

**Glasgow City Council****City Administration Committee****Report by Councillor Richard Bell, Depute Leader and City Treasurer and Convener for Financial Inclusion****Contact: Martin Booth Ext: 73837****Budget Monitoring: Investment Programme 2022/23 - 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 second quarter of 2022/23 (period 8, 21 October 2022). The overall Investment Programme comprises individual service programmes plus a council-wide Transformation programme.
- 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 2022/23 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 £500,000 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 £1.570m up to the end of quarter 2.

Previously approved budget changes

- 2.2** The following adjustments have been approved and increase the gross expenditure budget by £4.856m and increase the gross income budget by £4.286m resulting in an increase to the net expenditure budget of £0.570m:
- 2.2.1** An increase to the gross expenditure and income budgets of £2.159m in relation to Scottish Government funding for the Vacant and Derelict Land Fund (VDLF) 2022/23. This was approved by City Administration Committee on 4 August 2022;
- 2.2.2** An increase to the gross expenditure and income budgets of £0.925m in relation to Scottish Government funding from the Vacant and Derelict Land Investment Programme (VDLIP) 2022/23 for the Hamiltonhill Green Infrastructure project. This was approved by City Administration Committee on 4 August 2022;
- 2.2.3** An increase to the gross expenditure and income budgets of £0.670m in relation to Scottish Government funding from the Vacant and Derelict Land Investment Programme (VDLIP) 2022/23 for the Seven Lochs Wetland project. This was approved by City Administration Committee on 4 August 2022;
- 2.2.4** 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 adjustments require approval by the City Administration Committee and increase the gross expenditure budget by £1m, resulting in an increase to the net expenditure budget of £1m;
- 2.3.1 A transfer of £2.2m gross expenditure budget from the Education Estate Investment (2017-21) programme to support the St Pauls High School project;
- 2.3.2 A transfer of £2m gross expenditure budget from the Community Asset Fund programme and application of £1m prudential borrowing to support the Kelvinhall Film and TV Studio project.

3 Summary financial position

- 3.1 Approved gross expenditure on the investment programme, net of payments in previous financial years, totals £608.292m. Probable outturn gross expenditure for 2022/23 totals £201.997m.
- 3.2 Approved direct income on the investment programme, net of receipts in previous financial years, totals £138.185m. Probable outturn direct income for 2022/23 totals £75.190m.
- 3.3 Actual gross expenditure in 2022/23 to period 8 totals £75.220m. Actual receipts directly related to specific projects, total £13.616m and general capital grant totals £43.999m.

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 a nil variance with gross income over recovered by £0.029m.

Physical progress

- 4.2 Actual gross expenditure in respect of the investment programme in 2022/23 to period 8 totals £75.220m, representing 37% of the £201.997m 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 £13.9m balance of targeted asset sales remains forecast to be achieved. The profile of expected receipts is £6m in 2022/23 and £7.9m in 2023/24. Asset sales received up to the end of Quarter 2 of 2022/23 were £0.8m.

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 2022/23**

	Budget/Probable Outturn					Probable Outturn Profile					Actual Gross Expenditure		
	Original Approved Gross Exp Budget	Revised Approved Gross Exp Budget Movement	Total Approved Gross Exp Probable Outturn	Gross Exp (Under)/Over Budget	Variance	Previous Years Actual	2022/23	2023/24	2024/25	Future Years	Previous Years Actual	Actual to Period 8 2022/23 21-Oct-22	Cumulative to date
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>INVESTMENT PROGRAMME</u>													
CHIEF EXECUTIVE	500	0	500	500	0	333	167	0	0	0	333	0	333
GLASGOW LIFE	115,191	4,579	119,770	119,770	0	116,725	2,404	370	271	0	116,725	693	117,418
NEIGHBOURHOODS, REGENERATION AND SUSTAINABILITY	838,742	122,062	960,804	960,804	0	540,642	110,042	177,179	94,609	38,332	540,642	37,737	578,379
CITY DEAL	125,594	205,196	330,790	330,790	0	241,438	41,018	32,955	15,379	0	241,438	12,891	254,329
EDUCATION SERVICES	412,618	39,802	452,420	452,420	0	404,108	31,891	11,621	4,800	0	404,108	16,608	420,716
SOCIAL WORK SERVICES	135,879	46,943	182,822	182,822	0	153,495	5,548	3,929	19,850	0	153,495	2,071	155,566
INSURANCE PROJECTS	0	0	0	0	0	0	0	0	0	0	0	0	0
TRANSFORMATION	106,000	636	106,636	106,636	0	88,709	10,927	3,500	3,500	0	88,709	5,220	93,929
TOTAL GROSS EXPENDITURE	1,734,524	419,218	2,153,742	2,153,742	0	1,545,450	201,997	229,554	138,409	38,332	1,545,450	75,220	1,620,670

**GLASGOW CITY COUNCIL
INVESTMENT PROGRAMME GROSS INCOME 2022/23**

	Budget/Probable Outturn					Probable Outturn Profile					Actual Income		
	Original Approved Gross Inc Budget	Revised Approved Gross Inc Budget Movement	Total Gross Inc Probable Budget	Variance Gross Inc (Under)/ Over budget		Previous Years Actual	2022/23	2023/24	2024/25	Future Years	Previous Years Actual	Actual to Period 8 2022/23 21-Oct-22	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	4,512	56,409	56,409	0	42,508	13,901	0	0	0	42,508	9	42,517
NEIGHBOURHOODS, REGENERATION AND SUSTAINABILITY	165,544	54,856	220,400	220,400	0	156,164	39,788	17,272	4,932	2,244	156,164	13,075	169,239
CITY DEAL	86,102	143,817	229,919	229,919	0	170,512	20,831	38,576	0	0	170,512	48	170,560
EDUCATION SERVICES	53,743	13,864	67,607	67,636	29	66,966	670	0	0	0	66,966	484	67,450
SOCIAL WORK SERVICES	7,070	(6,185)	885	885	0	885	0	0	0	0	885	0	885
INSURANCE PROJECTS	0	0	0	0	0	0	0	0	0	0	0	0	0
TRANSFORMATION	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL DIRECT INCOME	364,356	210,864	575,220	575,249	29	437,035	75,190	55,848	4,932	2,244	437,035	13,616	450,651
ASSET SALES	17,400	0	17,400	17,400	0	3,504	6,000	7,896	0	0	3,504	782	4,286
GENERAL CAPITAL GRANT	50,794	132	50,926	50,926	0	0	50,926	0	0	0	0	43,999	43,999
TOTAL INCOME	432,550	210,996	643,546	643,575	29	440,539	132,116	63,744	4,932	2,244	440,539	58,397	498,936

**GLASGOW CITY COUNCIL
INVESTMENT PROGRAMME NET EXPENDITURE 2022/23**

	Budget/Probable Outturn					Probable Outturn Profile					Actual Net Expenditure		
	Original Approved Net Exp Budget	Revised Approved Budget Movement	Total Revised Approved Net Exp Budget	Net Exp Probable Outturn	Variance (Under)/ Over Budget	Previous Years Actual	2022/23	2023/24	2024/25	Future Years	Previous Years Actual	Actual to Period 8 2022/23 21-Oct-22	Cumulative to date
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>INVESTMENT PROGRAMME</u>													
CHIEF EXECUTIVE	500	0	500	500	0	333	167	0	0	0	333	0	333
GLASGOW LIFE	63,294	67	63,361	63,361	0	74,217	(11,497)	370	271	0	74,217	684	74,901
NEIGHBOURHOODS, REGENERATION AND SUSTAINABILITY	673,198	67,206	740,404	740,404	0	384,478	70,254	159,907	89,677	36,088	384,478	24,662	409,140
CITY DEAL	39,492	61,379	100,871	100,871	0	70,926	20,187	(5,621)	15,379	0	70,926	12,843	83,769
EDUCATION SERVICES	358,875	25,938	384,813	384,784	(29)	337,142	31,221	11,621	4,800	0	337,142	16,124	353,266
SOCIAL WORK SERVICES	128,809	53,128	181,937	181,937	0	152,610	5,548	3,929	19,850	0	152,610	2,071	154,681
INSURANCE PROJECTS	0	0	0	0	0	0	0	0	0	0	0	0	0
TRANSFORMATION	106,000	636	106,636	106,636	0	88,709	10,927	3,500	3,500	0	88,709	5,220	93,929
TOTAL DIRECT NET EXPENDITURE	1,370,168	208,354	1,578,522	1,578,493	(29)	1,108,415	126,807	173,706	133,477	36,088	1,108,415	61,604	1,170,019
ASSET SALES	(17,400)	0	(17,400)	(17,400)	0	(3,504)	(6,000)	(7,896)	0	0	(3,504)	(782)	(4,286)
GENERAL CAPITAL GRANT	(50,794)	(132)	(50,926)	(50,926)	0	0	(50,926)	0	0	0	0	(43,999)	(43,999)
TOTAL NET EXPENDITURE	1,301,974	208,222	1,510,196	1,510,167	(29)	1,104,911	69,881	165,810	133,477	36,088	1,104,911	16,823	1,121,734