

Business Plan and Budget 2013+

Public Consultation

Have your say

Introduction by the Leader of Birmingham City Council – Sir Albert Bore

Since being elected to lead the City in May we have been open and honest about the difficult budget decisions we are facing. Now, as we consult on our budget for next year, I want to set out clearly the situation we are in.

The financial challenge facing the City Council is much worse than we feared.

- The Council's previous plans included an expectation of making savings in 2013/14 of around £70m.
- In reality this will be at least £110m because of last minute cuts in government funding and increased costs, meaning we must find at least another £40m of savings.
- As part of this some savings planned by the previous administration are not deliverable, requiring further new cuts of over £30m.

But despite the cuts we will still be spending a large amount of money in the City and employing many dedicated staff striving to deliver vital services. We want to know what you think our priorities should be and if you support the principles that will guide our decisions. We also want your views on the proposed budget reductions next year listed in Appendix 2.

We will be holding a number of public events. At these you will be able to question me and other Cabinet Members. We will listen closely to your views. There will also be other ways to get involved, including social media so that people can take part more easily.

Of course the spending reductions we face were made in London not in Birmingham. Most of the money we spend comes from central government – only around a tenth is raised through the Council Tax. Some cuts are the direct result of decisions by government, such as changes to Council Tax Benefits.

In the longer term, we estimate grants will fall by at least £310m between 2011 and 2017. At the same time we are facing increased spending pressures from inflation, the changing needs of the city's population, changes in the law and the costs of borrowing. We think this will add a further £290m to the money we need to maintain current services over this period. So the total gap between what we need to spend and the income we receive will rise to £600m.

Extensive efficiency savings have already been achieved and must continue to be secured. But the sheer scale of the cuts means that we can no longer put off fundamental and difficult decisions about the way the council works and the services it provides. It falls to my administration to make those decisions. So, starting now, we are also seeking your ideas on the bigger changes we must make.

Whatever we think about the cuts, a responsible council must plan how to live within the reduced income we will have. But we have also called on the Government to join in a mature discussion about how we can provide adequate services in the future.

We value your response to this consultation. Your views matter to us and will influence our decisions. Thank you.

Sir Albert Bore
Leader
Birmingham City Council

Purpose of Document

Birmingham City Council has produced this document to ask you about how services should be delivered and how savings should be made, next year and in the future.

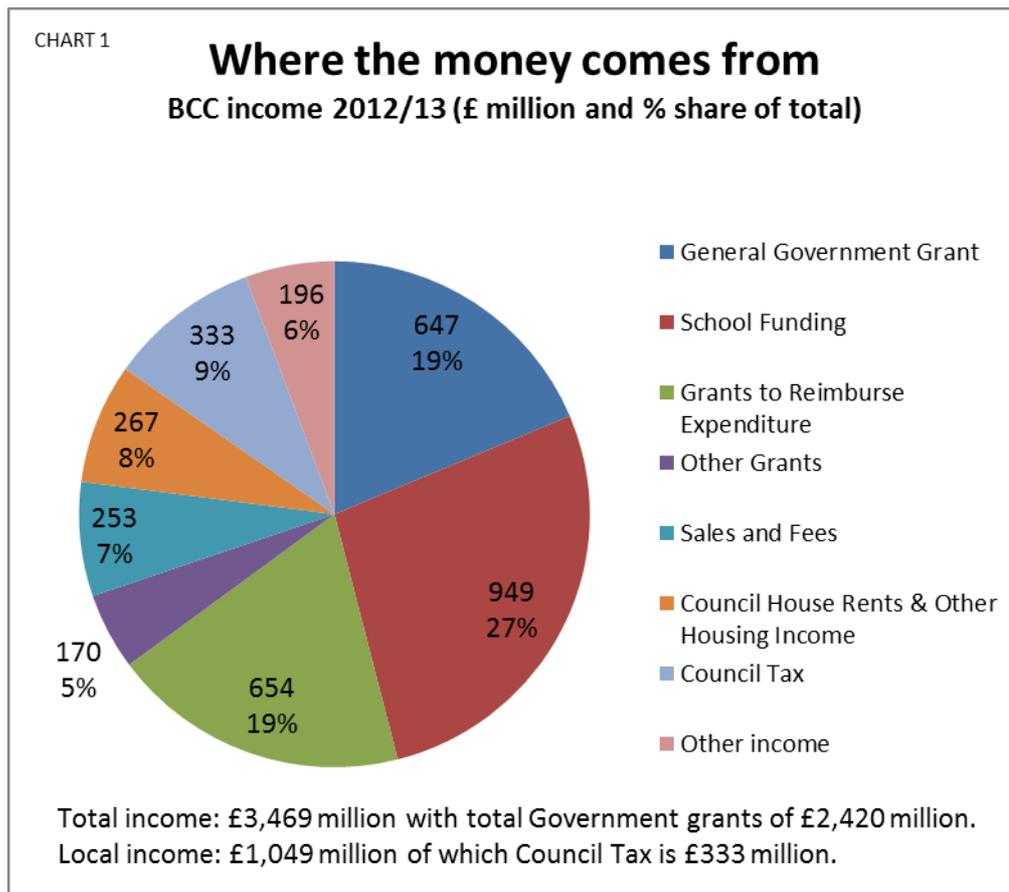
The document therefore:

1. Gives you background information about the Council's budget – **Where Birmingham's money comes from and where the money goes.**
2. Informs you about the overall budgetary position for 2013/14 and subsequently – **the challenge.**
3. Informs you about how the Council will manage city finances to reflect its priorities and principles – our **approach.**
4. Consults you about the 2013/14 budget – **how reductions should be made.**
5. Asks your views on how we might deliver services in future – **planning beyond 2013/14.**
6. Provides some **questions to consider** in reading this document.
7. Describes the different **ways you can let us know** what you think.

Where Birmingham's money comes from and how it is spent

Where the money comes from

The majority of Birmingham City Council's income comes from central government, with less than 10p in each £1 from local Council Tax payers (see Chart 1). The Council is therefore heavily affected by any reductions in these grants.



Over recent years the Council has had a policy of low Council Tax increases. While this has kept bills to households down, it means that the Council now has less Council Tax income per head available to fund its services than the other major English cities.

The Council is considering what Council Tax should be for 2013/14 but it has very little leeway - every 1% change in our share of Council Tax results in a change in income of only £2.6m.

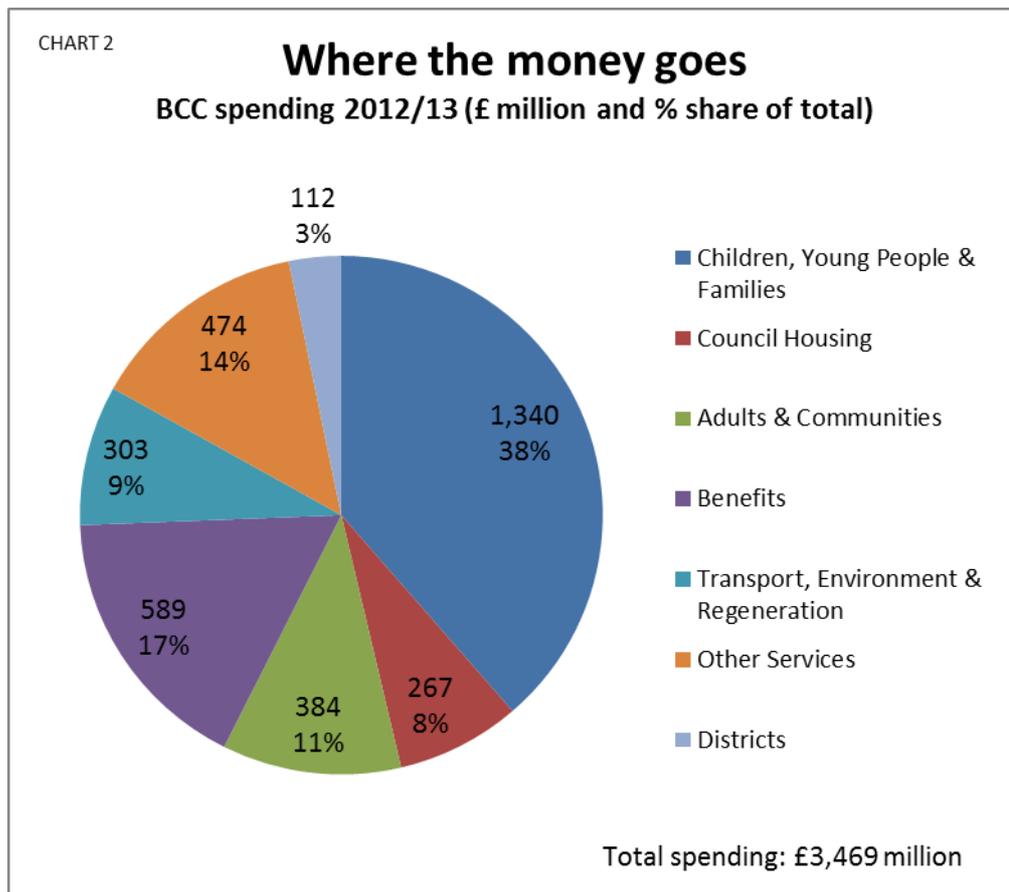
The Local Authority's long-term financial plan agreed by the Council in February 2012 assumed a 1.9% increase in Council Tax in 2013/14 for financial modelling purposes. However, following the introduction of the Localism Act 2011, a local authority is required to hold a local referendum if it

proposes to increase Council Tax by more than an amount specified by the Government each year. Our latest estimate of the maximum permitted increase without the need for a referendum is 1.64%, although the Government has not yet finalised the rules determining what this level will be. The proposals in this consultation paper assume an increase of 1.64%, but this would leave a £0.6m shortfall compared with the figure of 1.9% previously assumed in the long term financial plan.

The Council could accept a two year Government grant equivalent to a 1% increase in return for freezing our share of Council Tax for another year, but this would mean that we lose a further £1.6m next year compared with the assumptions in this document and another £2.6m on top of that from 2015/16 onwards, increasing problems now and in the future.

Where the money goes

Birmingham City Council will spend £3,469 million in the current year. How it is spent across the service Directorates is shown in Chart 2 below.

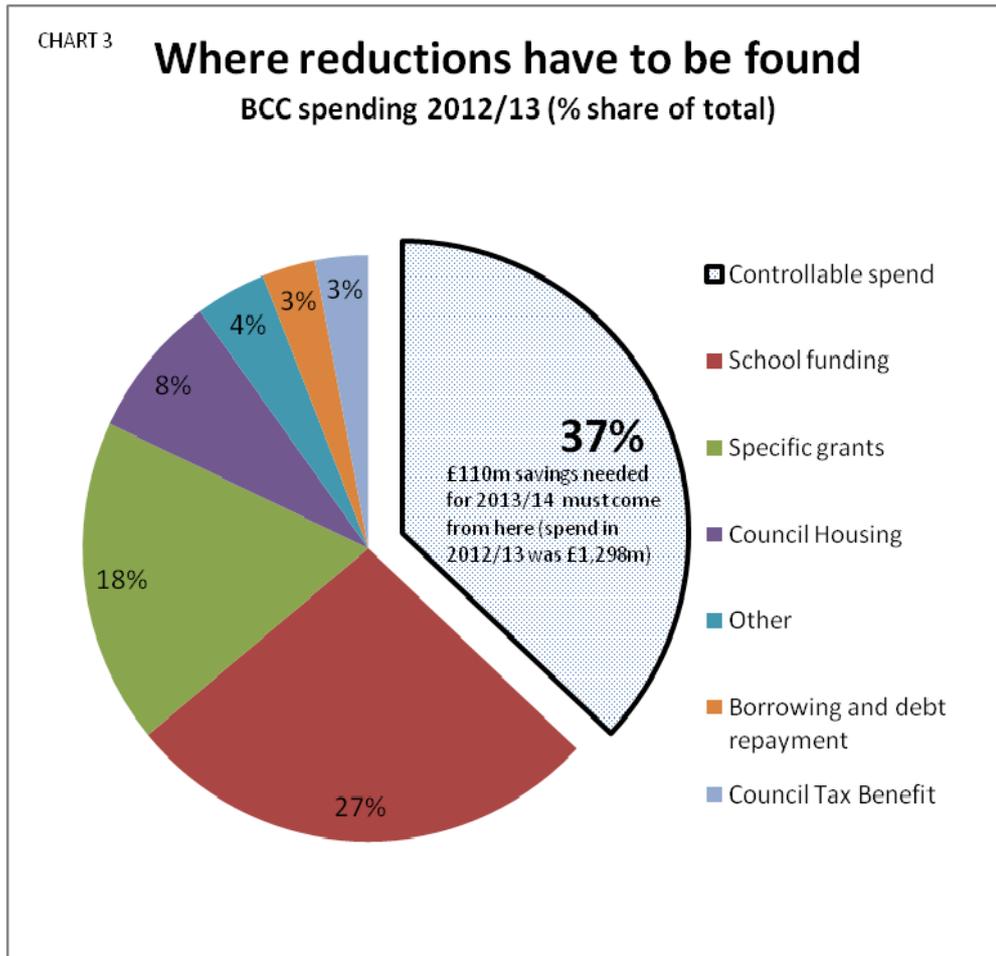


The Council does not have full freedom to decide how to spend all of this money because much of it is given by central government as 'ring-fenced' grants to be spent only on certain services, or has other legal constraints. This means, for example, that certain funds can only be spent on schools, on benefits payments, or on council housing. Other costs are fixed, such as loan

repayments on money borrowed years ago to finance large infrastructure projects (see Chart 3).

These constrained areas account for 63% of the Council's spending, so any savings can only be delivered from the remaining 37%.

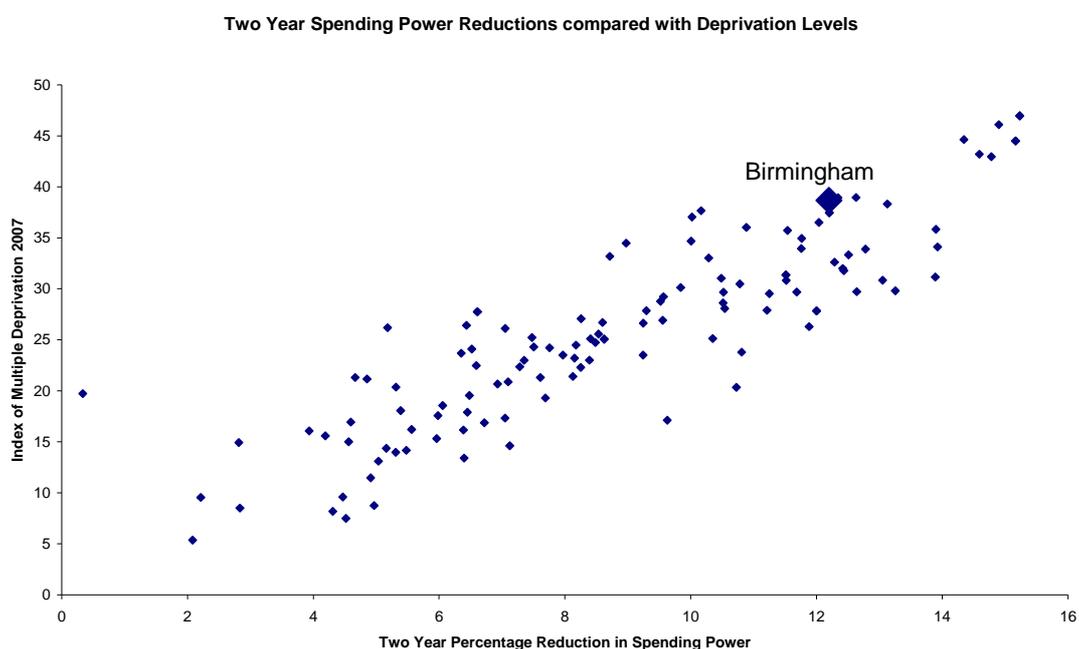
The expenditure that the Council has some flexibility over how it is spent (and therefore, from which savings can be made) totals £1,298m. This is spread across all service areas, but over half is spent on children and young people and adult social care support.



The Challenge to 2017

The Coalition Government is committed to reducing the public spending deficit. It is planning to reduce the deficit mainly by reducing spending. Its 2010 Spending Review resulted in a 28% cut to local government by 2015. This is expected to increase.

Some large urban authorities like Birmingham have been hit particularly hard when the level of central government grant has been announced. The graph below (for local authorities that provide the same range of services as Birmingham) clearly shows that the Government's cuts have fallen most heavily on those areas with the highest levels of deprivation.



The average reduction in Government funding for the country as a whole has amounted to £74 per person. However, Birmingham's reduction has been more than double the national average, at £149 per person. If Birmingham's grant had been cut by the same amount as the national average then it would have received an extra £79.2m each year.

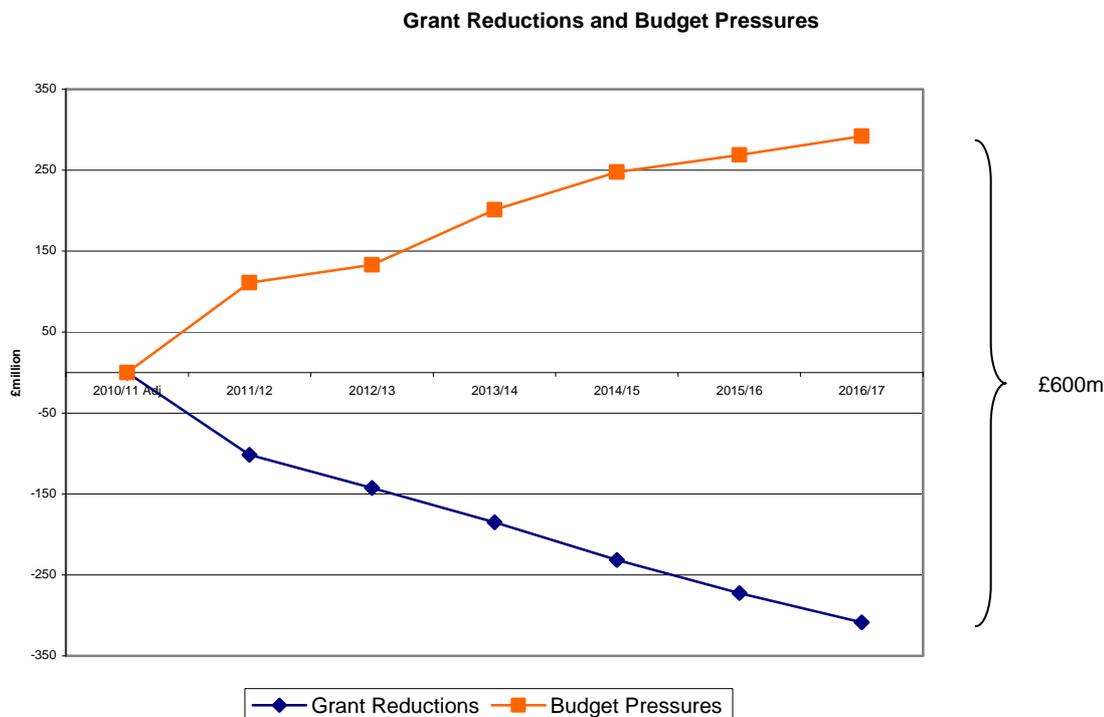
Over a six-year period, from 2010/11 to 2016/17, it is forecast that total Government grant to Birmingham City Council will reduce by at least £310m. Next year, the Council is forecasting further grant cuts of at least £40m (5%), but it could be worse than that.

At the same time, we will need to pay for unavoidable cost increases, due to the following:

- Inflation
- Changing need in the city's population
- Changes in legislation
- Financing costs

These are expected to cost around £290m extra by the end of 2016/17.

The combined impact of grant reduction and rising local costs means the Council will have to make savings of over £600m by 2016/17, as shown in the graph below.



The immediate task for next year 2013/14 is to save around £110m in addition to the £275m saved in the previous two years.

Assuming a Council Tax increase of 1.64% in 2013/14, and 1.9% thereafter, the different components contributing to this challenge would be as follows:

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Spending pressures	84.5	136.6	163.4	192.2
Council Tax income	(15.7)	(21.3)	(26.8)	(32.5)
Government grant reductions	41.8	88.4	129.5	165.6
Financial challenge	110.6	203.7	266.1	325.3

An analysis of the pressures is set out in Appendix 3.

We had anticipated much of this last year, although the position has become worse because of further budget pressures that have become apparent during the course of the year, and Government announcements of additional grant reductions at a national level.

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Savings programme - Feb 2012	70.4	81.0	94.1	99.3
Unidentified savings – Feb 2012	2.8	57.9	97.1	137.4
Financial challenge - Feb 2012	73.2	138.9	191.2	236.7
Revision of financial projections	37.4	64.8	74.9	88.6
Updated financial challenge	110.6	203.7	266.1	325.3

There are two important issues that reduce the Council's flexibility in responding to this challenge:

- It is expected that even modest increases in the Council Tax would require a local referendum, whilst making only a small impact on the funding gap because Council Tax provides less than 10% of our income.
- We only have the flexibility to find savings against 37% of our budget because there are constraints, defined by Government, about what we can and cannot spend our money on, and also some costs are fixed.

Our Approach on Behalf of Birmingham

The Council consulted you last year, and the year before, on significant spending reductions. Since then the Government has made further changes to the way that local councils are funded which add to the spending reductions already planned.

In light of these important issues, and because the decisions we take will affect all of Birmingham's residents, it is right that the Council consults with you again on our proposals to meet the new savings requirements, as well as holding a debate about how services happen in the future.

Reductions and savings to date

The cuts are not starting today: we have been making efficiency savings for several years and particularly since the big reductions in Government grants began in 2010. But from here on, it becomes even harder to identify ways of meeting them.

In response to Government spending reductions and unavoidable spending commitments, the Council has already planned and delivered huge savings: £275m in the last two years alone. There has been a reduction in the number of staff of 27% since April 2010.

Efficiency savings have certainly helped. A Business Transformation programme has covered financial systems and procurement, people management, use of property, information management, customer services, care services and housing services. Savings include back office costs (support functions, such as Human Resources, Procurement etc.) including office space and reduction in senior management posts. There have been no cost of living staff pay increases since 2010.

However, the Council has already reached a point where efficiency and transformational savings are no longer enough. Cuts are already affecting frontline services. As the Leader says in his introduction, the sheer scale of the cuts means that we can no longer put off fundamental and difficult decisions about the way the council works and the services it provides.

Budget Consultation – Our Principles for Budget Decisions

The Leader has been clear that the Council will be honest with people from the start. The cuts to date have not been easy. We are now at the point where it is getting harder to achieve further reductions through efficiency savings, whilst the scale of national cuts increases. Meanwhile we face rising social demand created through unemployment, skills shortage and housing needs.

In order to operate within the constraints of Government cuts the Council will have no alternative but to significantly reduce expenditure on services.

The way we do this must be based on our vision of an inclusive city, seeking at all times to work for a better future for Birmingham and its citizens despite these difficult financial circumstances. The principles guiding our decisions will therefore be:

- Putting fairness at the heart of our decision making – targeting resources to those most in need.
- Early intervention to prevent more costly problems occurring later on.
- Working co-operatively with other public agencies and enlisting local people, community organisations and the business community to tackle local issues.
- Getting real value in commissioning by paying for services that deliver the right results, encouraging social responsibility in business and valuing the contribution of community and voluntary organisations.
- A smart city – using new technologies – crucial to Birmingham's future jobs and prosperity in a global market.

We have therefore responded to the challenge in the following ways:

- We have reviewed the saving plans set out by the previous administration – some of them do not accord with the new policy priorities and in the case of others, we do not now feel that they can be implemented in the way that was originally proposed.
- We are proposing where appropriate to extend some of the previous savings proposals – but we are consulting on these extensions, where necessary.
- We have developed a range of new proposals.
- We will be conducting a thorough review of Council services, including the contract for IT services with Service Birmingham, assessing the level of value for money they provide and the contribution they make to local priorities and legal requirements. This is likely to result in decisions to provide some services in new ways, and to de-commission some others (see questions to consider when reading this report). We will deliver savings from this process in order to address the medium-term challenge, and also to realise some benefits in 2013/14.

Our approach to calculating savings targets

Our planning of savings proposals from 2013/14 onwards commenced with the figures in the Business Plan & Budget 2012+ in February 2012. Where the value of previous savings proposals needed to be varied, services were asked to identify compensatory savings. This was particularly the case for the Children Young People and Families Directorate, where the majority of the planned increase in savings (some of which was deferred from 2012/13) was not realisable. Directorates were also required to identify sufficient savings to cover any new directorate-based budget pressures or changes in any pressures already included in the Long-Term Financial Plan.

In addition, savings targets (£40m in total) were set in proportion to each service's share of the Council's controllable budget.

However, the final proposals set out in this consultation document do not simply reflect a pro rata allocation. They have been considered by Cabinet Members and adapted in the light of the Council's policy priorities.

The savings proposals can be summarised as follows:

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Savings programme Feb 2012	(70.4)	(81.0)	(94.1)	(99.3)
Less changes to previous plans	31.1	32.1	32.1	32.0
Revised savings plans	(39.3)	(48.9)	(62.0)	(67.3)
Extension of Feb 2012 plans	(8.2)	(8.7)	(8.7)	(8.7)
New savings proposals	(53.3)	(49.4)	(51.6)	(51.7)
Savings subject to consultation	(61.5)	(58.1)	(60.3)	(60.4)
Service Reviews	(9.8)	(96.7)	(143.7)	(197.6)
Total	(110.6)	(203.7)	(266.1)	(325.3)

Proposed 2013/14 Budget

The proposed reductions for each Directorate in 2013/14 and future years are shown in the summary table below and set out in detail for each service in Appendix 2.

Service area	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Adults & Communities	(32.7)	(29.7)	(41.7)	(46.4)
Children, Young People & Families	(23.8)	(29.3)	(31.5)	(31.5)
Corporate Resources	(12.3)	(16.0)	(16.8)	(17.2)
Development & Culture	(3.7)	(4.0)	(4.0)	(4.0)
Local Services	(28.3)	(28.0)	(28.4)	(28.6)
Service Reviews	(9.8)	(96.7)	(143.7)	(197.6)
Total savings proposals	(110.6)	(203.7)	(266.1)	(325.3)

Other Issues

Use of Reserves

It is sometimes suggested that the Council should use its reserves to avoid having to make savings. Using reserves for normal spending only provides a one-off delay in making sustainable budget decisions. In any case, most of our reserves are earmarked for specific purposes, and cannot be used to help balance the budget. The level of general reserves that the Council holds is modest for the size of the organisation, and the Council's external auditor has consistently recommended increasing the level of reserves. It is therefore not appropriate to use reserves to help balance the 2013/14 budget without repaying them in the future.

Grant Uncertainties

The figures shown in the tables above have been derived using our best estimates of the likely outcome of Government decisions on levels of grants, but there are a number of issues where the Government is considering a range of options. The announcement of actual figures has been delayed this year, so we do not expect the position to be confirmed until some time in late December. Only then will we know what the true position for 2013/14 will be, and it could be that the overall position will either be better or worse than the figures above. This makes planning very difficult. If the position is worse, further savings proposals will need to be developed to enable us to balance the budget.

Equal Pay

The Council is concerned about the increase in equal pay claims against the Council, which impact on its financial resilience and the resources available to deliver services.

The Council's accounts from 2006/07 to 2011/12 reflected combined actual and potential Equal Pay settlements totalling £757m (including the effect of recent case law) and this liability is increasing further as more claims are received by the Council. The affordability of this presents a major challenge to the Council.

In order to fund Equal Pay payments to date, the Council has been given approval by the Government to borrow money which it is repaying over twenty years. We are presently seeking further borrowing approvals from the Government; the figures in this consultation paper are based on the assumption that these will be forthcoming. The Council's proposals for the 2013/14 revenue budget and future financial forecasts, as set out in this document, include provision for repayments of £44m in 2013/14 rising to £92m by 2016/17.

2013/14 Council Tax

Council Tax represents less than 10% of the Council's income in 2012/13. Therefore, the Council's ability to change the level of cuts required by increasing council tax income is severely limited; in 2013/14 it is expected that a 1% change in Council Tax will result in a change in funding of £2.6m.

The three main options available to the Council with regard to council tax are:

- Freeze the level of the Council's element of Council Tax for another year, which would result in the Council receiving a grant from the Government of £2.6m each year for two years. As this is less than the figure included in our existing plans, this would increase the level of savings required in 2013/14 by £1.6m and the level of savings required from 2015/16 onwards by £4.2m.
- Increase our share of Council Tax by an amount up to the level which would require a referendum. Our provisional calculation is that this would limit our Council Tax increase to 1.64%, and this is the basis on which the figures in this consultation document have been calculated. However, at the time of issuing this document, the Government hasn't finalised the rules determining when a referendum would be required.
- Conduct a referendum, with a view to increasing our share of Council Tax by more 1.64%. This would mean that the Council would be required to deliver fewer savings, but would mean Council Tax payers contributing more.

We would like to hear your views on what the Council Tax increase should be.

Council Tax Benefit

From 1 April 2013 the way in which Council Tax support is credited will change. It will no longer be awarded as a benefit but instead eligible taxpayers will be given a discount against their Council Tax bill. However, the Government will reduce the amount of grant funding that the Council receives to meet the costs of support awarded by 10%. For the Council this equates to a £10.9m reduction in income, which must be addressed. The Council is able to design its own local Council Tax support scheme. However, it cannot alter the discounts currently available to pensioners.

In order to help address this £10.9m reduction in Government grant income, the Council is proposing to use its new powers to make changes to Council Tax discounts. These include removing the discounts applied to second homes and empty properties, which will generate an additional £4.6m.

The Council did not feel that it could cut the services that are used by some of the most vulnerable people in society by the full remaining grant reduction of £6.3m which needs to be found in 2013/14. The Council also recognises that there are some groups that currently receive Council Tax Benefit that it would like to continue to support. Therefore it has proposed that, in addition to pensioners, people with disabilities and those with young children will continue to receive their current levels of support.

The Council is proposing the introduction of a local Council Tax support scheme which would require those who do not fall into the above categories to pay a contribution towards their Council Tax. It is estimated that this will result in additional income of £5.5m being generated. The Council has already been consulting the public on these proposals, and responses will now be evaluated prior to a policy decision being taken.

Impact on Employees

The estimated staffing impact of the savings proposals in this consultation document is a reduction in 2013/14 of around 900 full-time equivalent jobs. In addition, there may be further reductions associated with savings proposals taken into account in setting the budget in previous years. The City Council will seek to minimise the number of compulsory redundancies, and will consult with staff and trade unions on specific savings proposals that affect staff.

Process and timetable for approval

Corporate Consultation

The formal corporate consultation on the overall Council resource allocation for 2013/14 runs until 6 January 2013.

During and after the consultation process, all of the views received will be fed back to Members of the Council to inform the decisions on the budget for 2013/14. The Business Plan and Budget for 2013+ will be decided at a meeting of all Members of the Council on 26 February 2013. The agreed 2013+ Business Plan and Budget and the response to consultation will be published on the Council's website in March 2013.

As this consultation exercise is open to all Birmingham residents and stakeholders and is widespread, we shall not be able to respond individually to comments made, but the views expressed will be recorded and considered as part of the decision making process.

Directorate consultations

This corporate consultation is on the main areas of spending in the 2013/14 budget and how we might deliver services in the future. Please note that we are not consulting again on existing plans unless they are substantially different to those proposed last year.

There will also be separate consultation on specific proposals contained in this document in line with the necessary statutory obligations for that service. This means the individual Directorates will consult service users on the detail of specific savings options.

All proposals will be subject to rigorous equalities assessments and other legal requirements that govern effective decision-making. These separate Directorate consultations may run beyond 6 January 2013 and may be subject to a separate Cabinet decision at the appropriate time.

Planning for 2014 onwards

The extent of the future challenge facing local councils will change local government and its relationship with its citizens not only in Birmingham, but nationally. This means we will have to radically review the role of the Council in the city. We will have to adapt and make changes to services and how they are run, involve citizens much more in shaping and delivering services where this is possible, and in some areas decommission services altogether.

The Council has already started its strategic planning for this for 2014/15 and onwards. The Council's key aim will be to reshape our role and how we work to ensure that we make the best use of resources for those most in need.

We will engage with the public on this work next year. The issues that the Council and people of Birmingham will need to address in this debate include how we:

- Focus resources on the City's top priorities (see Appendix 1)
- Change the expectations of what the Council will provide directly and what might fall to other agencies and to schools
- Fundamentally change how public services are organised
- Increase citizen responsibility
- Seek to reduce demand where appropriate
- Identify new approaches to funding

Questions to consider

We want to talk to you about the way in which we face this challenge and provide services for the future. We want you to tell us what you think about our vision, priorities and principles and give us your views on the proposed savings for 2013/14 listed in Appendix 2.

Please tell us what you think by commenting on:

1. The 2013/14 proposals (Appendix 2)
2. The level of Council Tax in 2013/14.
 - Should we freeze Council Tax at the same level as in 2012/13 or agree an increase for 2013/14?
 - If you are in favour of an increase, should we limit this to an amount that would not require a referendum, or should we propose a larger increase to be voted on through a referendum?
 - If you favour a referendum, what level of increase do you suggest?
3. The wider service delivery issues and, in particular, by indicating:
 - a. Whether you agree with the principles for budget decisions we explain in this document.
 - b. Whether you agree with the vision and priorities we explain at Appendix 1 in this document.
 - c. Which services and activities are the most important to you and to others in the community, and why.
 - d. Which services are the least important to you and to others in the community, and why.
 - e. Given that the Council is receiving less money each year, what you think it should entirely stop doing or funding.
 - f. How you think that services could be improved or run differently.
 - g. How service users, the local communities or the public could be more involved in helping to run some services. If so, which services and how might this be done?

How to let us know what you think

During the consultation period, you will be able to give your views in the following ways:

- By emailing budget_views@birmingham.gov.uk
- By writing to Budget Views, Room 127, Council House, Victoria Square, Birmingham B1 1BB.
- By text message to: 07786 200 403
Simply start a new message with the word 'Budget' followed by a space (if you miss out this word your message will be lost), then add your comment.

Please note you will not get a receipt for this message. Messages sent via this service will cost your usual network rate per message and are anonymous unless you put your name in the message.

- Attending one of the 4 public meetings. To find out more please visit www.birmingham.gov.uk/budgetviews
- Twitter: use #brumbudget13
- By completing an online survey from the week beginning 10 December onwards at www.birmingham.gov.uk/budgetviews

Appendix 1: Vision and Priorities

A new administration and new priorities

Following the elections in May 2012, the Council is now run by a Labour administration, with a new policy direction outlined in the Leader's Policy Statement that will underpin the decision-making process.

Despite the cuts we will still be spending a significant amount of money in the city in 2013-14 and beyond. We want to make sure this is invested in ways that achieve the most important results for the people of the city.

The Council therefore has a clear **vision for Birmingham**. This is:

An inclusive city in which many more people can play their part – a fair chance for everyone in Birmingham.

The Council has three key priorities that underpin all our strategies and plans and how we act in all that we do.

Below we explain each priority and what we are currently doing to achieve it:

Our Priorities

Priority One: Tackle inequality and deprivation, promote social cohesion across all communities in Birmingham, and ensure dignity, particularly for our older people, and safeguarding for children

Birmingham is one of the most deprived local authority in England. Almost a quarter (23%) of the city's population live in neighbourhoods in the 5% most deprived nationally. There are significant differences in educational achievement, health, life expectancy and worklessness across the city. Birmingham is a growing city. Birmingham has a diverse and constantly changing population of just over one million residents, with over half under the age of 35.

What is the Council doing about this?

- Making sure that the things we do and fund **contribute positively to social cohesion and to “closing of the gap”** between the most and least deprived. We will stop doing things that are not working and will be more rigorous in finding alternatives that do work.
- Working with communities to develop solutions to meet their differing needs and helping to foster the **community strength that really changes things at a neighbourhood level**.
- Working to find new ways of providing affordable social care, including investigating the feasibility of a **'peace of mind offer'** to find ways of helping reduce social isolation.

- **Reviewing our arrangements for commissioning services.** We believe that community and voluntary organisations, co-operatives and social enterprises can deliver the very best services. We have designed a **new performance system** which will first report in January 2013.
- Working to make **significant improvement to child protection services within the next 12 months, and raising awareness of corporate parenting responsibilities across the council.**

Priority Two: Lay the foundations for a prosperous city, built on an inclusive economy

If Birmingham is to compete in the global economy of the future the city must seriously improve in terms of education, skills, investment, connectivity and research.

What is the Council doing about this?

- Working to make Birmingham an **'Entrepreneurial City'** and Britain's easiest place to start and grow a business. This includes **supporting job creation, improving Birmingham's skill base**, working with businesses to develop **new economic growth zones**, introducing a **'Buy Birmingham First'** policy that gives priority to local companies to bid for Council work, linking **education with business growth** – including a **new Birmingham Baccalaureate**, supporting the expansion of **Birmingham Airport** and delivering **the New Street Gateway development**.
- **Working to make Birmingham a technologically 'smart' city** by collaborating with experts to ensure that the city offers state of the art digital infrastructure to support today's businesses and citizens.
- **Working to make Birmingham a 'green' city** – including consulting on a new planning policy – 'Your Green and Healthy City' – and our Energy Savers programme to reduce energy use in homes and businesses.

Priority Three: Involve local people and communities in the future of their local area and their public services – a city with local services for local people.

What is the Council doing about this?

- Since May 2012 we have passed control of **some 50 services** and budgets to **District Committees** so that there is a stronger focus on local priorities.
- Developing an **ambitious programme for how we work at neighbourhood level.**

Appendix 2: Birmingham City Council Draft Budget Reduction Proposals

ADULTS AND COMMUNITIES DIRECTORATE

KEY PRIORITIES FROM THE LEADER'S POLICY STATEMENT

As a Directorate, Adults and Communities have a major contribution to make to delivery of the key priorities set out in the Leader's Policy Statement to:

- *Promote social cohesion across all communities in Birmingham*
- *Tackle inequality and deprivation by delivering adult social care fit for the 21st century*
- *Ensure dignity and safeguarding for our vulnerable citizens*

STRATEGIC DIRECTION FOR THE DIRECTORATE'S SERVICES

The Directorate will play its part in delivering the Leader's Policy Statement and Council Plan by focusing on the following:

- Delivering services to those with “substantial” or “critical” needs;
- Finding new models of care which are affordable and sustainable;
- Shaping a single health and social care system, based on the long term collective interest;
- Promoting Personalisation and working with our partners to make Birmingham a great place to live and grow old in;
- Working with partners and GPs to extend telecare, early intervention and prevention activities;
- increasing the number of people benefiting from enablement services;
- Providing vulnerable people with choices of appropriate living accommodation and supporting them to remain independent and safe within the community;
- Tapping into the resourcefulness of the cared for and their carers to find solutions to the issues that we face

We will continue to ensure that the Directorate safeguards all vulnerable people and continues to improve its safeguarding practice

We will embrace our new Public Health role and will promote wellbeing through the work of the [Shadow] Health & Wellbeing Board.

BUDGET REDUCTION PROPOSALS

The proposals below should be considered in light of the “fiscal cliff” as considered by the Birmingham Health and Wellbeing Board. The report can be found on their website: www.bhwp.nhs.uk

New Options -	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
1. Adults and Communities Transformation Financing	1.410	1.410	1.410	1.410	It is proposed to reduce expenditure by financing future capital spend on IT systems from capital resources, and capping revenue expenditure and re-profiling the repayment of costs.
2. Reduction in directorate running costs	1.000	1.000	1.000	1.000	This proposal relates to various administration savings that are planned as a result of the transfer of Public Health services from the NHS to the Council in 2013/14.
3. One off use of reserves	2.965	0.000	0.000	0.000	The Directorate is able to make a one-off saving by using reserves and carrying forward under spends from 2012/13 in respect of pension strain, refurbishment, assessment and support and the Contact Centre.
4. Alternative TeleCare financing	1.000	0.000	0.000	0.000	The financing model for TeleCare envisaged the use of £6m of borrowing to fund equipment purchases. This proposal is to use capital grants from the Department of Health and capital receipts instead of borrowing – thus avoiding the financing costs and saving £1m on a one-off basis.
5. Full-year effect	0.500	0.500	0.500	0.500	This saving will be found from the salaries for the final group of

New Options -	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
of Homecare restructuring					homecare staff who are taking voluntary redundancy.
6. Birmingham Contract mitigation	1.200	1.200	1.200	1.200	The Directorate is currently funding the mitigation payments designed to protect those who lost out under the new Birmingham Contract, which have now ended. A saving of £1.2m will accrue in 2013/14 as a result.
7. Additional use of NHS funds to support eligibility criteria	3.185	0.000	0.000	0.000	The current savings plan assumes that Adult Social Care will use £10.1m of income that it receives from the NHS to benefit health to protect services and allow eligibility criteria to be kept at critical and substantial. This proposal sees the level of NHS income used to protect services rise on a one-off basis by a further £3.185m in 2013/14.
8. Framework Contracts and Market Shaping for residential and home care.	3.200	3.200	3.200	3.200	In January 2012, the use of framework contracts for residential and homecare services was approved. The frameworks set out terms and conditions under which specific purchases (call-offs) can be made. It moves the Directorate away from Council-set rates to market driven competitive prices, stimulating competition and allowing new providers to enter the market. Framework contracts and Market Shaping will enable the development of new models of care which are affordable and sustainable, and provide an opportunity for not-for-profit organisations to enter Birmingham's care market.
9. Full year effect of Meals subsidy reduction	0.400	0.400	0.400	0.400	This is the full-year effect of the decision taken in 2010/11 to end the subsidy for the Meals Service, which ended in September 2012. The saving represents the part-year budget that was used in 2012/13 up to the end of the contract.
10. Reduce subsidy for	0.400	0.400	0.400	0.400	Due to a commitment following a care home closure in 2008, the Council is subsidising intermediate care at the Norman Power Care

New Options -	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
intermediate care at the Norman Power Centre					Centre. It is proposed to end this subsidy, bringing NHS services at Norman Power into line with the agreements with the other care centres.
11. Reduce subsidy to University Hospital Birmingham for delayed discharge schemes	0.500	0.500	0.500	0.500	The Council is currently supporting capacity at University Hospital Birmingham as part of its arrangements for reducing delayed discharges of care. Instead, mitigation will be sought from the use of reablement funding (NHS) that is invested in the Kenrick Centre specifically to assist with reducing delays.
12. Planned under spend on third sector commissioning in 2012/13	0.225	0.000	0.000	0.000	It is proposed that a small sum of this funding is held back to make a one-off saving, whilst continuing to leave expenditure in the third sector as the most protected part of the Directorate's budget.
13. Supporting People	1.992	1.492	1.492	1.492	<p>There is a previously agreed target of £4.7m and a new requirement to save an extra £2.0m, making £6.7m in total in 2013/14.</p> <p>A strategic review of the programme in consultation with service users and providers developed a plan to deliver the existing target of £4.7m over three years. A contract management provision has been carried forward from 2011/12 to minimise the impact on services and allow £3.8m of the savings to be made as existing agreements expire. It is proposed that £0.9m will be saved by ceasing to fund the community alarms service, which will mainly impact on internal providers as well as some external providers.</p> <p>At this stage it is proposed to meet £1.5m of the additional savings</p>

New Options -	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
					requirement by a 4% reduction in contract values across the programme and the remaining £0.5m from under spends brought forward from 2012/13.
Sub-Total of New Proposals for Consultation	17.977	10.102	10.102	10.102	
Initiatives previously consulted on	14.757	19.634	31.581	36.250	
Total Potential Budget Reduction	32.734	29.736	41.683	46.352	

CHILDREN, YOUNG PEOPLE AND FAMILIES DIRECTORATE

KEY PRIORITIES FROM THE LEADER'S POLICY STATEMENT

Children, Young People and Families has a critical role to play in delivering the following key priorities from the Leader's Policy Statement:

- *Tackling inequality and deprivation by delivering Birmingham's future for young people*
- *Safeguarding vulnerable children*
- *Laying the foundations for a prosperous city, tackling youth unemployment through apprenticeships and the Birmingham Baccalaureate*

STRATEGIC DIRECTION FOR THE DIRECTORATE'S SERVICES

We will work to ensure safeguarding improves to a consistently excellent standard by providing high quality support services to allow children to be kept safely at home wherever possible. Where children do need to be looked after, we will provide care of the highest standard, with timely adoption and fostering placements used to provide an environment where children will thrive. We will work with schools to develop a Birmingham Baccalaureate to ensure that learning and employability are at the centre of the curriculum. This overarching vision for children's services will be realised and delivered through attention to six priority areas:

- Prevention
- Integration
- Aspiration
- Safeguarding
- Participation

- Excellence through partnership

Our aim is to provide more effective support in partnership with other agencies to enable children and young people to be better supported, cared for and protected in communities, shifting the profile of spend from “acute” services (e.g. children in care) to “targeted” services (intervening early with groups at risk of, for example, coming into care) accordingly.

BUDGET REDUCTION PROPOSALS

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
1. Voluntary Sector funding	4.430	4.430	4.430	4.430	This budget provides a range of services that include preventative, targeted and specialist support. These include services to families and young people who traditionally are not engaged by mainstream services e.g. young carers and young women at risk. A reduction in budget is proposed that will result in more than 5500 children and young people not receiving services as diverse as short breaks for disabled children, home start and intensive family support as part of a child protection plan.
2. Teenage Pregnancy funding	0.140	0.140	0.140	0.140	Young women who have an increased risk of becoming a teenage parent are provided with support and educational activities that are proven to reduce the chances of them making decisions that would result in them becoming a teenage parent whilst at the same time supporting them to achieve more at school and in their education. The proposal is to integrate this work into the Integrated Family Support Teams, making an

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
					efficiency saving.
3. Remodelling and integration of preventative and targeted services	3.312	7.903	9.833	9.833	<p>This proposal relates to the integration of the Education Welfare Services, Integrated Family Support Teams, Connexions, elements of the Children's Social Care and Children's Centre services.</p> <p>Where it is beneficial and practical, these services will be co-located on an area basis and brought under a single management structure with nominated central expertise to promote specialist knowledge. It is anticipated the services listed above will be configured around Council-managed Children's Centres, which may realise savings through the rationalisation of management posts and salary grades. Children's Centres will be managed on an area based hub and satellite model. Efficiencies are also associated with reductions in numbers of children in care and therefore public care costs by offering community-based alternatives over the admission of children to public care and actively progressing the care of some children so that they return to the care of their family or a substitute family without the involvement of the Local Authority.</p>
4. Home to School Transport	1.000	1.000	1.000	1.000	It is proposed to review the terms and conditions for pupil guides and to apply new policies to students receiving home to school transport that are currently being consulted upon.

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
5. Children's residential homes	1.600	1.600	1.600	1.600	It is proposed to review the Council's residential estate and other services for children in care within the changing context of preventative and statutory options for children.
6. Adoption	0.100	0.100	0.100	0.100	The Adoption Service recruits and assesses carers for children needing a permanent home through adoption, and also matches children to suitable carers. The purpose of these changes is to ensure we achieve improvements in timescales for both children and prospective adopters, to meet the targets in our Adoption Action Plan and improve outcomes for children. We will transform our current practice and bring together the "front door" of fostering and adoption to improve advertising and assessment practice. Savings will come from changes in the structure of the service and through improved practice in the future.
7. Disabled Children's services	0.500	0.500	0.500	0.500	The Disabled Children's Occupational Therapy Team provides specialist assessments and access to aids and equipment. Savings against this budget will be made from staffing efficiencies with no impact on service users. We will also review the eligibility criteria for families to receive direct payments. Further savings will be made by getting better value for money from contracts for placements and reducing the number of disabled children in residential care by providing

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
					targeted support to families in need.
8. Safeguarding and development service	0.250	0.250	0.250	0.250	Efficiencies will be secured in this service which supports the Birmingham Safeguarding Children Board, manages the independent Child Protection and Children In Care charing delivery; quality assures CYPF work and delivers learning and development to CYPF staffing. The service holds a number of statutory functions within its brief, and will be reviewed to ensure that these continue to be delivered.
9. Professional support services	1.370	1.370	1.370	1.370	The Professional Support Services brings together business support and administration activities across the directorate under a single management structure. This will provide a flexible, internal shared service for administration and business support activity. Savings will result from reductions in overall staff numbers.
10. Customer First	0.400	0.400	0.400	0.400	There are a range of customer referral and information enquiry services across CYPF. These teams will be reviewed and consolidated to simplify arrangements for customers to contact Children, Young People and Families and to improve our response.
11. Strategic support services	0.675	0.675	0.675	0.675	These are internal teams supporting Governance and Policy, Commissioning, Information Management Team, and Customer Relations. This will mean reductions in budgets supporting staffing

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
					and non-staffing elements of central support.. There will be an impact on performance monitoring and support for strategic management of children's services.
12. Youth Offending Service	0.400	0.400	0.400	0.400	This service is a multi-agency partnership involving Social Care and Education, Police, Probation and Health. It works to reduce numbers of young people who commit offences, reduce numbers who are remanded into custody and reduce re-offending rates. It is proposed to make reductions in delivery of prevention work and the Intensive Supervision and Surveillance Programme
13. Rights and participation	0.300	0.300	0.300	0.300	The service optimises and empowers children and young people, facilitating involvement with strategic and local decisions that may impact on their lives. It provides advocacy to children in care and care leavers. We will redesign the service to maximise the outcomes within a reduced budget.
14. Parent partnerships	0.080	0.080	0.080	0.080	The service is currently provided by the Council to meet statutory requirements and involves working with parents of all children with special educational needs to provide information and publicity, training, advice and support. The proposal is to review and possibly outsource the

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
					Parent Partnership service.
15. Child & adolescent mental health services (CAMHS)	1.430	1.430	1.430	1.430	This service provides direct help to children and adolescents with mental health difficulties some of whom have experienced abuse, neglect and trauma and / or are in care and need specialist help. The saving will largely impact on employees of Birmingham Children's Hospital some of whom are embedded in the service for children in care, others of whom provide part of the general CAMHS.
16. Connexions	0.750	1.250	1.250	1.250	Responsibility and funding for the provision for the universal careers service has now transferred to schools. As a result, this savings proposal will see the Council's remaining resources focussed on the most vulnerable young people over the age of 16 and those not in education employment or training. There will be a reduced access to careers guidance for those children under the age of 16.
17. School settings/improvement	0.500	0.500	0.500	0.500	The Service provides the Council with information needed to identify and provide support to vulnerable schools. It will broker support between schools, monitor impact, and assure quality. This will continue at a reduced level.

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
18. School management and governor support	0.039	0.039	0.039	0.039	This service provides a range of professional support and advice on all aspects of school management and administration, including procedures, legal and technical issues, and implementation of regulations. This saving represents the effect of schools meeting the full cost.
19. Admissions and appeals	0.150	0.150	0.150	0.150	The admissions and appeals service coordinates the offer of school places for all maintained schools and academies in Birmingham. The proposal is to become more efficient by changing the way the service is delivered and encouraging more use of web-based information and applications.
20. Education and Skills infrastructure	0.820	0.820	0.820	0.820	This service undertakes the Council's statutory duty to ensure that there is sufficient, local, education provision for all young people and carries out the statutory landlord function in maintaining the education asset portfolio to prevent school closures and mitigate health and safety risks. It is also responsible for delivering carbon reduction targets in schools, and for management of school Private Finance Initiative contracts. This savings proposal will result in a reduction in the service by reducing the number of posts. We will reduce the overall cost of the team through grant funding for relevant capital projects.

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
21. Hospital social work team	0.488	0.488	0.488	0.488	A team of social workers provide a service in hospitals across the city. The work is concerned with providing an initial response to expressions of concern and a child protection enquiry and assessment service. The proposal is to remove this service from hospital settings and deliver it from area based social work services.
22. Contact and escort service	0.333	0.790	1.000	1.000	This service supports and supervises arrangements for contact between parents and children in care. We expect a reduction in these costs in line with an overall reduction in the number of children in care.
23. Child protection specialist assessments	0.500	0.500	0.500	0.500	This budget provides for assessments commissioned for court in child protection cases. The proposal is to reduce costs by ensuring that as far as possible the work is delivered in-house.
24. Children's centres	3.000	3.000	3.000	3.000	£2m of the proposed saving will be achieved by reducing central budgets for non core elements of provision. The remaining £1m will be achieved by a percentage budget reduction to centres applied with due regard to deprivation levels of the areas they serve.

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
Sub-Total of New Proposals for Consultation	22.567	28.115	30.255	30.255	
Initiatives previously consulted on	1.222	1.222	1.222	1.222	
Total Potential Budget Reduction	23.789	29.337	31.477	31.477	

CORPORATE RESOURCES DIRECTORATE

KEY PRIORITIES FROM THE LEADER'S POLICY STATEMENT

Corporate Resources plays a leading role in meeting the following key priorities from the Leader's Policy Statement:

- ***Tackling inequality and promoting social cohesion by focussing on stronger partnership working***
- ***Delivering a prosperous city built on an inclusive economy, assuming a strategic role for the Greater Birmingham area***
- ***Involving local people and communities to make the Council work better and smarter for its citizens***

STRATEGIC DIRECTION FOR THE DIRECTORATE'S SERVICES

Corporate Resources drives the Council's direction by supporting decision-making and implementing those decisions; managing relationships with external partners to ensure we pull in one direction; providing effective business intelligence, and a clear policy steer. The Directorate provides a range of front-line customer services (e.g council tax, benefits, payments to suppliers and property services) and corporate business support services (e.g. Corporate Strategy, Legal, HR, Procurement and Finance). The Directorate will play its part in delivering the Leader's Policy Statement and Council Plan by focusing on the following areas:

- staying focused on outcomes for the people of Birmingham, guaranteeing good value for tax payers by ensuring resources are focussed on activities that make the biggest impact and reducing the centre's overhead costs
- engaging all of our stakeholders and making accountability real
- supporting major projects including New Street, Paradise Forum, Troubled Families, Public Health transition, Social Inclusion and Localisation
- developing policy in light of national and local changes and challenges
- understanding and meeting the needs of customers as efficiently as possible, ensuring improved decision-making and effective use of public resources

BUDGET REDUCTION PROPOSALS

The savings strategy will be based on the following principles:

- adopting a strategic approach to the delivery of the savings, ensuring that the money we spend has the maximum impact on our policy priorities, protects the most vulnerable and takes account of changes in Government policy
- to exempt some services that have already implemented new operating models and other services that have significant savings targets in 2012/13

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
1. Review the level of Housing Benefit payments to claimants in properties that are exempt from the Local Housing Allowance	1.250	1.250	1.250	1.250	The proposal is to discontinue discretionary payments above the Local Housing Allowance for landlords that are providing accommodation for people. It is estimated that almost 600 homes will be affected by this proposal but would result in a saving of £1.250m on the net cost of benefits.
2. Benefit Advice Centre – service redesign	0.250	0.250	0.250	0.250	The introduction of the Welfare Reform Act 2012 and Universal Credit will have an impact on the existing Benefit Advice Team. It is proposed that a new structure can be implemented for the Team to realise the savings
3. Corporate Resources savings	3.325	3.925	3.925	3.925	The savings include £1.700m savings ongoing and £1.625m one-off. The savings increase by £0.600m in 2014/15. These savings are not service specific at this stage. A review of all services within Corporate

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
					Resources will be undertaken.
4. Use of provisions for Housing Benefit/Council Tax Benefit Subsidy reimbursements from national Government	0.600	0.000	0.000	0.000	A prudent level of reserves is maintained for Housing Benefit/Council Tax Benefit Subsidy, pending the completion and certification of the final grant claims by the external auditor. An assessment of the current provisions indicates that it would be possible for one-off savings of £0.600m to be realised in 2013/14.
5. Communications - further service redesign	0.300	0.300	0.300	0.300	The major part of the saving required will be met by the full year effect of the current redesign – about £0.230m. The remainder will need to be found from reducing publications (Forward, Bulletin, Inner Voice, Jobs 4 U). To meet 2012/13 savings, Forward, Bulletin and Inner Voice have all been reviewed and either reduced in frequency or moved to electronic format. Options for further savings are very limited and it is therefore proposed to cease publication of fortnightly Jobs4U in order to meet the balance of the saving (£0.070m).
Sub-Total of New Proposals for Consultation	5.725	5.725	5.725	5.725	
Initiatives previously consulted on	6.582	10.268	11.121	11.484	
Total Potential Budget Reduction	12.307	15.993	16.846	17.209	

DEVELOPMENT & CULTURE DIRECTORATE

KEY PRIORITIES FROM THE LEADER'S POLICY STATEMENT

The Development and Culture Directorate will make a contribution to the following key priorities from the Leader's Policy Statement:

- ***Improve economic growth, reduce economic inequality, tackle deprivation and increase employment opportunities***
- ***Promote social cohesion by providing access to economic opportunity***
- ***Provide the opportunity for the views of local people to inform regeneration decisions***
- ***Support a rich and diverse cultural scene for residents and visitors***

STRATEGIC DIRECTION FOR THE DIRECTORATE'S SERVICES

The Directorate will play its part in delivering the Leader's Policy Statement and Council Plan by focusing on the following areas:

- Increasing inward investment into the city
- Boost women's enterprise
- Encouraging growth and enterprise, making Birmingham the best place in Britain to locate a business
- Working with partners and local communities to raise levels of qualifications, supporting skill development across the city
- Meeting our housing challenge to address our housing requirements whilst encouraging growth
- Make Birmingham a green and smart city, using new technologies to transform our connectivity and drive down carbon emissions
- Using the city's cultural scene to encourage investment, create jobs and promote the city – whilst recognising their importance to quality of life
- “Shout up” for Birmingham, at home and abroad

BUDGET REDUCTION PROPOSALS

Much of the work of the Directorate is not funded through traditional city council routes as it involves the private sector, different sources of external public sector funding and the work of partners in the public and private sector. Where we have been successful in securing external funding to deliver our aims and are responsible for managing the programme, and where we are delivering capital projects, we are able to use a small percentage of this to pay the salary cost of the staff who are involved.

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
1. Forward 4 Work Service - disposal of lease of the Inkerman St Building	0.060	0.060	0.060	0.060	<p>The proposal for the service redesign of Forward 4 Work was previously consulted upon as part of the 2012/13 Budget consultation process (total saving of £0.830m).</p> <p>This saving arises as a further consequence of the previous Forward 4 Work proposal and will release 6 Inkerman Street, Nechells, for leasing to third sector, private or alternative city council uses to generate a rental income.</p>
2. Secure external funding and recover our associated staffing costs.	0.345	0.345	0.345	0.345	Where we are successful in securing external funding to deliver our objectives and where we are delivering capital projects we are able to use a small percentage of the funding to pay the salary costs of managing the activity.
3. Reduce the 'BRIDGE' programme that helps city council employees at risk of redundancy find jobs with other	0.195	0.050	0.050	0.050	There has been less demand on the BRIDGE programme than was anticipated and this can be sustained at a lower level, with no adverse impact anticipated for staff "at risk".

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
employers					
4. Support Staff and related savings	0.687	0.880	0.880	0.880	Savings arising from previous provision to fund the costs of earlier service redesigns, reducing support costs and not filling vacant posts.
5. One-Off use of remaining Development Directorate balances	0.055	0.000	0.000	0.000	This proposal entails the one-off use in 2013/14 of unspent money allocated to the Development and Culture Directorate brought forward from 2011/12.
6. Discretionary Services Review	0.300	0.550	0.550	0.550	A further detailed review of spending and income budgets across the Directorate as a continuation of the service review process, consistent with the Directorate's vision and the principle of using our resources to make the most strategic difference and benefit the greatest number of people.
Sub-Total of New Proposals for Consultation	1.642	1.885	1.885	1.885	
Initiatives previously consulted on	2.050	2.085	2.092	2.097	
Total Potential Budget Reduction	3.692	3.970	3.977	3.982	

LOCAL SERVICES DIRECTORATE

INTRODUCING LOCAL SERVICES

The new Local Services Directorate was created in October 2012 and will be responsible for the delivery of a wide range of services that will support all citizens of Birmingham. The services will be delivered primarily through the new District Committees but there will also be services that are delivered on a City-wide basis where this provides better value for money.

The total resources available to the Directorate for the delivery of services is estimated at £265m in 2012/13 and the major components of this include:

- Fleet and Waste Services (refuse collection, street cleaning and garden waste)
- Maintenance of Highways and Emergency Planning
- Consumer Regulatory Services (Registrars, Environmental Health, Licensing) and Trading Standards
- Provision of Services for Homelessness People
- Library Services including the Central Library of Birmingham and the District Community Libraries
- District Services (Neighbourhood Offices, Sport & Leisure, Youth Services)
- Parks and Nature Services

The new Directorate will also be responsible for the provision of existing and new council housing and other services including Community Safety, Customer Services and Adult Education Services.

KEY PRIORITIES FROM THE LEADER'S POLICY STATEMENT

The services provided by the Directorate will make a major contribution to the Leader's Policy Statement and Vision for the Future:

- *Tackling inequality and deprivation, improving social cohesion with a new strategy for neighbourhoods*
- *Laying the foundations for a prosperous city*
- *Involving local people and communities in the future of their local area, improving accountability and opportunities to influence services*

STRATEGIC DIRECTION FOR THE DIRECTORATE'S SERVICES

The new Local Services Directorate will focus on the following key priorities when planning services:

- Providing excellent services for the citizens of Birmingham to tackle inequality and deprivation, improving service standards to a level considered 'best in class' and higher than other major cities and urban authorities
- Focussing on efficiency and value for money, integrating services at a local level and re-commissioning them if they can be delivered better by partners.
- Promoting the services provided by the Directorate that support new investment in the city and secure government funding, thereby laying the foundations for a prosperous City
- Working with our local communities to develop services that meet local needs, and to encourage active participation by all citizens by supporting volunteering and building community capacity and cohesion.

BUDGET REDUCTION PROPOSALS

The budget savings proposals aim to protect the services that have already implemented new future operating models (particularly with regard to services provided by Districts e.g. Libraries). We have adopted a strategic approach to the delivery of the savings, ensuring that the money we spend has the maximum impact on our policy priorities.

Fleet & Waste Management Services (FWM)

On 22nd November 2012, the Council successfully secured £29.8m from central Government. This funding will allow us to continue weekly refuse collections in the City over the next 5 years. The funding also gives the Council an opportunity to modernise the current service, particularly regarding investment in vehicles and depots, whilst introducing policies that are new to Birmingham but are well-established in many other local authorities. The proposals below have particular regard to this recent announcement.

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
1. FWM – New Future Service Model	6.570	7.100	7.100	7.100	<p>The existing service will be reviewed and improved following the allocation of £29.8m of resources from national government to maintain weekly collections for the next 5 years. Additional investment will be undertaken in depots and vehicles and new policies will be introduced in line with all other major local authorities. The proposed saving needs to be considered in that general context and will be implemented over the next few years.</p> <p>The total savings include £6.500m per annum that were approved as part of the current business plan of the Council and this target has been carried forward as part of this proposal.</p>

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
2. FWM – Review current Street Cleansing levels – City Centre	0.220	0.220	0.220	0.220	This proposal is likely to lead to a reduction in the overall level of street cleaning in the City Centre and subject to consultation, there may be a reduction in staff numbers.
3. FWM - Reduce Street Cleansing – Mechanical Sweeping	0.320	0.320	0.320	0.320	The Council provides 20 large mechanical sweeping vehicles to clear the main arterial routes and some housing areas in the City. The amount of mechanical sweeping is likely to be significantly reduced.
4. Parks & Highways – Nursery and Floral Services	0.383	0.491	0.491	0.491	Generate of additional income by promoting and selling services to other local authorities and reduce operating costs (there may be a potential impact on some of our parks and on our floral decorations programme).
5. Highways Horticulture	0.225	0.225	0.280	0.335	Savings will be made in two distinct areas: <ul style="list-style-type: none"> • Further reduction in grass cutting regime phased in over 3 years, plus removal of shrubs programme and replace with alternatives • A 50% reduction in the floral decoration programme on highway ornamental beds and baskets.
6. Highways – Review and optimise current Maintenance levels	1.250	-	-	-	The Current maintenance levels set out in the Highways Private Finance Initiative contract will be reviewed with the intention of delivering further savings This is in addition to existing ongoing savings totalling £4.4m pa as part of the existing savings programme. The saving will

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
					be implemented by a review of the carriageway works programmes and a review of intervention standards and response times for remedial works.
7. Car Parking Service review	0.100	0.100	0.100	0.100	This item includes proposals to extend the current on street parking areas to generate more income, review charging policy to take advantage of excess capacity opportunities and implement efficiency based reduction in overheads.
8. Events - increased net income.	0.050	0.050	0.050	0.050	It is proposed to increase charges and increase the number of commercial service providers that support events.
9. Strategic Library - Library of B'ham	0.200	-	-	-	Saving delivered by reducing the scale of opening festival for new Library of Birmingham
10. Community Play and Development	0.500	0.500	0.500	0.500	Consultation has been /is being undertaken to cease services provided for Community Play and Development, primarily grants to the voluntary sector and the management of the grant allocation service.
11. Building Support Services - Porters, curators & security - reduced provision.	0.200	0.200	0.200	0.200	Deliver efficiencies by reducing overtime and subject to consultation review staff resources pending a planned reduction in the number of buildings covered by this service.

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
12. Local Services Directorate - Vacancy Management	0.500	-	-	-	During 2013/14 controls will be put in place to manage and monitor vacancies as they arise within the newly formed Local Services Directorate with a view to delivering savings from delayed or deferred recruitment. This proposal will be in place for one year pending a wider review of the structure of the new Local Services Directorate.
13. Public Protection & Licensing	0.631	0.631	0.631	0.631	Subject to consultation, a new operating model will be developed for the delivery of a range of services including Trading Standards (the last service model was completed and implemented in October 2010). The proposals will include potential income generating options and providing services to other local authorities.
14. Redesign of Customer Services	0.459	0.459	0.459	0.459	This proposal will involve both the existing Customer Services Team and the Contact Centre. Subject to consultation, a new future operating model for the Customer Services Team will be developed and efficiencies will continue to be secured by Service Birmingham and Directorates by reducing the number of calls to the Contact Centre and encouraging more use of the internet to request services and resolve customer service issues.

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
15. New Support Service Structure for District Quadrants	0.300	0.300	0.300	0.300	The integration of the District Services into the new Local Services Directorate presents an opportunity to provide a new framework for supporting the new District Committees. This proposal will focus on increasing the efficiency in the delivery of Business Support Services.
16. Your City Your Birmingham	0.527	0.527	0.527	0.527	Additional levels of cleaning are currently procured by District Services through the existing Fleet and Waste Management Services. It is proposed that these additional enhanced services are discontinued and integrated within the existing service delivery framework.
17. Youth Service	0.470	0.470	0.470	0.470	The total net current budget for the service is £3.26m and this proposal will focus on reorganising the service and delivering efficiencies.
18. Community Safety	0.117	0.117	0.117	0.117	A review of the existing programmes of the Birmingham Community Safety Partnership will be conducted to secure the saving. This is in addition to existing savings of £0.3m as part of the current programme – the programme budgets for 2012/13 were £3.8m including some specific grants.
19. Private Sector Housing	0.526	0.526	0.526	0.526	A new service delivery model will be introduced for our services delivered to the private sector and this will also include savings on our provision of temporary accommodation in line with changes in legislation.

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
20. Legal Advice / Entitlement	0.037	0.037	0.037	0.037	Following a review of the provision of independent legal advice, new contracts were commissioned. This reduction will be achieved by general management of the existing contracts.
Sub-Total New Proposals for Consultation	13.585	12.273	12.328	12.383	
Initiatives previously consulted on	14.680	15.768	16.031	16.200	
Total Potential Budget Reduction	28.265	28.041	28.359	28.583	

CORPORATE SAVINGS

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
Service Reviews	9.800	96.700	143.700	197.600	We will be conducting a thorough review of Council services, including the contract for IT services with Service Birmingham, assessing the level of value for money they provide and the contribution they make to local priorities and legal requirements. This is likely to result in decisions to provide some services in new ways, and to de-commission some others (see questions to consider when reading this report). We will deliver savings from this process in order to address the medium-term challenge, and also to realise some benefits in 2013/14.

Appendix 3 – Summary of Pressures

New Pressure	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
1. February 2012 Long Term Financial Plan Assumptions	60.609	92.347	111.007	128.344	Assumptions approved during 2012/13 budget setting process.
2. Living Wage	0.273	0.273	0.273	0.273	Meeting the costs of paying people employed by the Council a wage that they are able to live on – this is based on a formula agreed by Loughborough University and the Joseph Rowntree Foundation
3. Business Charter for Social Responsibility	0.000	6.040	8.781	11.521	Ensure that all organisations that win contracts to provide services for the council pay their workers the living wage.
4. Debt Payments	10.414	28.469	34.607	40.638	We have updated the costs of interest and loan repayments to reflect planned capital expenditure and changes in interest rates predominantly in relation to Equal Pay settlements.
5. Inflation	(5.349)	(3.628)	(3.129)	(2.115)	We have reduced the provision for inflationary increases in both expenditure and income budgets.
6. Cost of Redundancies	0.438	0.819	0.819	0.819	Meeting the costs of payments to staff who are voluntarily or compulsorily redundant, spread out over a number of years.

New Pressure	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
7. Integrated Transport Authority Levy	(1.336)	(3.044)	(3.776)	(4.129)	This is now expected to be less than our previous projection.
8. Carbon Reduction Commitment	(0.206)	(0.107)	(2.007)	(1.908)	We have reviewed the pressure in relation to the anticipated annual cost of carbon per tonne and the estimated tonnage of carbon we will produce.
9. Insurance Fund Contribution	1.000	1.000	1.000	1.000	Funding for increased numbers of historical claims.
10. Collection Fund Deficit	2.900	0.000	0.000	0.000	We have reviewed the cumulative impact of the collectability of Council Tax debts from previous years.
11. ICT Strategy	1.000	1.000	1.000	1.000	Investment is required to renew or upgrade key ICT services: upgrading the network to supporting an increasingly mobile workforce; integrating council services with those of partners; changing fixed ICT systems to more cost-effective "cloud" services; providing the facility to share and manage council data as part of being a Smart City.
12. Private Finance Initiative/Building schools for the future affordability gap	3.200	3.200	3.200	3.200	The pressure arises from both a recurring shortfall in funding the unitary charge payments and additional expenditure triggered by contractual obligations such as undertaking market testing of facilities management services.

New Pressure	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
13. Elections - Single voter registration	0.150	0.150	0.150	0.150	To meet the additional costs of moving to a system of Individual Electoral Registration requiring each elector to register to vote individually rather than by household as currently happens.
14. Delivery of sustainability priorities	0.000	0.288	0.288	0.288	To identify and prioritise energy saving proposals and projects, to fund smaller projects and to finance the feasibility studies for larger projects.
15. Diamond Documentum System Upgrade	0.015	0.145	0.145	0.145	Diamond is a document management information system. It is a core system for the Development and Culture Directorate that has been in place since 2005 and is fast becoming a legacy system. As it is now on extended support there are increased risks in supportability, restrictions on compatibility and future developments due to the functional limits of the current solution.
16. Continuation of Digital Birmingham funding	0.000	0.271	0.271	0.271	To ensure that the benefits of digital and emerging technologies are available to the citizens and businesses of Birmingham. These benefits demonstrate a positive impact on economic growth within the City.
17. Coroner's Service	0.200	0.200	0.200	0.200	This Statutory Service has seen an increase in referrals / demand (autopsies, homicides and judicial reviews) and could lead to adverse media attention, if there are delays in provision of services.

New Pressure	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
18. CCTV Operations	0.100	0.100	0.100	0.100	The Council's Control Room provides a wide ranging CCTV monitoring and remote out of hours contact service. Part of the service continues to be funded by external organisations. However, there has been a recent reduction in external income of £0.250m annually and this has been offset in part by savings in operational costs.
19. Contact Centre	2.000	2.000	2.000	2.000	To ensure that the service can be delivered given the volumes of calls being received, (including the underachievement of planned shifts in the number of people switching to other ways of contacting the Council) and the long term contractual agreement with Service Birmingham.
20. Write Down of District Deficit Balances	4.000	0.000	0.000	0.000	To support District Services in the continued provision of future local services and averting the need to divert resources to fund the prior year overspends.
21. Homelessness	0.500	0.500	0.500	0.500	The current economic climate and Government Welfare Reforms are likely to have an adverse impact on Homelessness Service (changes in housing benefit, universal credit, unemployment, rent arrears, repossessions etc).
22. Library of Birmingham Business Rates	0.300	0.300	0.300	0.300	The previously assumed saving will no longer be deliverable under the Government's new Business Rates Retention Scheme

New Pressure	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
23. Tell Us Once Project	0.057	0.057	0.057	0.057	Tell Us Once is a new web portal to help newly bereaved people to contact a range of central and local government teams more easily. Developed for use in Birmingham by the Council alongside the Department for Work and Pensions, TUO is a national initiative to improve customer service and make things easier for people at a difficult time.
24. Shortfall in income target	1.237	1.480	1.480	1.480	Shortfall in income relating to car parking (due to a reduction in the number of cars travelling into the City) and to Events sponsorship. Also a shortfall in income relating to the Employment Services function and fall out of planning delivery grant.
25. Previous savings targets	2.970	4.720	6.140	8.084	The previous savings target in the parks service is no longer felt to be deliverable. In addition, meeting the costs of repaying money previously borrowed from reserves to fund the one off cost of invest to save projects.
TOTAL	84.472	136.580	163.406	192.218	