Glasgow City Council welcomes the opportunity to contribute to this call for evidence and has provided responses on a number of the questions below.

Q1 - How is spending prioritised and resources managed effectively, for instance through redesign?

The council has for a number of years had service reform programmes to ensure resources are managed effectively and to address the effect of reducing budgets. More recently, in June 2015, the council considered the financial forecast and challenges ahead for 2016-2018 and as a result, agreed to

1. revise its financial strategy and budget process to plan for a reduction in resources
2. expand our Transformation Strategy
3. revise our workforce plan to tightly manage and achieve the right number of staff for our organisation, and ensure they can work flexibly across the organisation
4. review how our assets, including buildings, ICT, data and digital can support our Transformation Programme; and
5. explore additional and enhanced opportunities for income maximisation

The **Transformation Strategy and Programme 2016-2018** were approved by the Executive Committee in November 2015. The **Transforming Glasgow** programme became the corporate change programme designed to address the financial challenges and transform the organisation into a leaner and more efficient council family.

As the corporate programme for change, Transforming Glasgow has provided opportunities for cross service / ALEO innovation and collaboration. This has reduced the risk of isolated decision making and is driving change across all areas of the council family.

Key transformation principles have been identified, and are designed to support change across the organisation and to ensure both financial and non-financial efficiencies are generated. The principles include sharing service delivery by default, deploying resources (including staff) for the benefit of the city, and designing services to put the customer first.

In their 2016/17 Annual Audit Report for the council, Audit Scotland noted

‘in the first year of the Transformation Programme the Council has successfully delivered the projects needed to achieve the planned savings. However a significant
challenge remains for the Council to deliver the year two savings target of £57.2 million.'

Q2 - How are national policies impacting on local government spending, for instance how will increased revenue from the end of the Council Tax freeze and banding multiplier be used, and what is the impact of spending being ‘protected' through national policy?

Council Tax Banding Multiplier

While the council welcomes additional income of £7.22m for 2017/18, the detailed breakdown to accompany Finance Circular 1/2017 highlights that Glasgow benefits proportionately less from this reform than the national average.

The city’s lower number of dwellings in bands E to H results in a % uplift in council tax income of just 3.53%, compared to an average uplift of 5.63% for Scotland as a whole. Pooling this resource, and allocating on the basis of overall council tax contribution would have resulted in an additional £4.29m for Glasgow (£11.51m in total).

The additional income generated from both the changes to the multiplier and the end of the council tax freeze were used to offset unfunded budgetary pressures such as pay inflation in the 2017-18 budget.

Protected Spend

In their report of September 2017, the Fraser of Allander Institute offers a comprehensive assessment of the impact of national policies on local government spending.

In their view, commitments to increase spending on health, to maintain real terms spending on policing, to double free childcare provision and invest £750m in the school attainment fund will result in over 50% of the Scottish budget being ‘protected’. The impact will be that the non-protected areas will bear a greater share of the burden of budgetary pressures, with local government representing the largest element of the non-protected part of the Scottish budget.

With Pupil Equity Funding and the wider attainment fund being devolved to headteachers and wholly ring-fenced, the pressures from rising school rolls, energy inflation etc. have to be met from operational budgets for core education provision.

Rising school rolls in the city continue to place significant pressures on the education budget. It should be noted that primary school rolls have been rising faster here than for Scotland overall, with 17.9% of the national increase for 2016 being attributable to Glasgow.

While the number of primary age pupils in Glasgow has been rising at a disproportionately faster rate, overall GAE per pupil has been reducing. The increase in the 2017/18 GAE for primary teacher staffing was £0.636m, funding that is required to support an additional 1,032 primary age pupils in Glasgow.
The cost to the council from rising rolls of almost 4,000 in primary schools over the last four years equates to £7.45m in teaching costs alone. This has been offset by additional GAE of £1.82m over the same period, a gap in funding of £5.63m annually from 2017/18 onwards.

There is a risk that new funding streams, eg. expansion of early years provision, may exacerbate the current pressures on core service funding if they are not regularly reviewed to meet changing demands.

Integration Joint Boards

It is expected that Integration Joint Boards should be able to set their budgets by the end of March each financial year. To allow this to happen, there is a requirement for Health Board’s to bring forward their decision making which usually takes place in June to before the end of March. To date this has not been possible and has delayed the IJB in setting its budget until later in the financial year.

Q3 - How are fees and charges being used, and how decisions are made on which service areas are affected?

As is the case with all local authorities in Scotland, a complex range of factors influence individual fees and charges levied by the council including legislative restrictions and comparison with other council and/or external provider charges.

For Glasgow, opportunities for new or increased charges are identified as follows:

1. Each service area of the council has responsibility for monitoring and delivering their income, for seeking approval for pricing changes and for identifying new opportunities
2. Corporately, via Income Maximisation, to recover existing income streams more efficiently and to maximise income by addressing bad debt

In the majority of cases, services will identify income opportunities as part of the annual budget setting process, and, if approved, this income will contribute to the savings target they have been set for the financial period. They are expected to estimate the income net of any costs to implement and administer.

Proposals to implement any new fee or charge is considered by elected members who have the opportunity to influence price, concessions (if any) and ultimately decide whether a charge should be levied at all.

Q4 - How local authorities assess the impact of increased charges and service redesign on different social demographics?

For any pricing changes in excess of inflation, and for all new income streams, council officers must complete an Equalities Impact Assessment (EQIA) which is available to elected members and to the public on request. Officers are required to report in the formal committee paper whether an EQIA has been carried out.
Q5 - Update on the use of General Fund Reserves?

General Fund Reserves are used to support the overall financial strategy of the Council and to manage short term unanticipated financial pressures, for example increasing costs beyond budget assumptions or response to emergency situations.

The level of General Fund reserves held by Glasgow decreased slightly at 31st March 2017, but remains within the approved reserves strategy to maintain balances to 2% of the net budgeted expenditure over the medium term.

As part of the 2017-18 budget strategy the Council is committed to use general reserves to support one off service investment. This is budgeted to reduce the overall level of reserves to slightly below the 2% level.

Q6 - Views on transparency of the local government financial settlement, and how could this be improved?

It would be helpful if there was transparency about the resources available to councils to spend on core services as compared to hypothecated, and therefore ring-fenced, monies.

Q7 - Ideas on how local government finance, including revenue streams, may change in the future?

The most significant challenges and opportunities are expected to come from legislative change.

In late 2016, the Council’s Regeneration and the Economy Policy Development Committee considered a report from a cross-party Local Taxes Working Group. This Group explored a range of local taxes that could raise additional revenue for the council if appropriate powers for local authorities were in place.

A number of potential local taxes were considered, including a Local Sales Tax, Congestion Charging, Landfill Tax and a Vacant and Derelict Land taxation scheme, however a Transient Visitor Levy (Tourist Tax) was identified as most suitable for further exploration, potentially generating over £3m per annum for the city.

Overall, the Group concluded that local taxes could afford the council an opportunity to generate funds to reinvest in local priorities while enhancing local accountability and democracy.

Housing

Q8 - GCC view on the three year RPAs and how this will help local authorities to plan to meet affordable housing needs in local areas and also the Scottish Government’s 50,000 affordable homes target?

Q9 - GCC view on any other aspect of the housing supply budget?
Q10 - GCC views on any of these aspects of the Local Government and Communities budget 2018-19?

The council is currently updating its Strategic Housing Investment Plan (SHIP) response for consideration by the council in November at which time further information on these matters would be available.

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