SUBMISSION FROM GLASGOW CITY COUNCIL

1.1 This response outlines comments, as requested, on key areas of consideration by the Scottish Parliament Local Government and Regeneration Committee on the Spending Review and Draft Budget.

2.0 Three Year Settlement

2.1 The Committee requested comments on how helpful the 3 year settlement is for our budget planning and management.

2.2 It is extremely helpful to have a 3 year settlement to support financial planning beyond the next year; however local authorities need their individual financial figures which will not be available until December 2011. This means that Councils only have around 6 weeks to finalise budgets for 2012-2013.

2.3 For a number of years, local authorities have been accustomed to receiving individual 3 year figures and it was difficult when, for 2011-2012, only one year’s figures were provided. It is our expectation that detailed figures for 2012-2015 will be provided in December 2011.

3.0 Community Planning Partnership and Single Outcome Agreement

3.1 A three year settlement is also helpful for community planning purposes and the change fund proposals offer an opportunity to focus attention on priority areas and preventative spend and early intervention; however the detail of how these funds are to be managed and governed has not yet been finalised. We require further detail to comment fully on the opportunities and challenges this approach presents.

3.2 The Council has commented previously, in a survey response to the Scottish Parliament’s Finance Committee, that it would welcome greater consistency in financial planning across the public sector and longer term budgets that provide some medium term clarity for partners.

Single Outcome Agreement

3.3 New or refreshed guidance on the SOA requirements for this parliamentary term is also expected and it is difficult to comment on the impact of the spending review on the SOA requirements without this guidance. The Change Fund approach will have an impact. It underpins work already underway with the Partnership and we comment at 7.3 below.
Relations with Partners including the Private and Third Sector

3.4 Over the last year the Council has been working with the private sector and others through our Joint Economic Commission to position the city for recovery in the current economic climate. It has agreed a number of priorities:

- Engaging with Glasgow’s private sector leaders
- Focus on growing the city’s economy and especially the private sector/key growth sectors which include:
  - low carbon industries;
  - engineering, design and manufacturing;
  - life sciences;
  - financial and business services;
  - tourism and events.
  - Global trade and the promotion of Glasgow and its key sector ambitions via the
    - creation of an “in-Glasgow” investment team.
- Connectivity to national and international markets including: the reinstatement of the air route development fund; quick resolution over airport ownership; revision of the airport’s surface access plan; digital connectivity and the extension of super-fast broadband; promotion of the case to include Scotland from the outset in the delivery of a UK HSR network; Fastlink.
- Innovative funding of infrastructure investments: lever investment and generate employment using TIF and BID in the city centre; accelerated development zone to progress Fastlink and mechanisms to deliver IFSD 2;
- Raise our ambitions: further and higher education in support of key sectors; skills to aid the growth ambitions of the key sectors.

3.5 The spending review presents the city with some challenges in working with private sector partners and others to realise the ambitions of the Joint Economic Commission. There is a challenge going forward on how we fund capital projects innovatively in the context of the budget and, reducing capital grants for local authorities and the current penalties. See paragraph 8.6.

3.6 In light of the Spending Review and Budget, the Council will continue to work with the Third Sector to deliver local services, both funded and commissioned, in the most effective and efficient way. It is working currently with the sector to consider areas for improvement and reform. For example, the Third Sector is a partner in the city’s approach to delivering the Change Fund on Shaping Services for Older People. It will be involved in the One Glasgow approach, including how the city delivers outcomes with reduced resources and innovates using the new change funds. We have already introduced an Integrated Grants Scheme to make the funding of local groups and organisations more transparent and to streamline application processes and the pooling of funding streams.
4.0 How to Evaluate Achievements on Outcomes

4.1 The Community Planning Partnership in Glasgow has focussed on early intervention since February 2010 as a driver for community planning spend and priorities. All community planning spend is assessed against this priority.

4.2 In addition over 2011, core community planning partners have established a ‘One Glasgow’ approach – a place based approach to budgeting and public sector reform. It has reviewed and demonstrated how the Council, GHA, NHSGCC, Strathclyde Police and Strathclyde Fire and Rescue and DWP/Jobcentreplus in partnership can maintain or improve outcomes in the city, while delivering services with fewer resources. It has provided a framework for how partners can:

- Redesign services through joint working to deliver improved outcomes using evidenced approaches,
- Reduce duplication, ‘de-clutter’ service provision by streamlining joint processes and stop doing some things, and
- Redirect resources to more effective service approaches

4.3 The Community Planning Partnership has agreed the One Glasgow principles and recommendations and established a programme board to drive improvement across the agreed priority areas of:

- Reducing offending
- Children 0-8
- Vulnerable older people aged 65+

4.4 One Glasgow is our programme and approach to deliver a step change on how we develop models and approaches specifically to ensure early intervention and prevention, redesign services together and specify and deliver outcomes. This will result in a shift or redistribution of current resources. One Glasgow will demonstrate improved use of city resources and service improvement and reform in the context of the 3 year settlement.

4.5 As part of the first phase of the One Glasgow approach, a number of challenges have been identified, in focussing our agenda on preventative spend and early intervention approaches including:

- Partners do not yet collate consistently financial information in a way that makes it straightforward to count what they spend on a theme or age group in the city. It has proven difficult to extrapolate some of the financial and performance information needed from individual systems and national systems. Further work among the partners is required to resolve this.

- Many services are complex and involve a range of partners, particularly in relation to early years and reducing offending priorities
of One Glasgow. Some of this complexity is built up from the layers of provision and public policy initiatives and interventions at a national and local level over time. There is scope to streamline service provision between partners and improve pathways for individuals and families and at the same time achieve clarity of purpose across a range of agencies with shared baselines and outcomes.

- If partners are to pool resources more effectively to address local priorities and outcomes, they will require greater flexibility and accountability for budgets allocated to them nationally. Greater pooling and accountability locally can release investment, deliver benefits and outcomes. At present, aspects of a number of partner budgets remain effectively ‘ring-fenced’ or the services to be delivered are prescribed nationally. The Council and partners would welcome consideration on how greater joint local sovereignty over public sector budgets and spend in the city can be delivered.

5.0 Increasing Demand for Services

5.1 As part of our budget and service planning annually, we use a Budget Review Framework which enables the Council to consider increased or reducing demand for services and opportunities for how the Council can respond or reform a service to meet changing demand. As part of this approach the Council has identified a number of issues in relation to the planned welfare reforms which could impact significantly on the city.

5.2 Glasgow is concerned about the proposed national changes to Welfare Reform. The Council has set out a detailed case study of the impact and this was presented via Cosla to the UK Government as part of its consideration of the Welfare Reform Bill. In summary, the Council is concerned about the proposed changes and the impact on;

- The lives of families and individuals
- The increasing impact on the demand for services and the resource to respond; and
- The general wealth and economy of the city.

5.3 Specifically:

- Glasgow has a high number of benefit recipients and reduction in benefits to residents and issues around direct payments and, potentially, increases in arrears will reduce the Council’s income. For example, if the proposed 10% cut in Council Tax Benefit proceeds the Council will have to find a further £7.46m in Council tax to maintain existing income and collections rates. This assumes the cut is shared equally and monies continue to be paid direct to the Council.
- It may limit the ability of the Council to meet its homelessness targets in 2012.
• An increased number of people unemployed or drifting into worklessness will make it difficult to target and support them.
• Reductions in Disability Living Allowance is likely to have an impact on the Council's non residential care charging policy.

5.4 In addition, the proposed changes will have an impact on staffing levels and capacity to deal with the proposed changes and their impact in the area of Housing Benefits. This will be influenced by the delivery model decided on by DWP for Universal Credit and also the Council Tax Benefit Scheme to be determined by the Scottish Government. However, one of the main factors will be how the DWP reduce the administration subsidy paid to Councils from 2013-14 to reflect the transition of claims from housing benefit to UC. As all of these matters are still being discussed it is not possible to quantify how this will impact on our staffing.

6.0 Public Service Reform

6.1 As highlighted above in response to the questions in relation to the 3 year settlement, we are working in partnership with community planning partners on One Glasgow to consider how we can streamline and improve services jointly in light of ongoing budget constraints and in the interest of improving outcomes for individuals and the city as a whole.

6.2 One Glasgow is the shared city reform agenda where partners will demonstrate and deliver a focus on early intervention, prevention and outcomes across three priority areas agreed by the community planning partnership in August 2011:

• Reducing Offending
• Children 0-8
• Vulnerable Elderly people aged 65+

6.3 The Council was encouraged to see a similar focus in the spending review reflected the Change Fund proposals and that the focus of One Glasgow also echoed the findings of the Christie Commission.

6.4 Glasgow is also a key partner in the Clyde Valley Community Planning Partnership which continues to pursue a shared service agenda following the Clyde Valley Review report by Sir John Arbuthnott. Active shared service areas are;

• Waste Management,
• Health and Social Care,
• Social Transport; and
• Shared Support Services.
7.0 Overall Funding Levels

7.1 The overall local government budget is forecast to be ‘flat cash’ over the next 3 years. However this means in real terms that revenue and budgets in 2015 will be around 10% less than currently. Until detailed settlements are received in December it is not possible to be specific about the actual impact but the local government distribution methodology will mean that individual local authority grant settlements are not ‘flat cash’.

7.2 The 2012 – 2013 budget continues to include sanctions if commitments are not met by local authorities. The main sanction continues to be for the Council tax freeze where local authorities will lose funding if they increase Council tax. A Local Taxation Working Group which reported to the Glasgow City Council in 2009 saw the freeze as ‘not being desirable or sustainable’ since this sanction effectively dilutes the power of the local authorities to set their own tax. The continuing freeze is also reducing the overall proportion of funding from local taxation which for Glasgow is now at a level of around 16%.

7.3 As mentioned earlier in our response, another aspect of the 3 year settlement is the introduction of the Change Funds to support preventative spend in early years and independent living for older adults. The local government settlement will be top-sliced to create these funds which are then to be distributed by community planning partners. While supportive of the principles of these funds and accepting they reflect One Glasgow priorities, this was fortuitous rather than by design. The Council supports the principle that it is preferable for local authorities to determine their own spending priorities. Glasgow estimates that our contribution to these funds may be around £5million.

8.0 Reducing Expenditure

Prioritising Services

8.1 Through the use of our Budget Review Framework, the Council has an ongoing process to ensure expenditure is being directed to specific services particularly in Education Early Years and Targeted Support for the Vulnerable in Social Work. However the Council has stopped short of ring-fencing funds recognising that even in priority services there are opportunities to reform service provision and improve performance and outcomes.

8.2 In addition to our annual budget and service planning process and our programme of service reform, the Council has embarked this year on a strategic Shaping the Future exercise involving approximately 250 senior leaders and managers across its services and arms length organisations. They are considering, in depth, the challenging financial environment for the public sector in the medium to longer term, possible
further innovation and reform in the Council and city and priorities for the future. This programme is ongoing and a summit of all 250 senior staff will take place on 10 November 2011.

**Efficiencies**

8.3 The Council has a track record in delivering efficiencies. Our Council Efficiency Statement 2010-2011 demonstrated efficiency savings of £41.8m. The Council has made £274m efficiency related savings since the programme began in 2002. The savings are underpinned by a robust programme of service reform projects, supported by clear governance and scrutiny by elected members and the Council Management Team. Further savings of £71.0m are programmed for 2011-2012.

8.4 The Council has undertaken an extensive Workforce Planning exercise including early retirement/voluntary severance. This has resulted in a planned reduction in staff of 2,500 over the period 2010-2013 with eventual full year saving of £44million.

**Income**

8.5 During 2009 the Council undertook an exercise to identify opportunities for introducing new or increasing charges with most of the recommendations being implemented for the 2010-11 budget. As such, further options for 2012-2013 are limited however the Council continues to monitor any emerging ideas.

**Capital Spending**

8.6 Glasgow has a significant capital programme including investment in schools and care facilities and commonwealth games venues. The planned reduction in capital grants in 2012-13 and 2013-14 will mean that the Council has to increase its borrowing which is estimated to cost an extra £3million over the two years.

**Equal Pay**

8.7 Glasgow negotiated compensation payments with staff affected by Equal Pay in 2006. Since that date it has also revised its Pay and Grading structure. However claims are continuing to be settled and there are a number of outstanding claims to be heard by the Employment Tribunal. It is not possible to quantify the cost should the Council not be successful but it is a significant financial risk. This is reflected in the Council’s financial statements as a contingent liability.

**Glasgow City Council**

25 October 2011