



Glasgow City Council

Executive Committee

Summary Report by the Director of Financial Services

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Budget Monitoring: Investment Programme 2006/07 - Quarter 3

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 third quarter 2006/07, (period 10, 3rd January 2007). The overall Investment Programme comprises the main Capital Programme, together with the Repairs & Renewals and Access Glasgow Programmes.
- 1.2** The capital monitoring statements for individual services that follow provide detailed information on each services capital projects. The financial performance, physical progress and appropriate action for each major project within individual services are highlighted. Fifty-one major projects account for 75% of the total approved main capital programme expenditure.
- 1.3** There is no requirement for detailed quarterly reports in respect of Chief Executives and Financial Services as each service only has a single project within the Capital Programme, neither of which has any issues giving cause for concern.
- 1.4** The Financial Services Policy Development & Scrutiny Committee will monitor and review the financial performance and physical progress of the overall programme, with delays in physical progress often having financial implications. The appropriate Policy Development & Scrutiny Committee will further examine individual service reports. The Director of Financial Services has delegated authority to vire up to £100,000 between projects to correct any projected overspend that cannot be addressed through remedial action. Where this is not possible, or insufficient to resolve the problem, a request for additional resources or a larger virement, may be submitted to the Executive Committee.
- 1.5** 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 2006/7 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.

2. Budget Changes

2.1 Capital Programme

During periods 9 and 10, total gross expenditure budget for the main capital programme was increased by £43.0m. The total income budget was increased by £6.4m, an increase in overall net expenditure of £36.6m.

2.2 These budget changes comprise the following:-

- 1) Increase in gross expenditure of £43.0m, partially offset by increased income of £7.3m, approved by the Executive Committee in respect of the following projects:-
 - Broomielaw / Tradeston pedestrian bridge, following the Executive Committee's approval of bridge and public realm contracts, approved gross expenditure has been increased by £17.8m, partially offset by increased income of £7.3m. This brings the estimated cost to £28.6m and estimated income to £12.0m.
 - £15m for QD2 development being undertaken by Scottish Exhibition Centre Limited.
 - £4m to allow continued design development for the National Indoor Arena.
 - £2m to facilitate land acquisition in connection with the East End Regeneration Route.
 - £1.8m towards Phase 4 of the Pre 12 Education Strategy to appoint Anderson, Bell & Christie as lead consultant for Govan Campus, Ruchill Campus and Tinto Primary School.
 - £1.3m prudential borrowing to enhance Scotstoun Leisure Centre. This will be financed by increased income.
 - £630k to enable final settlements for Easterhouse Cultural Campus.
 - £400k prudential borrowing approved for Pollok Civic Realm on 18th August 2006. This will be financed by increased rental income.
- 2) Reduction in income and expenditure budgets of the Shipbuilding Task Force by £2.8m reflecting exclusion of project elements being undertaken by third parties.
- 3) Existing budgets for Toryglen Attenuation within Development & Regeneration Services capital programme have been consolidated into a single project.
- 4) Increases in income and expenditure budgets of £1.9m arising from additional external funding secured for the following projects:-
 - £678k towards Vacant & Derelict Land from the Scottish Executive 2007/8 grant (£540k) and ERDF (£138k).
 - £650k from Communities Scotland towards Pollok Civic Realm.
 - £230k recovered from various businesses in respect of Finnieston Bridge (Clyde Arc).
 - £105k towards East End Regeneration Infrastructure from South Lanarkshire Council (£45k), Scottish Enterprise Lanarkshire (£45k) and The Green Network (£15k).
 - £90k from Scottish Enterprise Glasgow towards Laurieston Masterplan.
 - £72k towards Townscape Heritage Phase 2, £39k granted by Merchant City Townscape Heritage and £33k recoverable from Historic Scotland.
 - £36k towards Lighting Strategy Phase 2 from Iguzzini Illuminazione (£16k), Merchant City Initiative (£10k) and Cart Greenspace (£10k).
 - £28k from Merchant City Townscape Heritage towards Merchant City & City Centre Public Realm.
 - £26k Westrans grant towards the Public Transport Fund.
- 5) Ruchill Sustainable Urban Drainage System has been separated from the Glasgow North Canal Restoration project with expenditure and income budgets of £1.4m and £700k respectively.

- 6) Virement of £850k from within Land Services existing capital programme to facilitate the strengthening of Cardonald Place Road Bridge approved by the Executive Committee on 27th October 2006.
- 7) £500k provision to allow demolition of premises under statutory obligation or to provide a cleared site for disposal and capital receipt.
- 8) M74 Blight project has been transferred from Land Services to Development & Regeneration Services.
- 9) Development & Regeneration Services budgets towards pontoon provision at Pacific Quay have been consolidated and transferred to a new project within Land Services capital programme.
- 10) Increase provision for Insurance projects of £196k across a number of incidents. North West Social Work Headquarters accounts for £95.2k of this sum.
- 11) Cultural & Leisure Services has committed £150k from 2007/08 revenue towards upgrading the leisure centre roof. This forms part of the Pollok Civic Realm construction contract.
- 12) The Director of Financial Services has approved virement of £50k from Life Long Learning towards the Mitchell Library Refurbishment to consolidate IT refreshment expenditure within the refurbishment project.
- 13) The Central Area Committee approved expenditure of £8k towards winter illumination of Royal Exchange Square under Phase 2 of the Lighting Strategy.

2.2 Repairs & Renewals Programme

Since last reported, £1m has been allocated towards City Chambers refurbishment and £15k towards Christmas Lights, bringing approved expenditure to £20.5m.

2.3 Access Glasgow Programme

Since last reported, £22k has been allocated to exploring the viability of developing a grants administration system, bringing approved gross expenditure to £63.8m. Approved income for the Access Glasgow Programme remains £2.4m.

3. Summary Position

3.1 Capital Programme

The capital programme reflects expenditure to date and expected spend over future years. The total approved gross expenditure on the main capital programme, including commitments from previous years, totals £942.2m. Probable outturn gross expenditure for 2006/07 totals £184.0m.

- 3.2 The total approved direct income on the main capital programme, including commitments from previous years, totals £392.3m. Probable outturn direct income for 2006/07 totals £78.7m.

- 3.3 Actual gross expenditure in 2006/07 to period 10 totals £103.6m. Actual receipts, directly related to specific projects, total £32.8m.

Repairs & Renewals and Access Glasgow Programmes

- 3.4 The approved gross expenditure for the Repairs & Renewals and Access Glasgow Programmes is £20.5m and £63.7m respectively. Probable outturn gross expenditure for 2006/07 is £1.2m and £13.0m, and actual gross expenditure in 2006/07 to period 10 is £0.9m and £6.9m respectively.
- 3.5 The approved income for the Access Glasgow Programme is £2.4m. Probable outturn income for 2006/07 is £0.3m. £67k has been received in the year to date.

4. Management of the Programme

4.1 Financial Performance

The current forecast for the delivery of the approved programmes is £0.2m below the total approved programme net expenditure. Forecast gross expenditure is £0.2m below budget.

- 4.2 Cultural and Leisure Services, Education Services and Environmental Protection Services are each projecting a net underspend of £0.1m. There is a projected net overspend in Development and Regeneration Services of £0.1m. These variances are reported in detail within the individual service monitoring reports.

4.3 Physical Progress

Actual gross expenditure in respect of the main capital programme in 2006/07 to period 10 totals £103.6m or 56% of the total estimated spend in the year (£184.0m). Physical progress is reported in more detail within the individual service monitoring reports.

5. Receipts From Asset Sales

5.1 Introduction

The Council's capital programme is supported by asset sale receipts. In addition, there are a number of receipts specifically earmarked to provide funding for the Pre-12s Strategy. Receipts from extraordinary asset sales contribute to the Council's Capital Fund, which supports the delivery of major capital projects.

5.2 General Receipts

The approved receipts from general asset sales target is £57.4m for the three-year period 2006-09. Current year receipts are likely to exceed the original estimate and the profile has been adjusted accordingly. The revised profile is:-

2006/07	£25.0m
2007/08	£20.8m
2008/09	£11.6m

- 5.3 Actual general receipts to period 10 total £9.9m, or 40% of the probable outturn for the year. Although some negotiations have yet to be concluded, the revised estimate for general receipts of £25.0m should be achieved this year.

5.4 The estimated value of properties being marketed exceeds the receipts target for the period 2006-09 and it is anticipated that the overall three-year target of £57.4m will be achieved.

5.5 Pre-12s Receipts Summary

The funding framework for the approved Pre-12s Strategy includes £28.1m of receipts from the sale of surplus assets through the rationalisation of the school estate. Negotiations for sale of a number of properties are underway with some possibly concluding by the end of this financial year.

5.6 Extraordinary Receipts Summary

In addition to the general asset sale receipts, £56m is anticipated from extraordinary asset sales. £11.1m has been received this year to date. Although negotiations are ongoing, further sales are unlikely this financial year. The revised profile is:-

2006/07	£11.1m
2007/08	£22.0m
2008/09 & beyond	£22.9m

6. Significant Issues

6.1 The following points, extracted from the detailed reports, are highlighted as significant issues:

- 1) The forecast out turn for Kelvingrove remains in line with budget, although the construction and fit out contractor's final accounts have yet to be agreed.
- 2) The land acquisition programme for the M74 completion is being accelerated. A request for further funding to meet the full projected spend profile will be required for 2006/07 and future years.
- 3) The construction tender for Riverside Museum exceeded the amount allocated within the project cost plan. The Executive Committee has approved the appointment of HBG Construction for Pre Contract Construction Services. The design team and contractor are attempting to return the overall project cost to budget. If this is not achieved, in order to proceed with the project, a request for further resources will be made to Committee.
- 4) Pointhouse Quay Wall Renewal is required to enable Riverside Museum site work to commence. The quay wall contract has been awarded with completion anticipated in September 2007. Options for simultaneous site work are being explored in order to minimise additional costs arising from the delay to Riverside construction.

7. Recommendation

The Committee is asked to:

- 1) Note the detailed budget adjustments, and
- 2) Note that this report and all detailed monitoring statements will be referred to the Financial Services Policy Development and Scrutiny Committee and that individual monitoring statements will be referred to each service Policy Development and Scrutiny Committee automatically
- 3) Otherwise note the content of the report.

GLASGOW CITY COUNCIL
INVESTMENT PROGRAMME GROSS EXPENDITURE 2006/2007

	Budget/Probable Outturn					Probable Outturn Profile				Actual Gross Expenditure		
	Total Approved Gross Exp Budget	Approved Budget Movement	Revised Approved Gross Exp Budget	Total Gross Exp Probable Outturn	Variance (Under)/Over Budget	Previous Years Actual	2006/07	2007/08	2008/09	Previous Years Actual	Actual to Period 10 2006/07 03-Jan-07	Cumulative to date
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>CAPITAL PROGRAMME</u>												
BUILDING SERVICES	0	0	0	0	0	0	0	0	0	0	0	0
CHIEF EXECUTIVES	193	0	193	193	0	116	77	0	0	116	77	193
CULTURAL & LEISURE SERVICES	227,796	10,090	237,886	237,750	-136	100,536	24,157	48,251	64,806	100,536	12,560	113,096
DEVELOPMENT & REGENERATION SERVICES	233,798	-4,256	229,542	229,623	81	81,728	28,596	84,348	34,951	81,728	10,881	92,609
DIRECT & CARE SERVICES	1,279	0	1,279	1,279	0	1,011	268	0	0	1,011	177	1,188
EDUCATION SERVICES	254,235	5,743	259,978	259,933	-45	77,771	80,080	72,405	29,677	77,771	52,590	130,361
FINANCIAL SERVICES	2,779	-50	2,729	2,729	0	616	0	500	1,613	616	0	616
LAND SERVICES (Parks & Open Spaces)	26,990	829	27,819	27,819	0	21,755	2,935	3,129	0	21,755	1,497	23,252
LAND SERVICES (Roads)	145,040	528	145,568	145,567	-1	81,912	35,033	25,313	3,309	81,912	19,532	101,444
ENVIRONMENTAL PROTECTION SERVICES	3,120	25	3,145	3,003	-142	490	2,473	40	0	490	1,699	2,189
SOCIAL WORK SERVICES	29,430	61	29,491	29,490	-1	15,365	6,896	7,229	0	15,365	3,797	19,162
INSURANCE PROJECTS	4,280	288	4,568	4,574	6	1,059	3,515	0	0	1,059	801	1,860
TOTAL CAPITAL PROGRAMME	928,940	13,258	942,198	941,960	-238	382,359	184,030	241,215	134,356	382,359	103,611	485,970
REPAIRS & RENEWALS PROGRAMME	20,483	0	20,483	20,483	0	18,617	1,216	650	0	18,617	883	19,500
ACCESS GLASGOW PROGRAMME	61,862	1,899	63,761	63,760	-1	37,508	12,983	3,372	9,897	37,508	6,888	44,396
TOTAL GROSS EXPENDITURE	1,011,285	15,157	1,026,442	1,026,203	-239	438,484	198,229	245,237	144,253	438,484	111,382	549,866

GLASGOW CITY COUNCIL
INVESTMENT PROGRAMME GROSS INCOME 2006/2007

	Budget/Probable Outturn					Probable Outturn Profile				Actual Income		
	Total Approved Gross Inc Budget	Approved Budget Movement	Revised Approved Gross Inc Budget	Total Gross Inc Probable Outturn	Variance (Under)/ Over budget	Previous Years Actual	2006/07	2007/08	2008/09	Previous Years Actual	Actual to Period 10 2006/07 03-Jan-07	Cumulative to date
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>CAPITAL PROGRAMME</u>												
BUILDING SERVICES	0	0	0	0	0	0	0	0	0	0	0	0
CHIEF EXECUTIVES	0	0	0	0	0	0	0	0	0	0	0	0
CULTURAL & LEISURE SERVICES	92,346	-792	91,554	91,557	3	42,372	16,009	10,537	22,639	42,372	3,766	46,138
DEVELOPMENT & REGENERATION SERVICES	154,492	-5,824	148,668	148,602	-66	54,954	25,443	47,545	20,660	54,954	11,963	66,917
DIRECT & CARE SERVICES	0	0	0	0	0	0	0	0	0	0	0	0
EDUCATION SERVICES	84,532	-13,244	71,288	71,288	0	13,979	16,677	27,527	13,105	13,979	8,145	22,124
FINANCIAL SERVICES	0	0	0	0	0	0	0	0	0	0	0	0
LAND SERVICES (Parks & Open Spaces)	15,766	254	16,020	16,019	-1	14,499	1,495	25	0	14,499	882	15,381
LAND SERVICES (Roads)	59,856	-4,878	54,978	54,979	1	30,206	15,558	7,855	1,360	30,206	6,767	36,973
ENVIRONMENTAL PROTECTION SERVICES	793	-12	781	781	0	118	663	0	0	118	10	128
SOCIAL WORK SERVICES	9,144	-154	8,990	8,990	0	4,122	2,850	2,018	0	4,122	1,263	5,385
INSURANCE PROJECTS	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL CAPITAL PROGRAMME	416,929	-24,650	392,279	392,216	-63	160,250	78,695	95,507	57,764	160,250	32,796	193,046
REPAIRS & RENEWALS PROGRAMME	0	0	0	0	0	0	0	0	0	0	0	0
ACCESS GLASGOW PROGRAMME	4,095	-1,743	2,352	2,364	12	2,019	345	0	0	2,019	67	2,086
TOTAL DIRECT INCOME	421,024	-26,393	394,631	394,580	-51	162,269	79,040	95,507	57,764	162,269	32,863	195,132
General Asset Sales	0	57,361	57,361	57,361	0	0	25,000	20,757	11,604	0	9,947	9,947
TOTAL INCOME	421,024	30,968	451,992	451,941	-51	162,269	104,040	116,264	69,368	162,269	42,810	205,079

GLASGOW CITY COUNCIL
INVESTMENT PROGRAMME NET EXPENDITURE 2006/2007

	Budget/Probable Outturn					Probable Outturn Profile				Actual Net Expenditure		
	Total Approved Net Exp Budget	Approved Budget Movement	Revised Approved Net Exp Budget	Total Net Exp Probable Outturn	Variance (Under)/Over budget	Previous Years Actual	2006/07	2007/08	2008/09	Previous Years Actual	Actual to Period 10 2006/07 03-Jan-07	Cumulative to date
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>CAPITAL PROGRAMME</u>												
BUILDING SERVICES	0	0	0	0	0	0	0	0	0	0	0	0
CHIEF EXECUTIVES	193	0	193	193	0	116	77	0	0	116	77	193
CULTURAL & LEISURE SERVICES	135,450	10,882	146,332	146,193	-139	58,164	8,148	37,714	42,167	58,164	8,794	66,958
DEVELOPMENT & REGENERATION SERVICES	79,306	1,568	80,874	81,021	147	26,774	3,153	36,803	14,291	26,774	-1,082	25,692
DIRECT & CARE SERVICES	1,279	0	1,279	1,279	0	1,011	268	0	0	1,011	177	1,188
EDUCATION SERVICES	169,703	18,987	188,690	188,645	-45	63,792	63,403	44,878	16,572	63,792	44,445	108,237
FINANCIAL SERVICES	2,779	-50	2,729	2,729	0	616	0	500	1,613	616	0	616
LAND SERVICES (Parks & Open Spaces)	11,224	575	11,799	11,800	1	7,256	1,440	3,104	0	7,256	615	7,871
LAND SERVICES (Roads)	85,184	5,406	90,590	90,588	-2	51,706	19,475	17,458	1,949	51,706	12,765	64,471
ENVIRONMENTAL PROTECTION SERVICES	2,327	37	2,364	2,222	-142	372	1,810	40	0	372	1,689	2,061
SOCIAL WORK SERVICES	20,286	215	20,501	20,500	-1	11,243	4,046	5,211	0	11,243	2,534	13,777
INSURANCE PROJECTS	4,280	288	4,568	4,574	6	1,059	3,515	0	0	1,059	801	1,860
TOTAL CAPITAL PROGRAMME	512,011	37,908	549,919	549,744	-175	222,109	105,335	145,708	76,592	222,109	70,815	292,924
REPAIRS & RENEWALS PROGRAMME	20,483	0	20,483	20,483	0	18,617	1,216	650	0	18,617	883	19,500
ACCESS GLASGOW PROGRAMME	57,767	3,642	61,409	61,396	-13	35,489	12,638	3,372	9,897	35,489	6,821	42,310
TOTAL DIRECT NET EXPENDITURE	590,261	41,550	631,811	631,623	-188	276,215	119,189	149,730	86,489	276,215	78,519	354,734
General Asset Sales	0	-57,361	-57,361	-57,361	0	0	-25,000	-20,757	-11,604	0	-9,947	-9,947
TOTAL NET EXPENDITURE	590,261	-15,811	574,450	574,262	-188	276,215	94,189	128,973	74,885	276,215	68,572	344,787