

News release

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Glasgow makes steady progress but serious concern over potential financial pressures

Glasgow City Council has made steady progress over the last decade and has a clear plan to tackle the city's challenges, says a new Accounts Commission report.

But the watchdog has serious concerns that Scotland's biggest local authority may be facing a period of unprecedented financial pressure on services because of the potential cost of resolving equal pay claims.

Glasgow City Council is Scotland's biggest local authority, and faces a unique set of challenges, greater than those faced by other local authorities.

The report notes that the council is working well with its partners to support economic growth and has improved performance across many service areas, including educational attainment, wellbeing of children and young people, and wider health outcomes. The Commission state it is important this momentum continues.

The council's effective leadership and record of strong financial management, with £102.5m of savings made through its Transformation Programme over the last two years, is also recognised.

However, the Commission says there is substantial potential for the council and its partners to further empower local communities and strengthen ties with the third sector.

The city, meanwhile, is facing a funding gap of £129m over the next three years and is not yet able to reflect the potential impact of equal pay claims in its financial plans.

The scale of resolving equal pay claims is likely to be significant and would be unlikely to be bridged by traditional funding options such as the use of existing reserves or selling assets, says the report.

Work on developing a separate funding strategy is being taken forward by the council in parallel with discussions with claimants.

Graham Sharp, chair of the Accounts Commission, said: "The scale and complexity of Glasgow's socio-economic challenges are unique in Scotland and, like all local authorities, it's facing considerable financial pressures.

"The council has made steady progress since our last report and has a good track record in making savings, but we are seriously concerned about the impact that resolving equal pay claims could have on how the council delivers public services, and we will be continuing to take a close interest in that issue."

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Notes to editors

1. The budget gap of £129.1m is the gap between the council's forecast income and spending.

2. The council's net revenue budget, which pays for day-to-day items such as salaries, is £1,525m for 2018/19.
3. The council's net capital budget for 2018/19, which pays for projects such as new buildings and roads, is £216m.
4. Glasgow's population is 621,000 and the council employs 31,700 full-time equivalent employees, including ALEOs (Arm's Length External Organisations) staff.
5. Audit Scotland has prepared this report for the Accounts Commission for Scotland. All Audit Scotland reports published since 2000 are available at www.audit-scotland.gov.uk
 - The Accounts Commission is the public spending watchdog for local government. It holds councils and various joint boards and committees in Scotland to account and help them improve. It operates impartially and independently of councils and of the Scottish Government, and meets and reports in public
 - Audit Scotland is a statutory body set up in April 2000, under the Public Finance and Accountability (Scotland) Act, 2000. It provides services to the Auditor General for Scotland and the Accounts Commission for Scotland.