

BIRMINGHAM SERVICE REVIEWS

GREEN PAPER: SUPPORT SERVICES PART TWO

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.

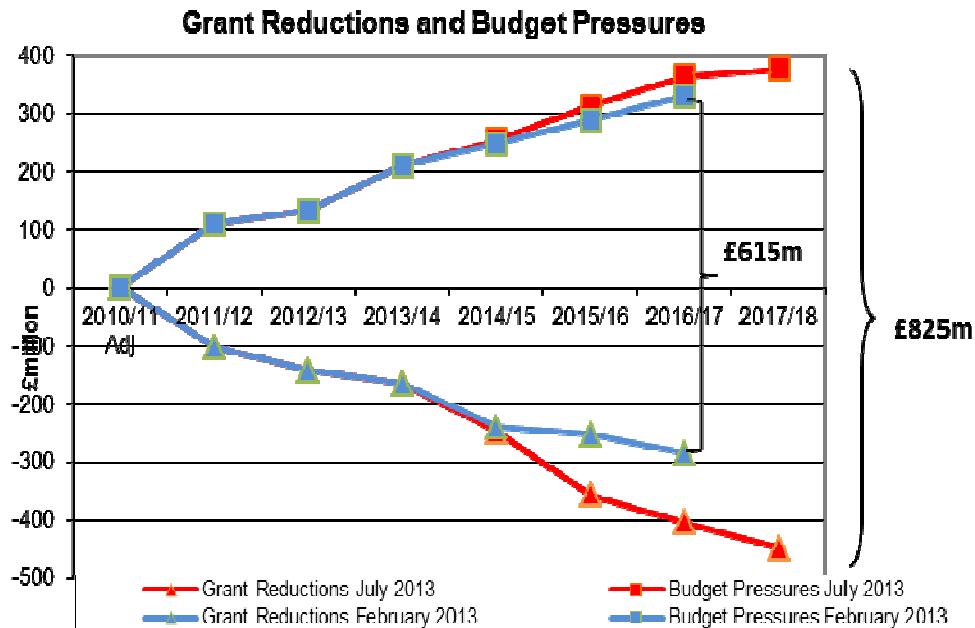
To do this we have begun a detailed programme of reviews looking at all our services and how the council works overall. This has never been done before on this scale and it might well lead to fundamental change in how services are provided and how key priorities are delivered.

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 and the demands that arise from 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. Our latest forecast is shown in the graph overleaf. As you can see the position has become much worse since the council set its budget in February this year. Even so this may still need to be updated further following future government announcements.

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



Source: Birmingham City Council, Corporate Resources Directorate, July 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 £450m by 2016/17, in addition to over £100m of savings in the current financial year.

The total estimated saving of £825m is about two thirds of the funding in 2010-11 that we had any choice over how to spend (what we call the “controllable budget”). Because of this combination of grant cuts and spending pressures we may not be able to deliver some of the services we now offer and it is likely to become more and more difficult to deliver those services that we are required to provide to an appropriate quality, unless we change the way that we do things.

Focusing on the next two years in the first instance, for which information is more certain, this is likely to mean that we need to find further reductions on average across our services of 25% of the “controllable budget”.

BACKGROUND TO THE REVIEW

Our Approach

The Green Paper on Support Services Part One said that whilst we have made significant savings and completely transformed some of our administrative functions, 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. This paper presents the conclusions of a second stage review of support services.

What support services did the Part Two review look at?

Civic Catering

Civic Catering provides a specialised catering service for civic events and meetings. The lead officer is seconded from Acivico to BCC to manage this service. There are 23 employees in this service.

Civic Catering has been developed as a business by expanding to attract weddings, corporate events and other private functions. Catering is also provided for the Pause Cafes at the council offices at Lancaster Circus and Woodcock Street, West Midlands Fire Service Headquarters (WMFS), Highbury Hall and the Old Rep Theatre. The following catering services are managed independently of Civic Catering: schools, care homes and Matchbox employees, some leisure centres, visitor centres, parks and third party catering.

Building Cleaning

Building Cleaning has responsibility for the provision of cleaning services to 240 Council buildings, ten car parks and 22 statues and fountains. The lead officer is seconded from Acivico to BCC to manage this service. There are 212 employees made up of both part and full-time staff (154 full time equivalents).

Services management

The services included are:

- Security and reception services for the main central administration buildings
- Security services to housing, libraries, nursing homes, schools
- A 24-hour response service to building alarms
- Incident response including supporting the council emergency response
- A building opening and securing service
- A facilities management service to a property portfolio ranging from the Council House in the city centre to smaller local area offices in the districts
- Set up of the banqueting suite at the Council House for VIP events, functions, weddings and so on
- The management of the buildings
- The issuing and recording of identity passes to council employees.

The service consists of ten staff in Building Management and 34.4 staff in Security.

Customer Services

Customer Services Division leads the improvement of customer service across the council, through face to face communication, by telephone through the contact centre and through developing self-service methods such as the internet. The Contact Centre is provided by Service Birmingham and the contract is managed by the Division. Customer Services is also responsible for the development and running of the council's website. The Council's complaint management system, known as Your Views, is also managed and developed within Customer Services.

Professional Support Services (PSS)

Professional Support Services covers all administrative functions within the council. Typical functions include secretarial and personal assistant work, processing purchases, managing offices and organising equipment such as computers, furniture, stationery and so on.

What is Acivico?

We are considering transferring some support services to Acivico.

Acivico Ltd is a company created by Birmingham City Council (BCC) to offer a range of services to the council and other public and private sector organisations.

They currently offer construction and property related services. The business is based on improving business and customer satisfaction by providing well designed, constructed buildings that are safe and sustainable to occupy and easy to maintain. More information can be found at www.acivico.co.uk

Acivico has the ability to trade in the private sector. This creates opportunities to generate income by diversifying the client base. Services transferred to Acivico must be at worst cost neutral (i.e. they make enough income to at least cover their costs) so these changes will firstly make savings equivalent to current net spending.

THE INITIAL PROPOSALS ARISING FROM THE REVIEW

Civic Catering and Building Cleaning

Detailed evaluation of different options for the future of these services was carried out. Options were scored by managers, trade unions and Corporate Procurement Services and in both cases the best outcome was to transfer the service to Acivico.

A full business plan will be developed including careful consideration to protecting staff pay and conditions. In the case of Building Cleaning, there must also be a joint assessment with the separate schools cleaning review to see if the proposals should be joined up.

Services Management

As part of the process of reviewing the service and how it would be delivered a wide range of options were considered and these were shared with trades unions (Unison, GMB and Unite). There was full staff consultation.

A number of options for how the service would be delivered were considered, including, full in-house service provision, a partnership approach and moving to an external model.

The preferred option was a “hybrid” with a mix of core management and building management and all other “provided” services (cleaning, repairs and maintenance, security etc.) being procured from other parties. This approach offers the overall Corporate Landlord service the most flexibility in service delivery, enabling building management staff to concentrate on ensuring the needs of the building users are met.

The proposal is to consider a transfer of the management of the security service to Acivico, whilst retaining the operational staff in-house. Again, a full business plan will be developed including careful consideration to protecting staff pay and conditions.

Customer Services

- Complete the contact centre affordability project. This is likely to see a renegotiation of the contract with Service Birmingham and re-location of the contact centre to less costly city council premises. This has the potential to make significant savings
- Sell advertising on the City Council website. This is forecast to generate £70,000 in 2014/15
- Establish a budget for website technology and development. Currently there is no dedicated budget which makes it difficult for technology to be adapted to improve our on-line or mobile services (which enable savings in other services)
- Update the Customer Services strategy to incorporate new technologies and changes identified through the Customer First business transformation programme

- Strengthen the role of Customer Services to ensure that all council services improve and adapt their customer service.

Professional Support Services (PSS)

- Staff will continue to work for different directorates, although the overall function will be coordinated by a steering group
- All administrative staff should be included
- Standard job descriptions for administrative staff on pay grades 2/3/4 and possibly grades 4/5 will be introduced, giving significant reductions in recruitment costs
- Standard processes will be designed to reduce waste
- Secretarial support for senior officers will be standardised and technology will be developed to support this
- Proactive development of career paths and qualifications for staff.

Reviews undertaken by PriceWaterhouseCoopers suggest a benefit model of between 5% and 50% and an Adults and Communities pilot has achieved over 30% savings. This suggests savings of 30% beyond those already achieved or planned in the PSS budget.

The potential savings identified by the review are:

2013/14	Gross Expenditure £000's	Gross Income £000's	Net Budget £000's	Potential Savings
Traded Services				
Civic Catering	2,072	(2,675)	(603)	Equivalent to 10% of turnover
Building Cleaning	3,436	(3,647)	(211)	Equivalent to 10% of turnover
Support Services				
Customer Services	13,968	(1,134)	12,834	Subject to the outcome of the Contact Centre Affordability Project
PSS	39,500	0	39,500	30% (Ensuring no duplication with the Service Reviews)
Services Management	4,500	0	4,500	20%
Totals			56,020	

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. Civic Catering

Should the council continue to run a civic catering service? What are the alternatives?

Should this be conditional on it being able to run so that it can as a minimum cover its costs?

Is a transfer to Acivico likely to provide the business independence and opportunity to enhance the business that is hoped for?

What concerns, if any do you have about potential changes to staff pay and conditions with a transfer to Acivico?

2. Building Cleaning

Should the council continue to run a building cleaning service? What are the alternatives?

Should this be conditional on it being able to run so that it can as a minimum cover its costs?

Is a transfer to Acivico likely to provide the business independence and opportunity to enhance the business that is hoped for?

What concerns, if any do you have about potential changes to staff pay and conditions with a transfer to Acivico?

3. Services Management

Do you know of or have experience of how other big organisations with lots of buildings manage their security and porter services? How can we do it better?

Should the council continue to run a services management service, including security? What are the alternatives?

Is the proposed hybrid approach to transfer the management of security to Acivico and retain the operational staff in-house the right approach?

Is a transfer to Acivico likely to provide the business independence and opportunity to enhance the business that is hoped for?

What concerns, if any do you have about potential changes to staff pay and conditions with a transfer to Acivico?

4. Customer Services

Is the focus on moving customer services to more digital and electronic means of doing business the right approach?

Do you have a view on how the council arrangement to run a call centre should be set up to best serve the council and our customers?

Is it appropriate to have a budget for web and digital application development to allow for continuous improvement? What do you think of our current web and digital media and how should they be improved?

5. Professional Support Services

Do you have experience of how to provide administrative functions within a large organisation? What have you found to be the most effective and efficient ways to provide administrative support?

Do you have experience or a view on the level of secretarial support senior managers need?

THE DIALOGUE

The first round of this dialogue will continue through September. 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 have also engaged 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.

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