



Glasgow City Council

City Administration Committee

Report by Councillor Allan Gow, City Treasurer

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Item 3

26th September 2019

BUDGET MONITORING 2019-20; PERIOD 6

Purpose of Report:

This report provides a summary of financial performance for the period 1 April 2019 to 30 August 2019.

Recommendations:

The City Administration Committee is asked to:

- i. approve the adjustments relating to the revenue budget at section 4 and section 8.4
- 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 30 August 2019.

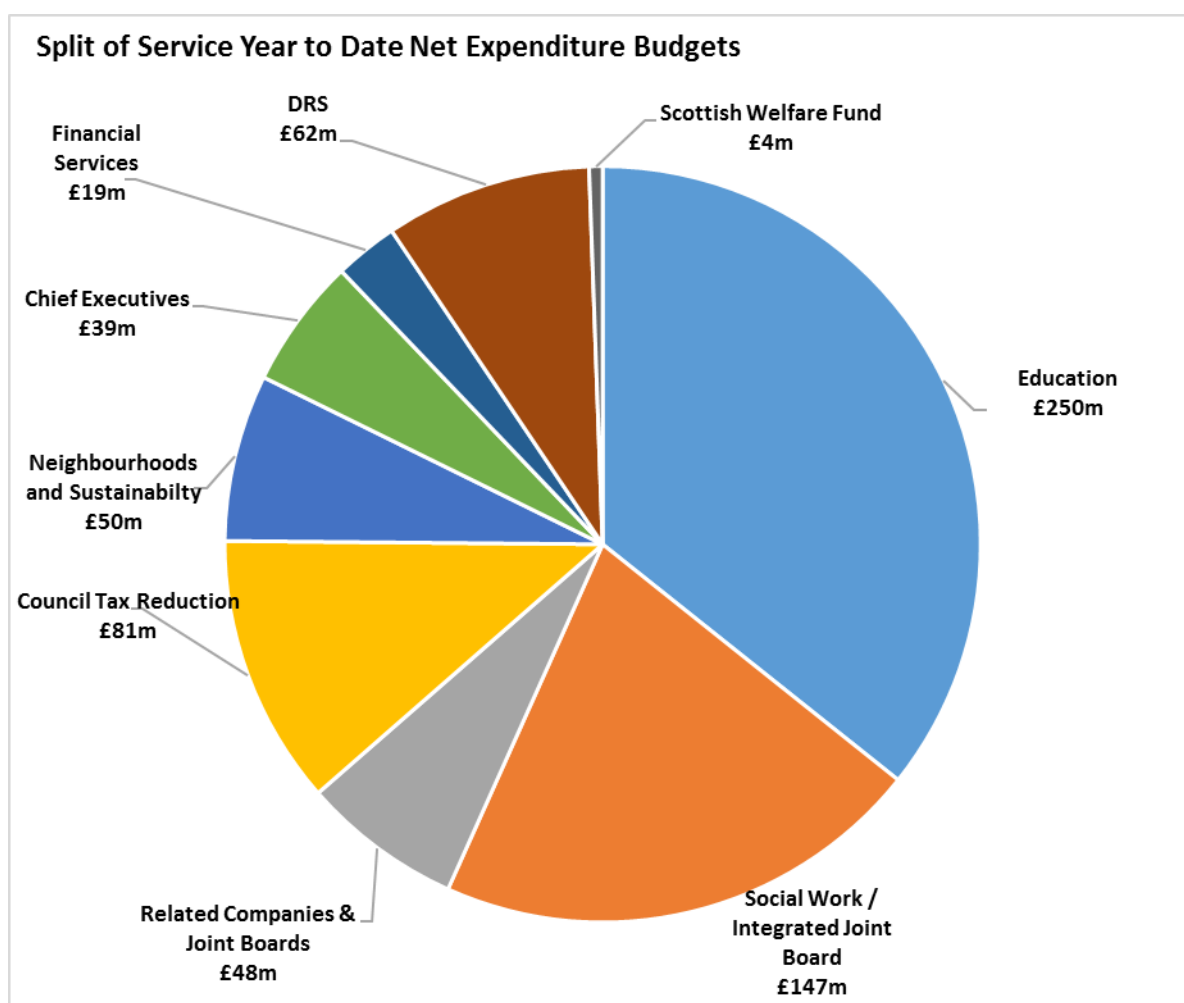
2. Reporting Format

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 6 are outlined in section 4, below.

4. Revenue Budget

- 4.1 During period 5 and 6 there has been a net budget increase of £3.0m resulting in a cumulative budget increase of £13.6m to date. Service specific budget changes are summarised in the paragraph below.
- 4.2 The significant budget changes since period 4 are as follows:
- 4.2.1 Expenditure budgets have increased within Chief Executive's Office and Financial Services by £2.3m to reflect the drawdown of previously approved carry forwards.
- 4.2.2 Expenditure budgets have increased within Education Services by £1.5m in respect of additional funding from the Scottish Government in relation to Probationers costs.
- 4.2.3 Income and expenditure budgets within Development and Regeneration Services have increased by £0.3m to reflect additional Scottish Government funding for the No One Gets Left Behind employability funding stream project.
- 4.2.4 Income and expenditure budgets within Education Services have increased by £1.0m to reflect additional Scottish Government funding in relation to No One Gets Left Behind employability funding stream project (£0.4m), additional Arts Council funding in relation to Youth Music Initiative (£0.4m) and additional Glasgow Chamber of Commerce funding in relation to Developing Young Workforce (0.2m).
- 4.2.5 Income and expenditure budgets within Financial Services have increased by £0.3m to reflect additional NHS funding for Money Matters and Money Advice Service (£0.2m) and additional funding in respect of various small grants from external sources (£0.1m).
- 4.2.6 Income and expenditure budgets within Neighbourhoods and Sustainability have increased by £0.2m to reflect additional Transport Scotland funding in relation to Low Emission Zones (£0.1m) and additional funding in relation to the Scottish Cities Alliance and other projects (£0.1m).
- 4.2.7 Income and expenditure budgets within Social Work Services have increased by £0.5m to reflect increased Health Board Resource Transfer.
- 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 At this stage of the year, the actual income expected to be collected from council tax is £290.6m in line with the approved budget.
- 5.1.2 The council tax collected to 31 August 2019 amounts to £118.4m. This represents 48.12% of the figure to be collected and is 0.38% ahead of last year's equivalent collection figure. The target rate of collection for Council Tax this year is 95.03%.

5.2 Non Domestic Rates

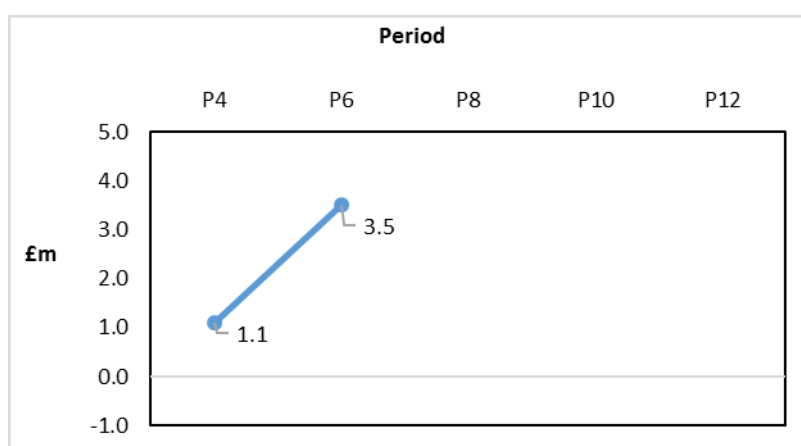
5.2.1 Non Domestic Rates income is allocated to councils as part of the local government settlement. The council retains all NDR it collects, however where this varies from the amount included within the Local Government settlement a commensurate increase or decrease is made to the general revenue grant 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 August 2019 amounts to £156.1m. This represents 40.92% of the figure to be collected and is 0.23% behind 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 100.7% of profile, representing an overspend of £3.5m. This reflects overspends within Development and Regeneration Services, Education Services and Neighbourhoods and Sustainability offset by savings within Financial Services.

6.2 Net Expenditure Position – budget variance:



7. Services

7.1 Development and Regeneration Services £0.9m

7.1.1 This reflects an overspend in the property and land services division due to overspends on rents, property repairs and utilities. Employee costs are also overspent mainly within Non Schools Catering and FM Services. These overspends are partly offset by an over recovery of income.

7.2 Education Services £1.8m

7.2.1 This reflects overspends in employee costs, transport and supplies and services offset by savings in Additional Support for Learning external placements.

7.3 Neighbourhoods and Sustainability £1.1m

- 7.3.1 This reflects lower income within refuse collection and lower parking income. The fall in the overall level of income received from waste recycling has also reduced the service's capacity to offset these pressures going forward. In addition, Community Safety is showing an overspend due to higher staff costs than anticipated.

7.4 Financial Services – Council Tax Reduction / Benefits Payments -£0.3m

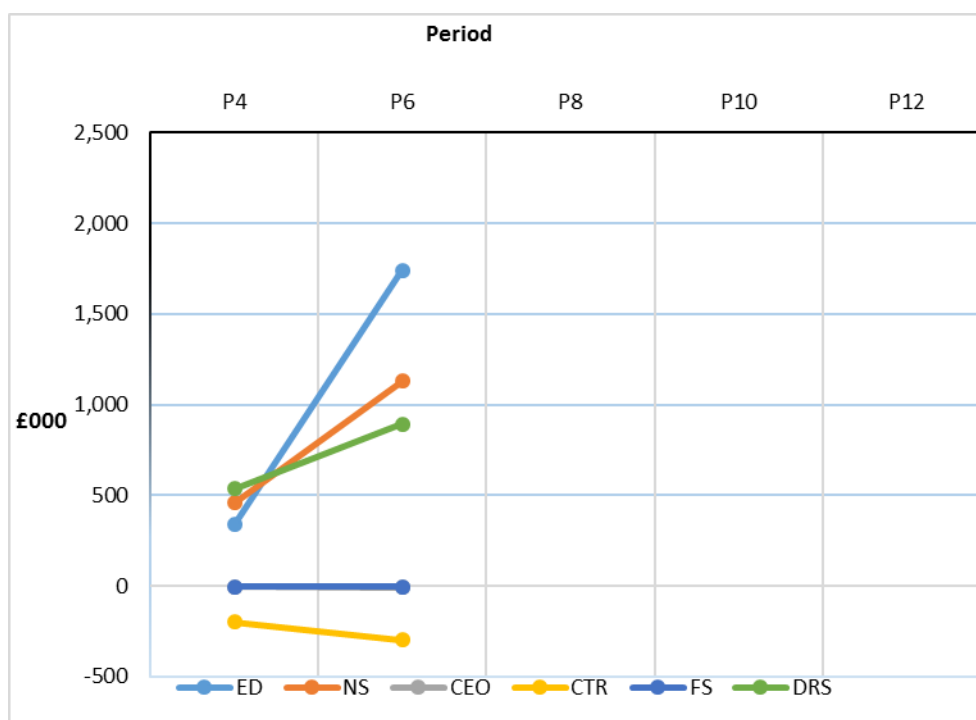
- 7.4.1 This reflects a lower level of commitment in respect of the Council Tax Reduction scheme.

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 6 Social Work Services is showing an overspend of £0.9m. This overspend is mainly within Homecare Services in Older People and is reflective of costs of services which have transferred from Cordia. There are also overspends within Adult Services which is offset by an underspend in Children and Families as a result of staff vacancies within the service.
- 8.4 The council and the IJB have considered the scale of the homecare overspend and propose that it is jointly funded in 2019-20 with a 50% contribution from the council. This is currently estimated at £2.35 million. This will also be added to the base budget in future years.

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 A full probable out-turn exercise will be undertaken for the next report scheduled for Period 8.

12. Recommendations

12.1 The City Administration Committee is asked to:

- (I) approve the adjustments relating to the revenue budget at section 4 and section 8.4
- (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 6 - 1 April 2019 to 30 August 2019

Measure	Status (Under or Over Budget Profile)	Period 6
Council Tax Income	On budget	
Council Tax Collection Rate	Ahead	+0.38%
Non Domestic Rates Collection Rate	Behind	-0.23%
General Fund Net Expenditure	Over	+£3.7m
<u>Service Departments:</u>		
Chief Executive's Office	On budget	
Development and Regeneration Services	Over	+£0.9m
Education Services	Over	+£1.8m
Financial Services	On budget	
Financial Services – Benefit Payments	Under	-£0.3m
Financial Services – Scottish Welfare Fund	On budget	
Neighbourhoods and Sustainability	Over	+£1.1m
		+£3.5m
Social Work Services	Over	+£0.9m

Glasgow City Council

Budget Monitoring 2019/20

Revenues - Income Monitoring and Cash Collection

Period to 30th August 2019

Council Tax

Income Monitoring	Estimate 2019/20 £000	Forecast Outturn 2019/20 £000	Variance £000
	290,599	290,599	0

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			0.00	56.51	
October			0.00	66.01	
November			0.00	75.10	
December			0.00	84.59	
January			0.00	91.02	
February			0.00	93.61	
March			0.00	0.00	

Total Cash to be Collected **246,047**
 (i.e. net of Council Tax Reduction etc)

Target collection in year (95.03%) **233,818**

Glasgow City Council

Budget Monitoring 2019/20

Revenues - Cash Collection

Period to 30th August 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			0.00	54.99	
October			0.00	64.69	
November			0.00	72.51	
December			0.00	80.68	
January			0.00	88.95	
February			0.00	96.32	
March			0.00	0.00	
Total Cash to be Collected		381,463			
Target collection in year (97.7%)		372,689			

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

PERIOD 6: 1 APRIL 2019 TO 30 AUGUST 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	1,206	90,730	Chief Executive's Office	40,631	40,639	1,899	1,898	38,732	38,741	-9
61,277	-5,340	55,937	Development & Regeneration Services	124,305	123,327	61,608	61,522	62,697	61,805	892 OVER
579,640	17,754	597,394	Education Services	259,463	257,993	7,832	8,102	251,631	249,891	1,740 OVER
38,606	485	39,091	Financial Services	23,590	23,594	4,505	4,505	19,085	19,089	-4
80,905	-188	80,717	Financial Services - Council Tax Reduction Scheme/Benefit Payments	220,050	220,348	139,656	139,656	80,394	80,692	-298
6,812	0	6,812	Financial Services - Scottish Welfare Fund	3,610	3,610	0	0	3,610	3,610	0
121,665	2,492	124,157	Neighbourhoods and Sustainability	78,492	78,520	27,122	28,279	51,370	50,241	1,129 OVER
101,457	95	101,552	Related Companies and Joint Boards	48,584	48,584	802	802	47,782	47,782	0
-52,094	-384	-52,478	Specific Grant	0	0	52,218	52,218	-52,218	-52,218	0
1,027,792	16,120	1,043,912	TOTAL	798,725	796,615	295,642	296,982	503,083	499,633	3,450 OVER

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

	4	6	8	10	12
Percentage	100.3%	100.7%			

NEIGHBOURHOODS AND SUSTAINABILITY - MANAGED SERVICES SUMMARY

PERIOD 6: 1 APRIL 2019 TO 30 AUGUST 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	1,357	1,242	1,357	1,242	0	0	0
0	0	0	TOTAL	1,357	1,242	1,357	1,242	0	0	0

Expenditure as a Percentage of Income to Date

	4	6	8	10	12
Percentage	100.0%	100.0%			

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

PERIOD 6: 1 APRIL 2019 TO 30 AUGUST 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	
428,804	229	429,033	Social Work Services	248,554	247,144	95,300	94,753	153,254	152,391	863 OVER
-15,161	0	-15,161	Specific Grant	0	0	5,054	5,054	-5,054	-5,054	0
0	0	0	Draw from LJB reserves	0	0	863	0	-863	0	-863
413,643	229	413,872	TOTAL	248,554	247,144	101,217	99,807	147,337	147,337	0

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

	4	6	8	10	12
Percentage	100.0%	100.0%			

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

Summary Expenditure and Income as at Period 6

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 SUSTAINABILTY</u>							
877	Area Operations	33,037	33,382	345	0	345	343	2
706	Transport	10,803	11,071	268	0	268	270	-2
1,583	TOTAL	43,840	44,453	613	0	613	613	0