gross expenditure and income budgets of £3.01m in relation to Town Centre Funding 2019/20 towards key deliverable activities linked to strategic Town Centre Renewal. This was approved at City Administration Committee on 29 August 2019;
- 2.2.4** An increase to the gross expenditure and income budgets of £0.5m in relation to the Seven Lochs (Wetland) project for the refurbishment and expansion of

Provanhall House. This was approved as part of the Easterhouse Town Centre Action Plan report at Executive Committee on 8 September 2016;

- 2.2.5 An increase to the gross expenditure and income budgets of £0.6m in relation to Scottish Natural Heritage funding to deliver the Claypits work elements within the Canal and North Gateway project. This was approved at City Administration Committee on 28 June 2018;
- 2.2.6 An increase to the gross expenditure budget of £4.66m in relation to City Deal project Metropolitan Glasgow Strategic Drainage Partnership (MGSDP). This change was approved at Executive Committee on 25 June 2015;
- 2.2.7 In addition, there have been a number of transfers, approvals and technical adjustments to expenditure and income approved under delegated authority by the Executive Director of Finance.

Budget approvals requested

- 2.3 The following adjustment requires approval by the City Administration Committee and increases the gross expenditure and income budget by £1.55m with no impact on the net expenditure budget;
 - 2.3.1 An increase to the gross expenditure and income budgets of £1.55m in relation to Scottish Water funding towards the Drumchapel Surface Water Management Plan (SWMP) element of the Metropolitan Glasgow Strategic Drainage Partnership (MGSDP) programme.

3. Summary financial position

- 3.1 Approved gross expenditure on the investment programme, net of payments in previous financial years, totals £633.9m. Probable outturn gross expenditure for 2019/20 totals £227.1m.
- 3.2 Approved direct income on the investment programme, net of receipts in previous financial years, totals £153.0m. Probable outturn direct income for 2019/20 totals £78.1m.
- 3.3 Actual gross expenditure in 2019/20 to period 8 totals £106.2m. Actual receipts directly related to specific projects, total £22.6m and general capital grant totals £46.8m.

4. Management of the programme

Financial performance

- 4.1 In net expenditure terms, the current forecast for the delivery of the approved programme is on target. Forecast gross expenditure highlights an underspend of £0.2m with gross income under recovered by £0.2m.

Physical progress

- 4.2 Actual gross expenditure in respect of the investment programme in 2019/20 to period 8 totals £106.2m, representing 46.8% of the £227.1m estimated total expenditure in the year. Individual service monitoring reports contain more detail on physical progress. The reports will be provided to the Finance and Audit Scrutiny Committee.

5 **Asset sales**

- 5.1** The council's investment programme is partly funded by the proceeds of asset sales which supports the delivery of major capital projects.
- 5.2** The asset sales target for the period 2019/20 to 2020/21 is £15.3m and has been profiled at £5.3m in 2019/20 and £10m in 2020/21. The target for 2019/20 has been exceeded with £5.4m achieved as at period 8. The target for 2020/21 will be reduced commensurately and updated once the final out-turn for 2019/20 is available.

6. **Recommendation**

The committee is asked to:

- 6.1** Approve the requested budget adjustments as detailed in paragraph 2.3;
- 6.2** Note that this report and all detailed monitoring statements will be referred to the Finance and Audit Scrutiny Committee.

GLASGOW CITY COUNCIL
INVESTMENT PROGRAMME GROSS EXPENDITURE 2019/20

	Budget/Probable Outturn					Probable Outturn Profile					Actual Gross Expenditure		
	Original Approved Gross Exp Budget	Approved Budget Movement	Revised Approved Gross Exp Budget	Total Gross Exp Probable Outturn	Variance (Under)/Over Budget	Previous Years Actual	2019/20	2020/21	2021/22	Future Years	Previous Years Actual	Actual to Period 08 2019/20 25-Oct-19	Cumulative to date
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>INVESTMENT PROGRAMME</u>													
CHIEF EXECUTIVE	2,500	0	2,500	2,500	0	35	715	1,750	0	0	35	298	333
GLASGOW LIFE	115,251	1,125	116,376	116,757	381	63,620	27,375	24,789	973	0	63,620	11,063	74,683
DEVELOPMENT & REGENERATION SERVICES	251,772	58,838	310,610	310,611	1	162,200	46,948	58,982	39,983	2,499	162,200	14,942	177,142
CITY DEAL	123,729	99,713	223,442	223,441	-1	117,059	44,418	57,433	4,531	0	117,059	27,404	144,463
EDUCATION SERVICES	480,690	44,975	525,665	525,665	0	419,683	30,736	48,123	26,811	312	419,683	17,919	437,602
NEIGHBOURHOODS AND SUSTAINABILITY	455,105	28,147	483,252	482,701	-551	358,166	35,414	53,423	15,892	19,806	358,166	11,559	369,725
SOCIAL WORK SERVICES	111,379	44,926	156,305	156,305	0	140,138	8,692	5,445	2,030	0	140,138	6,241	146,379
INSURANCE PROJECTS	570	13	583	584	1	580	4	0	0	0	580	4	584
TRANSFORMATION	203,040	3,430	206,470	206,471	1	129,871	32,807	23,479	4,410	15,904	129,871	16,809	146,680
TOTAL GROSS EXPENDITURE	1,744,036	281,167	2,025,203	2,025,035	-168	1,391,352	227,109	273,424	94,630	38,521	1,391,352	106,239	1,497,591

GLASGOW CITY COUNCIL
INVESTMENT PROGRAMME GROSS INCOME 2019/20

	Budget/Probable Outturn					Probable Outturn Profile					Actual Income		
	Original Approved Gross Inc Budget	Approved Budget Movement	Revised Approved Gross Inc Budget	Total Gross Inc Probable Outturn	Variance (Under)/ Over budget	Previous Years Actual	2019/20	2020/21	2021/22	Future Years	Previous Years Actual	Actual to Period 08 2019/20 25-Oct-19	Cumulative to date
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>INVESTMENT PROGRAMME</u>													
CHIEF EXECUTIVE	0	0	0	0	0	0	0	0	0	0	0	0	0
GLASGOW LIFE	51,897	1,058	52,955	53,336	381	26,084	8,251	17,293	1,708	0	26,084	1,322	27,406
DEVELOPMENT & REGENERATION SERVICES	62,931	14,650	77,581	77,581	0	48,001	22,851	5,202	1,527	0	48,001	3,531	51,532
CITY DEAL	90,282	14,473	104,755	104,755	0	70,247	22,100	12,408	0	0	70,247	390	70,637
EDUCATION SERVICES	56,771	11,686	68,457	68,441	-16	41,341	16,000	11,100	0	0	41,341	16,000	57,341
NEIGHBOURHOODS AND SUSTAINABILITY	94,146	25,179	119,325	118,783	-542	85,131	8,773	10,667	2,619	11,593	85,131	1,290	86,421
SOCIAL WORK SERVICES	7,070	-6,900	170	170	0	170	0	0	0	0	170	0	170
INSURANCE PROJECTS	0	0	0	0	0	0	0	0	0	0	0	0	0
TRANSFORMATION	21,000	-10,784	10,216	10,217	1	9,523	105	589	0	0	9,523	90	9,613
TOTAL DIRECT INCOME	384,097	49,363	433,459	433,283	-176	280,497	78,080	57,259	5,854	11,593	280,497	22,623	303,120
ASSET SALES	15,300	0	15,300	15,300	0	0	5,300	10,000	0	0	0	5,359	5,359
GENERAL CAPITAL GRANT	80,628	0	80,628	80,628	0	0	80,628	0	0	0	0	46,766	46,766
TOTAL INCOME	480,025	49,363	529,387	529,211	-176	280,497	164,008	67,259	5,854	11,593	280,497	74,748	355,245

GLASGOW CITY COUNCIL
INVESTMENT PROGRAMME NET EXPENDITURE 2019/20

	Budget/Probable Outturn					Probable Outturn Profile					Actual Net Expenditure		
	Original Approved Net Exp Budget	Approved Budget Movement	Revised Approved Net Exp Budget	Total Net Exp Probable Outturn	Variance (Under)/Over Budget	Previous Years Actual	2019/20	2020/21	2021/22	Future Years	Previous Years Actual	Actual to Period 08 2019/20 25-Oct-19	Cumulative to date
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
INVESTMENT PROGRAMME													
CHIEF EXECUTIVE	2,500	0	2,500	2,500	0	35	715	1,750	0	0	35	298	333
GLASGOW LIFE	63,354	67	63,421	63,421	0	37,536	19,124	7,496	-735	0	37,536	9,741	47,277
DEVELOPMENT & REGENERATION SERVICES	188,841	44,188	233,029	233,030	1	114,198	24,097	53,780	38,456	2,499	114,198	11,411	125,609
CITY DEAL	33,447	85,240	118,687	118,686	-1	46,812	22,318	45,025	4,531	0	46,812	27,014	73,826
EDUCATION SERVICES	423,919	33,289	457,208	457,224	16	378,342	14,736	37,023	26,811	312	378,342	1,919	380,261
NEIGHBOURHOODS AND SUSTAINABILITY	360,959	2,968	363,927	363,918	-9	273,035	26,641	42,756	13,273	8,213	273,035	10,269	283,304
SOCIAL WORK SERVICES	104,309	51,826	156,135	156,135	0	139,968	8,692	5,445	2,030	0	139,968	6,241	146,209
INSURANCE PROJECTS	570	13	583	584	1	580	4	0	0	0	580	4	584
TRANSFORMATION	182,040	14,214	196,254	196,254	0	120,348	32,702	22,890	4,410	15,904	120,348	16,719	137,067
TOTAL DIRECT NET EXPENDITURE	1,359,939	231,804	1,591,744	1,591,752	8	1,110,854	149,029	216,165	88,776	26,928	1,110,854	83,616	1,194,470
ASSET SALES	-15,300	0	-15,300	-15,300	0	0	-5,300	-10,000	0	0	0	-5,359	-5,359
GENERAL CAPITAL GRANT	-80,628	0	-80,628	-80,628	0	0	-80,628	0	0	0	0	-46,766	-46,766
TOTAL NET EXPENDITURE	1,264,011	231,804	1,495,816	1,495,824	8	1,110,854	63,101	206,165	88,776	26,928	1,110,854	31,491	1,142,345