



Glasgow City Council

Report to Council

Date: 16th February 2023

Report by Executive Director of Finance

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2023-24 BUDGET

1. FINANCIAL FORECAST

- 1.1 The financial forecast for 2023-26 was issued to all political groups in September 2022. This identified a spending gap for 2023-24 of £119.4 million.
- 1.2 Following receipt of the draft Local Government Settlement for 2023-24 all political groups were provided with an update in January 2023 which reflected a revised spending gap of £60.8 million. This incorporates £2 million of savings options already approved or approved under delegated authority and therefore deemed Technical Adjustments.

2. LOCAL GOVERNMENT SETTLEMENT

- 2.1 The Local Government Finance Circular 11/2022 issued on 20 December 2022 identified provisional funding for Glasgow City Council of £1,518.705 million. This is expected to increase as a result of a number of subsequent changes. These have been reflected in the revised spending gap noted at 1.2.
- 2.2 The final allocation will be confirmed in the Local Government Finance (Scotland) Order which is expected to be presented to the Scottish Parliament later in February. Further changes may be made as the Budget Bill progresses with Stage 1 scheduled for early February. No further changes are anticipated but if there are these will be reported prior to the council meeting.
- 2.3 The settlement confirmed that the funding allocated to Integration Authorities should be additional and not substitutional to each council's 2022-23 recurring budgets.

3. INTEGRATED JOINT BOARD

- 3.1 The Public Bodies (Joint Working) (Scotland) Act 2014 introduced joint

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working with the Greater Glasgow and Clyde Health Board in the form of an Integrated Joint Board (IJB) for the delivery of health and social care across Glasgow.

- 3.2 In line with the requirements of this Act the Council has identified appropriate budgets within Social Work Services and Neighbourhoods, Regeneration and Sustainability Services to be designated as the Council's contribution to the IJB.
- 3.3 The council's contribution to the IJB is assumed to meet the commitment set out above in paragraph 2.3. The Financial Forecast assumptions are that the council will pass on its full share of the funding for new health and social care costs and no inflation or savings will be allocated to the IJB contribution.
- 3.4 The IJB is scheduled to meet on 22nd March 2023 to consider its budget for 2023-24. It is anticipated that the contribution from the IJB to the Council will be in line with the Council's approved budget. However it is noted that this will require savings to be approved by the IJB.

4. PROBABLE OUTTURN

- 4.1 In setting the Council's Budget the Probable Outturn for 2022-23 has to be considered in terms of its impact on balances. As reported in recent budget monitoring reports the overall net expenditure position is forecasting an increase in the budgeted contribution from reserves of £9.9 million. This has been considered in the 2023-24 financial forecast projections.

5. RESERVES

- 5.1 As part of the Council's policy on reserves, the Budget Report is required to provide a summary of the Council's key reserves and the adequacy of reserves held over the medium term.
- 5.2 The council's current policy is to hold unearmarked General Fund reserves to 2% of net expenditure over the medium term. This equates to £35.9 million. The balance of unallocated reserves as at 31 March 2022 is £33.3 million (1.9%). As part of the 2022-23 budget the council committed £7.0 million to support service initiatives and in light of the Probable Out-turn for 2022-23 as noted above the balance of unallocated reserves is estimated to reduce to £16.4 million (0.9%) as at 31 March 2023.
- 5.3 The Council operates a number of other revenue reserve funds for specific purposes. The total value of these funds as at 31 March 2022 amounted to £45.1 million. The main commitments during 2022-23 include the following:
 - The Council's Property Repairs and Renewals Fund will meet estimated expenditure of £6.2 million in the current year;

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- The New Technology Fund will meet estimated expenditure of £ 7.8 million in the year;
- The Cultural and Recreation Fund is fully committed, with a programme of spend of £9.5 million in the year.
- The Insurance Fund will meet estimated net expenditure of £7.4 million in the year; and
- In addition, there are a number of smaller funds with committed programmes.

5.4 It is estimated that the value of these funds as at 31 March 2023 will amount to £14.2 million before the application of contributions and interest.

5.5 Contribution of £1.5 million to the Repairs and Renewals fund to support life cycle maintenance initiatives, £1.6 million to the Insurance Fund to meet insurance liabilities and £0.6 million to the New Technology Fund to support future ICT refresh are included in the Budget for 2023-24.

5.6 The Council's capital reserve is estimated to be £20.3 million as at 31 March 2023. These resources form part of the committed funding framework for the Investment Programme.

6. INVESTMENT PROGRAMME

6.1 The approved gross expenditure for the Investment Programme, net of payments in previous financial years, is currently £608.3 million. The financial implications from this programme will be met from the Financing Costs budget.

6.2 Due to significant investment approval in 2022-23 no further capital investment has been proposed for this budget.

6.3 Any new capital investment will require to be funded within the overall budget for 2023-24.

7. WORKFORCE IMPLICATIONS

7.1 The proposals to meet the Spending Gap will require a significant reduction in staffing. Some of this will be delivered via non-filling of vacancies and attrition however voluntary severance will also be required.

7.2 In June 2020 CAC approved a report proposing a Voluntary Severance Policy from 2020-2023. It, however, was designed to operate for a fixed period of three years, that period coming to an end at the end of March 2023. It is proposed that those arrangements are continued for a further three years to cover all Council staff.

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8. FINANCIAL RISKS

- 8.1 Robust monitoring of budget spend will continue throughout the year to manage possible risks and mitigating actions to ensure services and major programmes are delivered.
- 8.2 This budget does not include any allowance for financial implications from the implementation of the new Pay & Grading Scheme.
- 8.3 The delivery of savings options, including associated severance costs, will be underpinned by a Budget Support Fund to be created from a change to accounting treatment of Service Concessions. This will be reported to a future City Administration Committee.
- 8.4 There is uncertainty around settlement conditions which may be enforced by Scottish Government if local authorities reduce teacher and support for learning workers numbers in Education Services. There are ongoing discussions between COSLA and Scottish Government on this matter. If financial consequences do emerge as a result, the implications of this would need to be considered at a future City Administration Committee.

9. RECOMMENDATIONS

- 9.1 Members are asked:
 - a) To bring forward proposals that meet the spending gap of £60.8 million as outlined in paragraph 1.2 and;
 - b) Approve the extension to the Voluntary Severance Policy as outlined in paragraph 7.2.

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