

Appendix 1

Local government financial overview 2017/18

Scrutiny tool for councillors

This scrutiny tool captures some potential questions for councillors and relates to our report *Local government in Scotland Financial overview 2017/18*.

It is designed to provide councillors with examples of questions they may wish to consider, helping them consider how informed they are of their council's financial position to support them to scrutinise financial performance.

Questions for councillors to consider	What do I know?	Do I need to ask further questions?
Financial planning and budgets		
1. Does your council have a long-term financial strategy (ten years or more) that reflects the anticipated changes in demographics and demands on services?	The council has a Financial Framework which was approved by the Executive Committee on 15 June 2017. This set out the anticipated Financial Outlook for the next five years for the council for the period 2018 - 2023.	
2. Do medium and long-term financial plans include a range of potential funding and financial scenarios?	The council provided a Financial Forecast for the three years 2019-22 in August 2018 to all political groups as part of the 2019-20 Budget process. This included a range of scenarios for funding and spending pressures.	
3. What is your council's financial position? What particular challenges does the council face?	This was initially reported in the Financial Forecast 2019-22 in August 2018 with further updates provided on provision of settlement information from the Scottish Government. The final spending gap of £40.9 million was set out in the Budget Report to Council of 21 February 2019.	
4. What new financial pressures are there for 2018/19 and 2019/20 and how much will these cost?	Pressures emerging in 2018/19 are reported as part of the regular budget monitoring report presented to Finance and Audit Scrutiny Committee (FASC). In the 2019-20 Financial Forecast funds were ear-marked for	

	budget pressures and their proposed use was reported in the Financial Forecast Update in January 2019.	
5. How do you engage with the budget setting process and ensure you have the opportunity to influence the development and content of a strategic budget?	Each political group is provided with officer support to develop their own budget proposals.	
6. How does annual budget setting link to medium and long-term financial planning in your council?	The Financial Forecast sets out a three-year forward look in terms of funding and spending pressures. The decisions taken in the annual budget setting are considered in that context.	
Savings and transformation plans		
7. Does your council have a savings plan? What are the options to close future funding gaps? How well are you kept informed about progress in delivering those savings?	Savings approved as part of the Annual Budget process are monitored and reported in the regular revenue budget monitoring report considered by FASC.	
8. Which service areas are under the most pressure to make savings? What impact will savings have on the delivery of services and outcomes for service users, the wider community and the local economy? What are the potential risks?	The proposed savings options are determined by political groups based on information provided by officers including service impacts. All proposed savings options are also subject to an Equality Impact Assessment.	
9. Does your council have transformation plan? Does it clearly set out the aims and objectives and how and when these will be achieved?	<p>The next steps for the council's transformation programme were reported to FASC in October 2018. This set out that the council would continue to identify options for savings through service led programmes.</p> <p>The focus for next stages would also be on city outcomes delivered through partnership working, transforming city assets and culture.</p>	
10. Does the transformation programme of work aim to make positive change to improve outcomes for communities? Is it about seeking opportunities to do things differently to maintain or improve performance or is the focus only on make savings?	As noted above the next stages of the programme are about improving outcomes for communities. This is being driven by the Glasgow Community Planning Partnership (GCPP). Key to this is Glasgow Community Plan, the supporting Community Action Plan and	

	<p>enabling programmes of Making Best Use of Our Assets and Culture.</p> <p>The council's budget for 2019-20 approved a range of budget options, many of which were related to Service Reform as well as savings. The service reform measures are about doing things differently while making savings.</p>	
11. Are projects within the transformation programme achieving their aims in terms of service quality, performance and cost?	<p>As noted above FASC received a report on 2016-18 on both the financial and non-financial performance of the Transformation Programme for 2016-18</p> <p>Going forward reporting of progress against the Community Plan is reported to the GCPP Executive Group and GCPP Strategic Board. Updates on the Property and Land strategy implementation will be reported to committee In due course.</p> <p>Savings approved as part of the budget will continue to be reported to FASC.</p>	
12. How effectively are you engaged and informed about the council's transformation programme and kept informed about progress?	See comments above.	
13. Are detailed options appraisals or business cases set out for changes to services planned within transformation activity?	The council has a project management methodology with supporting documentation to be used for any change activity.	
Reserves		
14. What is the councils reserves policy?	The council policy is reported in the annual Council Budget report. That is to hold unallocated General Fund reserves to 2% of net expenditure over the medium term.	
15. What have reserves been used for in recent years? Supporting services and bridging the funding gap or transforming services?	Any use of unallocated General Fund reserves to meet a funding gap is approved as part of the budget process.	

16. What are the different types of usable reserves your council holds? Do you know what these can be spent on?	The key useable reserves are reported in the Council Budget report. This includes information on their planned use.	
17. What is the likely use of un-earmarked reserves for 2018/19? How does the remaining un-earmarked reserve compare to forecast funding gaps?	The estimated use of un-earmarked reserves is reported as part of the Probable Out-turn in the regular revenue budget monitoring reports to FASC. For 2018-19 the forecast use is £3.3 million. The estimated un-earmarked balance was reported in the Council Budget Report on 21 February as £23.7 million.	
18. What are the plans for using the different reserve funds in 2019/20 and beyond? Are these plans appropriate and reasonable?	The use of the funds are determined by the councils Financial Regulations which are approved by Council. In addition, the earmarking of General Fund reserves is approved by City Administration Committee (CAC) as part of the council's annual Out-turn Report.	
19. Is it clear that the reserves are needed for the purposes they are assigned? Are the reserves sufficient for those purposes? Could the reserves be better used for something else?	As noted above the ear-marking of reserves is subject to approval by CAC. Their planned use is also reported in the Council's Budget report.	
Levels of debt and affordability		
20. What is the council's current debt position? Do you have clear information about the potential need for future borrowing when agreeing authorised borrowing limits?	The current debt position is reported twice yearly to Finance and Audit Scrutiny Committee in the Treasury Management and Annual Investment Strategy report and also the Mid Year Update. The latest reported position is £1,452 million as at 31 December 2018. The Treasury Management and Annual Investment Strategy includes information on future capital expenditure for the next 3 years.	
21. What share of the council's budget is taken up with interest payments and debt repayment?	This is also included in the Treasury Management report referred to above and is currently 11%.	

22. What proportion of the council's debt is linked to inflation or at fixed rates? What does this mean for longer term affordability?	This is also included in the Treasury Management report. All debt is fixed rate.	
Budget outturn reports and management commentaries		
23. Do budget monitoring reports clearly explain financial performance against plans and any changes to plans, including the reasons for change?	Regular budget monitoring reports are reported to CAC and FASC with explanation of variances and corrective actions to be taken.	
24. Does the management commentary clearly explain the council's financial performance and the changes to plans and reasons for those changes?	The management commentary is a key part of the council's Financial Statements. It includes a section "Financial Review" which sets out the financial performance for the year. This information is taken from the Final Out-turn report which is reported to both CAC and FASC.	
Financial scrutiny		
25. What additional training would you like to receive to develop your knowledge and skills for financial scrutiny?	Training on finance offered to all elected members during 2017. Specific training on treasury management also offered to FASC and CAC members. This training will be re-provided periodically.	
Charging for services		
26. Does your council have a charging policy? Is this in line with corporate plans and objectives? When was this last reviewed?	There is no single charging policy for the council due to the range of different services. However individual services and charges do have policies. eg. for social work services, early year charges and charges for sports provision.	
27. Do you receive sufficient information about the potential impact on the service and the wider community when making decisions about changing fees and charges?	Charges are subject to inflationary increases, the value of which is included in the Financial Forecast. Increases beyond inflation or new charges are introduced only after approval by elected members, often as part of the budget process.	
28. What information do you need to be able to explain increases in fees and charges to your constituents?	Information on new charges would be made available as part of their introduction.	

Integration joint board		
29. What is the IJBs financial position? Is it financially sustainable?	Regular financial reporting is presented to the IJB Board. CAC and FASC receive updates on the financial performance related to the services delivered by the council on behalf of the IJB. The attached link https://glasgowcity.hscp.scot/sites/default/files/publications/ITEM%20No%2007%20-%20Audit%20Scotland%20-%20Glasgow%20City%20IJB%202017-18%20Annual%20Audit%20Report.pdf is Audit Scotland's view on the financial sustainability of the IJB when they concluded their audit last year.	
30. What are the levels of reserves held by the IJB? Are these in line with the IJB's reserve policy?	The IJB reserves policy is set by the IJB and is monitored by their Board. The council does not report on the level of IJB reserves.	
31. What does the IJBs financial position mean for the council and for the delivery of services?	As noted above CAC and FASC receive regular reports on the financial performance of the services delivered by the council on behalf of the IJB. In the current year those services are forecasting an overspend including the transfer of Cordia Services and the development of the Housing First model to allow Clyde Place to close. This overspend will be funded from IJB reserves for 2018/19 in relation to Cordia Services, and Scottish Government is being pursued for Housing First so there is no net impact forecast for the council.	
EU withdrawal		
32. What planning and measures has your council undertaken in preparation for EU withdrawal?	A Brexit planning structure has been established co-ordinate and manage planning. This includes: <ul style="list-style-type: none"> • An officer-led Brexit Working Group which meets 4-weekly to consider: <ul style="list-style-type: none"> ○ Potential impacts and planning arrangements ○ Brexit Action Plan which sets out actions across workforce; communications; EU funding; service provision; supply chain 	

	<ul style="list-style-type: none"> resilience; economic impact, and wider city resilience ○ Corporate Brexit Risk Register, informed by local Service/ALEO Brexit Risk Registers ○ Information and intelligence sharing ● A cross-party Brexit Preparation Forum, chaired by the Leader of the Council, which meets on a fortnightly basis. ● Engagement with multi-agency planning and response structures, including Strategic, Regional and Local Resilience Partnerships <p>Immediate focus is on the 12 week period following EU withdrawal (response) and planning for the extended period thereafter (recovery).</p>	
<p>33. What are the risks and potential impacts of EU withdrawal for the function of your council and for the communities of your council area? In terms of workforce, regulation and funding.</p>	<p>1. Workforce - Risk: Loss of Council Family staff. Impact: Potential disruption to service provision/ quality; inability to fully deliver statutory duties; reputational damage; detrimental impact on vulnerable and other service users/ staff; delays and/or increased costs for major programmes/ projects.</p> <p>2. Regulation - Risk: Insufficient capacity to serve changing regulatory requirements. Impact: Potential pressure on existing resources and disruption to service provision/ quality; inability to fully deliver statutory duties; reputational damage; detrimental impact on vulnerable and other service users/ staff.</p> <p>3. Funding - Risk: Reduction in, or loss of access to, EU funding. Impact: Programmes/ projects may be unable to complete as planned; additional funding may be required; additional financial pressure; detrimental impact on Glasgow and City Region economy and innovation;</p>	

	reduced opportunities for Glasgow to collaborate, innovate and jointly bid for funding.	
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