

BIRMINGHAM CITY COUNCIL SERVICE REVIEWS

GREEN PAPER: SUPPORT SERVICES PART ONE

INTRODUCTION

Birmingham City Council is facing a big challenge, having to cut the budget we can control by half over seven years. In the past we have often made changes to improve our services and get better value for money. But we now face cuts in government funding on a scale that has never been seen before.

We will need to make big changes to balance the books in the years ahead. These changes will have an impact on everyone in the city, so we want to discuss them with you before going ahead.

The key question we are seeking to answer is:

How can we continue to provide essential services to residents and guide the city through such difficult times, whilst supporting greater fairness and future prosperity?

We will need to be clearer on our priorities and ensure that we only spend money on things that support those priorities. We will need to develop new structures and ways of working with services such as the NHS. And we will need to work with the people of Birmingham to get maximum value from all the resources available to the city.

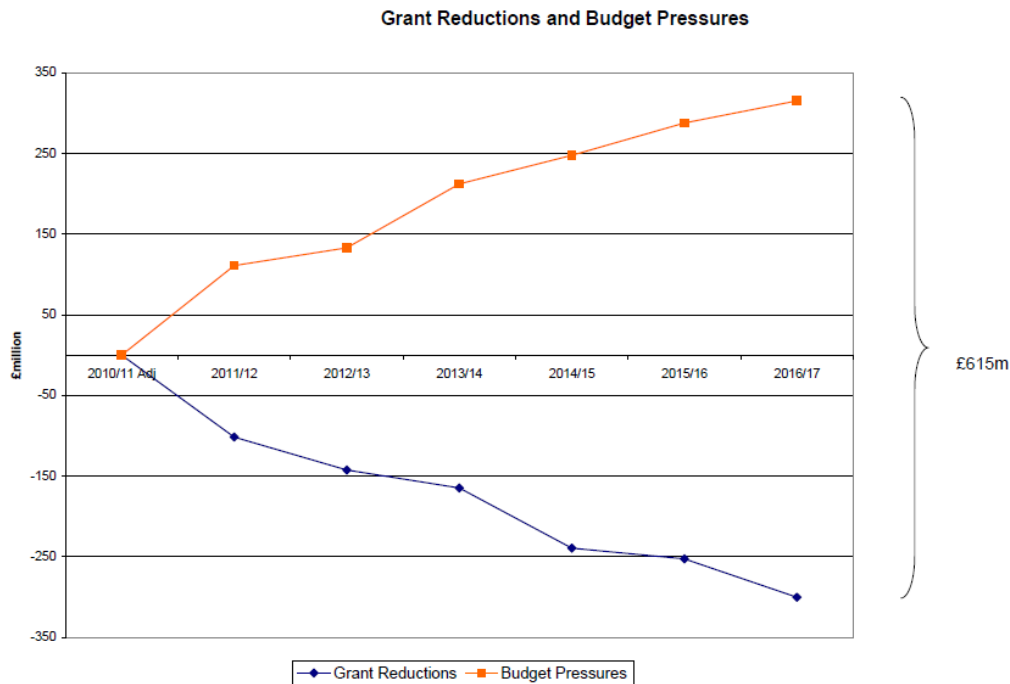
To do this we have begun a detailed programme of reviews looking at all our services and how the council works overall. This has never been done before on this scale and it might well lead to fundamental change in how services are provided and how key priorities are delivered.

THE BUDGET NUMBERS

The Government's programme to cut public spending has meant a severe reduction in local authority funding. At the same time, there are big pressures to spend more to meet inflation, the changing population, changes in the law and so on.

If we are to respond to this in time we must plan ahead and work out what the funding situation will be over the next three to five years. The forecast we produced in February is shown in the graph overleaf. This will be updated following the recent government announcements.

The council faces huge cuts in its grants from Government and increases in demand.



Source: BCC Business Plan and Budget 2013+

The council has already made significant savings in recent years, for example £275m has been saved in the last two financial years, with the non-school workforce reduced by 27% since April 2010. But despite this we still need to save at least a further £340m by 2016/17, including over £100m of savings in the current financial year.

The total saving of over £600m is about half of the funding that we have any choice over how to spend. Because of this combination of cuts and spending pressures we may not be able to deliver many of the services we now offer, and it may even become more and more difficult to deliver those that we are required to provide to an appropriate quality.

BACKGROUND TO THIS REVIEW

Our Approach

Whilst we have made significant savings in recent years and completely transformed some of our administrative functions, we are clear that further efficiencies in back office support services can and must be made, in order to limit cuts in front-line services as far as possible.

But we also need to rethink the role of our strategic functions. A differently functioning council may need to be supported in a radically different way. In future the council must be able to deliver challenging priorities for Birmingham with much less resource. This will require us to focus our resources even more on key priorities and the most cost-effective ways to deliver them. Current support service

arrangements are no longer financially sustainable, and are not always fully effective and efficient in supporting the council to deliver our priorities.

The review has identified several areas for potential savings, as well as areas where current culture, processes and organisation could better fit the future needs of the council. Our planning needs to be based even more on robust evidence and data applied consistently across the council.

Further support services savings will also be sought in the next stages of the Review Programme. Phase 2 will look at options such as removing internal charging and adopting a cross-council approach to administration.

What support services did the review look at?

1. Corporate Resources Directorate support functions.

The total spend on CRD support services is £110m. This sum includes external income and specific grants of £40m, leaving approximately £70m net cost. The breakdown of spend is as follows:

Human Resources and Equalities – £15.9m
Procurement – £1.2m
Corporate Strategy – £2.8m
Finance and Audit – £13.9m
Legal and Democratic services – £6.1m
Performance management and information – £1.5m
Shared Services - £4.9m
Property - £24.1m

Other support services reviews within Corporate Resources Directorate

The budget for the Corporate Resources Directorate also includes:

- Revenues and Benefits – the service is largely funded by government grant, except for council rent collection costs. Benefits are to be severely impacted by the Government's welfare reforms the review period so it is difficult to plan for savings easily. However, it is not considered unreasonable to allow for a £2m savings over the period.
- Service Birmingham (the joint venture company we set up with Capita to provide our Information Technology support) – elements of the contract not charged directly to services are held centrally. This is part of a separate review.
- Birmingham National Exhibition Centre (NEC) – a separate review of NEC costs will be conducted.

2. Cross-council support functions.

We have undertaken a review of a set of functions identified as common across the Council (see table below). We have tested whether more cost-effective arrangements are available. This element covers around 600 posts at a direct staff cost of around £20m per year, though there is some overlap with the Corporate Resources spending above.

Cross-Council Common Functions reviewed

Function	Contribution
Research, Analysis, Information and Data	Building the evidence-base and utilising Intelligence more effectively to deliver more cost-effective services.
Policy and strategy	Ensuring that Members' vision and priorities are clearly communicated, and translate into the most appropriate co-ordinated action.
Commissioning and contract management	Ensuring that services are provided which deliver the agreed priorities and meet the needs of the population as cost-effectively as possible.
Public engagement and consultation	Involving local residents in developing our vision and priorities, and in delivering agreed outcomes.
Marketing and communications	Ensuring that the Council's vision, priorities and resulting services are well understood by residents and other stakeholders.
Complaints	Understanding where services are not being delivered effectively or efficiently, and taking action to improve this and avoid future failure.
Member services	Supporting elected councillors to lead their communities, provide intelligence on resident views, and to hold services to account.
Performance management	Efficient and cost-effective reporting on progress against the agreed priorities and actions, leading to remedial action where required.
Programme management	Ensuring a systematic approach to implementing key projects and initiatives to deliver the agreed priorities.

THE INITIAL PROPOSALS ARISING FROM THE REVIEW

Support Services delivered by the Corporate Resources Directorate

Further savings in the period 2014-15 to 2016-17 of £14m, which is equivalent to 20% of the cost of the support services listed above.

An initial assessment has identified that these support costs of £70m can be split approximately as follows:

- “Corporate and Democratic Core” functions (this covers, for example corporate policy making, representing local interests, support to elected members and duties arising from our public accountability) - **£14m**
- Support that is directly driven by mandatory activity or the essential support work to make sure there is good governance - **£42m**
- Optional support activity - **£14m**

It is proposed that different levels of savings are required from each of these three categories of support service, adding up to the overall saving of 14% or £20m.

As part of the service review, seven corporate functions were subject to the national benchmarking process developed by the Chartered Institute for Public Finance and Accountancy with the National Audit Office and Audit Commission. This covered Communications, information and communications technology (ICT), Legal Services, Human Resources, Financial Services, Procurement and Estates Management. Key areas for further investigation, with apparently high costs include ICT, Legal Services and Estate Management. These functions are now being reviewed in phase 3 of the support services review.

Cross Council Support Services

We need strategic support functions that:

- Develop clear council priorities in response to the needs of the city and the council’s overall political objectives
- Deliver the agreed priority outcomes, by marshalling the efforts and resources of the whole council and other organisations behind these priorities
- Work in the most cost-effective ways and make the best use of reduced resources
- Build a culture that strongly values robust evidence and innovation, a shift to “preventing demand”, and building people’s ability to help each other (as set out in our first Green Paper on the Future Council).

We need processes, systems and ways of working that operate in a more co-ordinated way, aligning the efforts of the council and other organisations to deliver key priorities in the most cost-effective ways. We need an organisation and structure which supports more integrated ways of working.

The review of cross council support functions makes two key conclusions:

Firstly – that the option of centralisation would not be the most cost-effective solution in the case of Complaints, Member Services, and operational directorate policy and strategy functions.

The review concluded that the current organisation for these support services appears best suited to the Council's business needs.

Secondly – that in the five areas of corporate intelligence, Commissioning, Corporate Resources Directorate strategy functions, Communications, and consultation and engagement with the public, support needs to move to a better co-ordinated form that enables integration of key activities.

1. Corporate Intelligence

The review proposes to establish a more centralised “Corporate Intelligence Unit” to bring together existing research, analysis, intelligence and data resources (including performance information) to support directorates. We believe that this will help ensure that information from front-line staff, customer feedback, complaints, resident surveys and other engagement is used effectively to inform decisions and support more cost-effective delivery.

2. Commissioning

The review proposes a ‘Centres of Excellence’ approach to organising commissioning (deciding what services we need to provide and contracting with service providers). This will involve a ‘hub and spoke’ approach in which the corporate centre manages the process but groups of staff from across the council use their expertise in a joined up way to direct the commissioning.

3. Corporate Resources Directorate strategy functions

Existing Corporate Resources Directorate strategy functions should be centralised into a strategy “hub” in the Corporate Strategy Team. The proposals will:

- Base policy development more closely on the Council's priorities and give a clearer strategic lead to services
- Strengthen the public input to policy development
- Join up different services received by the same person or customer group (e.g. those with dementia)
- Tackle cross cutting issues more effectively
- Ensure delivery is better informed by long term strategic goals.

4. Marketing and Communications

Corporate Communications will work with the council's leadership to develop a Corporate Communications Strategy and Annual Plan to meet the priority communications needs of the Council. Resources will be allocated in line with this strategy.

The marketing and communications budget will be centralised, to enable more strategic planning of spending. Procurement practice for this spending will be improved through the introduction of framework contracts for a smaller number of suppliers. Income from outdoor advertising sites should be a corporate resource, rather than sitting in a particular department.

5. Public engagement and consultation

The council should engage with individuals as citizens, recognising that many use multiple services. The council's localisation agenda means that we will be aiming to engage with residents and service users on a range of topics through a variety of approaches such as ward committees, neighbourhood forums, specific user group forums and front-line community based staff. Our aim will be to co-ordinate this activity better and reduce duplication.

Our use of "digital" technology needs to improve, including more two-way discussions and more listening. Where appropriate other means of communicating will be used, building on this "digital by default" approach – so that everyone has an opportunity to participate.

Engagement work will be co-ordinated from a central unit (Corporate Intelligence Unit).

How would the savings be made?

Savings will be generated in three ways:

- Direct staff savings through centralisation and economies of scale (e.g. preventing double handling of enquiries)
- Process savings impacting on the wider workforce, through more efficient and more standardised processes
- Savings due to more cost-effective council-wide delivery. This is potentially the most significant benefit from better co-ordinated common functions.

The potential savings from these changes will be quantified in the next stages of the review.

KEY QUESTIONS

The questions in the service review dialogue are for everyone with a stake in the city. But in this review we are particularly interested in also receiving advice and comments from businesses and other organisations who may have addressed similar challenges in making their own administration more efficient and effective.

1. Corporate Intelligence

How can the Council make best use of the data it holds to improve services and plan for the long term needs of the citizens of Birmingham?

The council currently holds performance data on services, data from front line staff, residents' surveys and other engagement activities, and from complaints. We want to use this information in a co-ordinated way to build a full picture of the issues and to help us make decisions based on the available evidence.

2. Commissioning

How can the Council improve its commissioning so that we deliver better outcomes more efficiently?

A key priority for the council is to close the gap between the most and least deprived areas and groups in the city. Our commissioning processes need to help achieve this whilst making best use of every penny we spend.

Are there areas where we should commission jointly and why?

In some instances we are commissioning the same broad category of services for different client groups (e.g. social care for both children and adults). We would like to know your views on the advantages and disadvantages of joint commissioning, and areas which you think would particularly benefit from a joint approach.

How can the Council's contract management arrangements be improved to ensure that good quality services are effectively delivered?

We manage our contracts to ensure that both the council and the public get the services we are paying for, to the right standard and on time. We would like to hear your suggestions on how we can improve how we manage our contracts, and whether you think there are an efficiency savings we could make without compromising quality.

3. Corporate Resources Directorate strategy functions

How can we improve how we develop policies to tackle big complex issues?

Birmingham faces many complex challenges. We would like to know whether you think a 'strategy hub' will help, and what other measures you think we should consider.

What should we do to ensure that the Council's priorities are reflected in front line service delivery?

Ensuring that the council's priorities are reflected in day-to-day service delivery as well as long term strategic planning is an important task if we are to do what we say we will do. We would welcome your ideas on how we can achieve this, and whether you think a 'strategy hub' would help.

How can we engage better with our partners and the wider policy community in Birmingham?

Birmingham has a rich and diverse policy community, including the city's three universities, stakeholders, partners and agencies with expertise in many areas. We are also in dialogue with a number of think tanks and keen to draw on best practice and leading edge thinking where this can benefit the city. We would welcome your ideas on how we can collaborate more effectively on policy development and what areas of policy are best suited to this approach.

4. Marketing and Communications

Do you have any views on how the Council can improve its communications with the public in Birmingham? Which aspects of the Council's communications do you find most and least useful? Can you suggest any areas where savings could be made?

The proposal to centralise the marketing & communications budget is aimed at making sure that the money we spend goes to meeting our key communications and marketing priorities. Our Corporate Communications Strategy and Annual Plan will also help us stay focused on our top priorities.

5. Consultation and engagement with the public

How can we engage more effectively with the people of Birmingham?

We are keen to engage with people as citizens, residents and service users, in a way that helps us build a rounded picture of the issues which individuals and neighbourhoods are facing. Your thoughts on how best to achieve this would be welcome.

How can the Council's localisation agenda be used to improve engagement?

We have revised the Council's constitution so that decision-making on a wide range of services (e.g. council housing and libraries) now takes place at local district committees consisting of local elected councillors. How can we make best use of ward committees, neighbourhood forums, specific user group forums and front line community-based staff to improve local engagement further?

What opportunities exist to strengthen public engagement using digital technology?

Digital technology provides an opportunity to increase the public's ability to engage at all levels – from the future direction of the Council to providing feedback on specific services. On-line engagement via the Be Heard database, the People's Panel, Open Data, public dialogue on the service reviews and the on-going live streaming of council meetings are all examples of where technology has helped. If you have other ideas for how we can use digital technology to widen the public's engagement do let us know.

THE DIALOGUE

The first round of this dialogue will continue until September 2013. Following that there will be a formal budget consultation for 2014-15 – that will be a separate exercise which we are legally required to carry out.

All the information you need will be posted at:

<http://www.birmingham.gov.uk/servicereviews>

You will be able to take part in the dialogue by:

- Sending your comments by post or email
- Submitting comments on Facebook and via Twitter
- Attending the next meeting of your Ward Committee

Details for all these are on the web site.

In addition we will be holding discussion sessions on specific services with groups of service users and other interested people. We will also be engaging the permanent People's Panel during the summer. Our scrutiny committees will be looking in detail at aspects of the education and adult social care reviews.

If you are part of the network of people and organisations involved in our social inclusion process, led by the Bishop of Birmingham, you will also be able to join in discussion of how we can limit the impact of cuts on social exclusion and inequality.

City Council staff will also be encouraged to join in the debate.