

Birmingham City Council

Report to Cabinet

12 November 2019



Subject: Budget Consultation 2020/21+

Report of: Acting Chief Executive and Interim Chief Finance Officer

Relevant Cabinet Member: Councillor Ian Ward - Leader,
Councillor Tristan Chatfield – Finance & Resources

Relevant O &S Chair(s): Councillor Carl Rice – Co-ordinating, Councillor Sir Albert Bore – Resources

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Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, add Forward Plan Reference:		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential :		

1 Executive Summary

- 1.1 This report sets out the City Council's proposed Medium Term Financial Strategy (MTFS) for the period 2020/21 to 2023/24. The objective of this Strategy is to provide a financial framework within which the Council's priorities can be delivered within a balanced budget for 2020/21 and a sustainable financial plan over the medium term. It should be noted that this is an interim update of the MTFS and that a full update will be brought back to Cabinet in February 2020 after the outcome of the Local Government finance settlement is confirmed.
- 1.2 The report provides the basis for consultation for General Fund revenue budget saving proposals of £5.532m in 2020/21, growing to £17.712m in 2022/23, and proposed increases in general Council Tax of 1.99% and Social Care Precept of 2%, leading to an overall increase of 3.99% in 2020/21. This consultation document will be considered by Coordinating Overview and Scrutiny Committee on 6 December. The consultation responses will be considered and feed into Cabinet's proposed budget which will be considered at Council on 25 February 2020.
- 1.3 The Strategy is based upon a number of key objectives:
- i. To ensure that the Council sets a legally balanced budget for 2020/21 and set out a plan to achieve financial balance over the period of the MTFS.
 - ii. To develop a modernisation programme to deliver improved outcomes for citizens and deliver ongoing cost efficiencies and growth in income streams to achieve financial balance over the medium term;
 - iii. To align resources more closely with Council priorities over the medium term;
 - iv. To plan the level of fees, charges and taxation in line with levels that the Council regard as being necessary, acceptable and affordable to meet the Council's aims, objectives, policies and priorities whilst gradually reducing the Council's reliance on Central Government funding;
 - v. To continue to focus upon the delivery of planned savings and ensure proactive management of financial pressures to deliver services within approved annual resources; and
 - vi. To continue to protect the Council's reserves for unforeseen financial adverse events. The Council will not use reserves to meet ongoing operational expenditure, nor to compensate for non-delivery of savings. However, reserves may be strategically used to provide pump prime funding for projects that deliver changes in working practices or to stimulate service modernisation and longer term cost efficiencies.
- 1.4 This report outlines the Cabinet's draft budget proposals for 2020/21 to 2023/24 to deliver its priority outcomes for residents in a financially sustainable way. The Council acknowledges that it will need to identify detailed plans to reduce its net spending from 2021/22 to achieve a balanced Medium Term Financial Strategy

that delivers better outcomes for citizens and best meets its priorities. The development and implementation of a modernisation programme will be instrumental in achieving this aim.

1.5 In February 2019 the Council set a balanced Medium Term Financial Strategy subject to a number of assumptions around the financial uncertainties faced by local government, including:

1.5.1 The Council would retain the benefits of the 100% business rates retention pilot over the medium term;

1.5.2 Any changes resulting from the Government's planned "Fair Funding Review" would be financially neutral, despite the Council having suffered proportionately greater reductions in resources than other authorities in the past.

1.6 The intention was for the Council to deliver the priorities of the Council:

Outcome	Why is this important?
Birmingham is an entrepreneurial city to learn, work and invest in	We want a city that invests in its people, so that everyone can have opportunities to realise their potential through lifelong learning, skills and good jobs. We want to invest in the buildings and transport connections of our city to provide better places to live and work, and to enable businesses to prosper. HS2 will be a key milestone in the city's development and we must make the most of this opportunity to boost our economy and key growth sectors, and enable our citizens to access employment.
Birmingham is an aspirational city to grow up in	We want to respond to our unique profile as one of the youngest cities in Europe to give all children from every background and community the best start in life, with a clear pathway to achieve success and realise their full potential.
Birmingham is a fulfilling city to age well in	We want citizens to live more active, longer, healthier and independent lives. We want to reduce social isolation so that people can make positive choices and take control of their wellbeing.
Birmingham is a great, clean and green city to live in	We want Birmingham to be a sustainable city of vibrant culture, flourishing neighbourhoods with good quality housing. A city with clean air, safe and clean streets and green spaces. We want to be a city where our citizens have pride in where they live, have a strong sense of belonging and a voice in how Birmingham is run.
Birmingham residents gain the maximum benefit from hosting the Commonwealth Games	Hosting the Commonwealth Games gives us a global stage to use the transformational power of sport and culture to project a positive image of our city, promote growth and provide a long-lasting legacy to the citizens of our city.
Birmingham is a city that takes a leading role in tackling climate change	Climate change is an urgent issue with a global reach that directly impacts upon Birmingham residents. We will work with our partners to tackle this issue to make Birmingham a city in which all of our residents, including those from our most deprived communities, can lead healthy, safe, fulfilling lives.

1.7 A three year Spending Review was expected to be announced in 2019. The Council began to make preparations for how this could impact on the level of resources retained. However, the Government has subsequently announced a one year Spending Round, confirming national allocation of resources for the coming year, but no certainty thereafter. This has also delayed the introduction of the Fair Funding Review and move to a 75% business rates retention scheme nationally. The outcome of this is that the Council anticipates to have £50.6m more resources in 2020/21, in the form of some new funding streams, than it anticipated when it set the budget in February 2019. However, much of this resource has only been announced on a one-off basis; the Council's pragmatic and prudent planning assumption based upon the best available information is that £15.9m of this new resource will be available on an ongoing basis.

- 1.8 The Council now anticipates a three year Spending Review, the outcome of the Fair Funding Review and movement to a 75% business rates retention scheme nationally to be implemented for 2021/22, which causes significant uncertainty around the level of resources the Council will receive from 2021/21 given that we currently operate a 100% business rate pilot. Whilst the Council has proposed a balanced budget in 2020/21 as part of this consultation, the focus will be on developing and implementing a modernisation agenda to deliver significant levels of change in order to balance the budgets for 2021/22 and beyond.
- 1.9 For 2021/22 the Council is developing a programme of modernisation with the aim of delivering better outcomes for citizens and improving the delivery of the Council priorities. Further details will be reported to Cabinet over coming months.
- 1.10 The proposed 2020/21 budget position assumes a Council Tax increase of 3.99%, including a 2% increase for the Adult Social Care Precept. The final Council Tax increase will be subject to Full Council approval in February 2020.
- 1.11 The savings proposals in this report will deliver a balanced budget for 2020/21. Details on individual savings proposals are provided in Appendix 1.
- 1.12 The table below provides an overview of the savings position over the period 2020/21 – 2023/24.

Savings Requirement 2020/21 – 2023/24				
	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m
Savings Requirement	26.964	67.090	70.609	81.568
Financial Plan 2019-2023 (Approved)	(21.432)	(35.509)	(37.829)	(37.612)
New Savings Proposals	(5.532)	(15.402)	(15.517)	(17.712)
Other Solutions to be determined	0.000	16.179	17.263	26.224

2 Recommendations

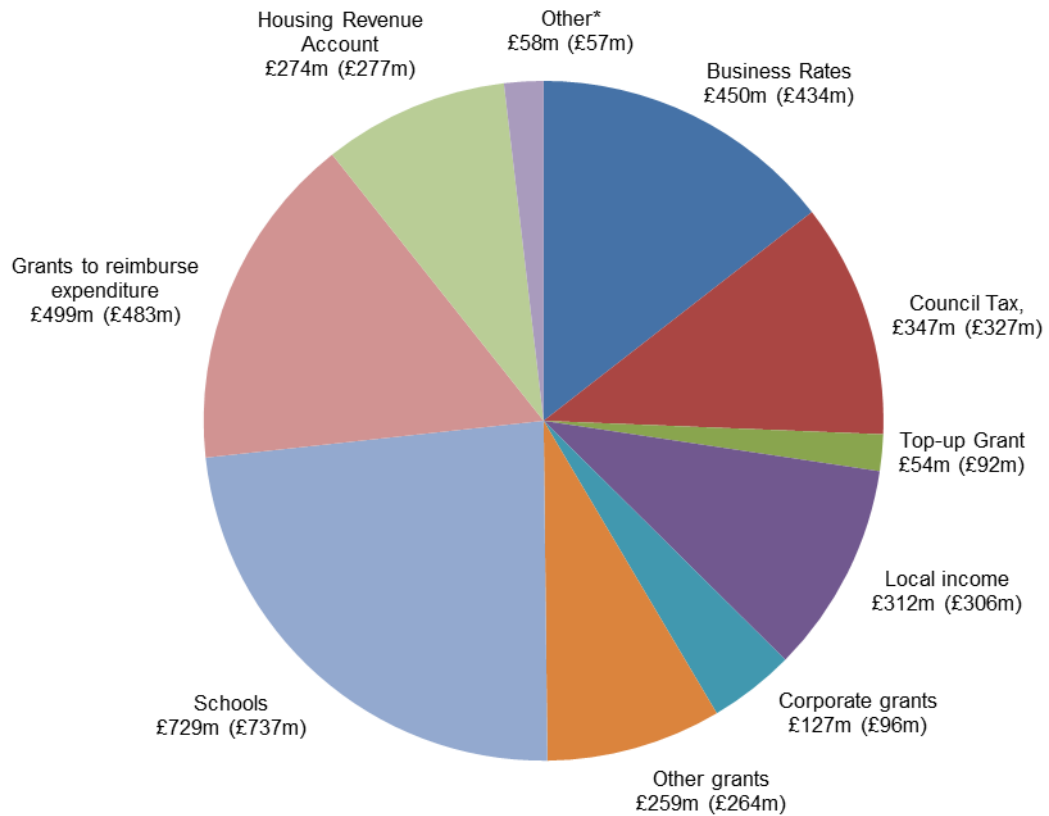
That Cabinet

- 2.1 Agrees consultation arrangements and approves the budget consultation document (attached at Appendix 1); and notes that formal budget consultation will begin on 18 November 2019 but that some proposals may be subject to different or further consultation when proposals are finalised;

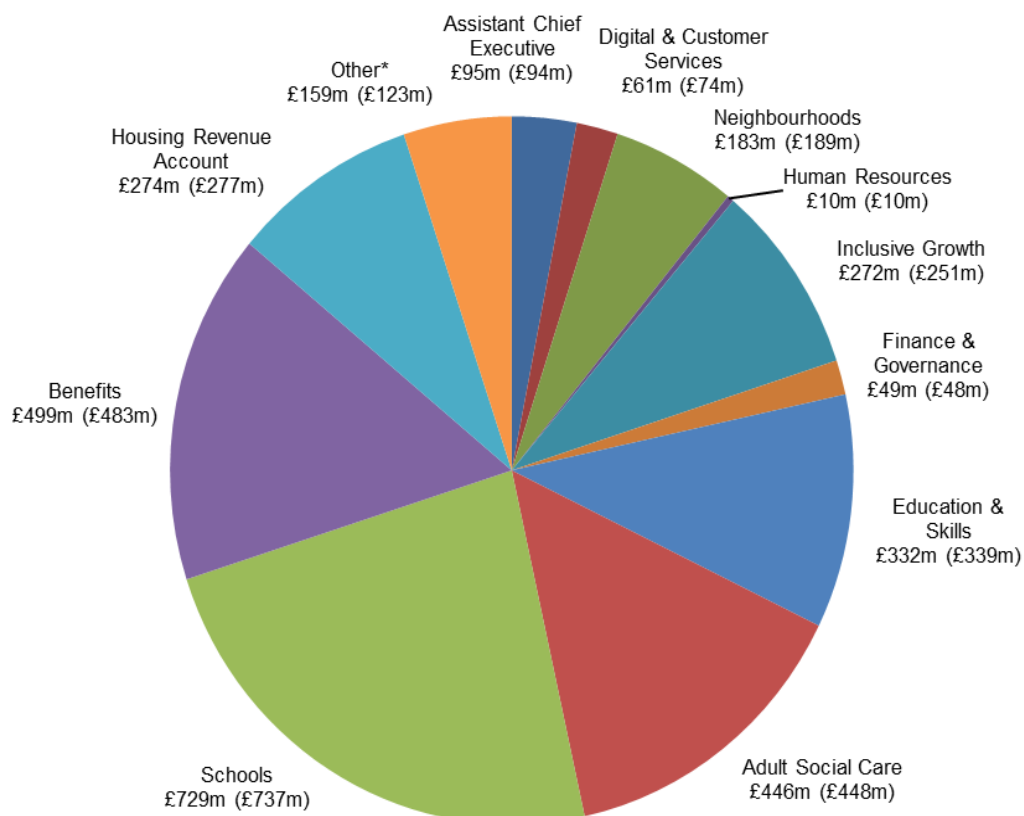
- 2.2 Notes that the report contains draft proposals for reducing cost and generating income that amount to £5.532m in 2020/21;
- 2.3 Notes that the Executive's budget proposals for consultation are based on the assumptions detailed within the MTFS and Central Government announcements on 4 September 2019. This includes a Council Tax increase of 3.99%, 1.99% under general powers to increase Council Tax without a referendum and 2.00% Social Care Precept;
- 2.4 Notes that the Cabinet's initial budget proposals will impact on staffing and that consultation will be undertaken in line with legislation and the Council's agreed processes before proposals are implemented.
- 2.5 Notes that the Consultation Document will be considered by Coordinating Overview and Scrutiny Committee on 6 December 2019.

3 Background

- 3.1 The Council is a large and influential local and regional organisation managing the delivery of a vast range of services either directly or with partners. Its core purpose is to improve the quality of life for residents and effective financial management is key to this.
- 3.2 The MTFS focuses on determining the financial position for the period up to and including 2023/24 and takes into account major issues affecting the Council's finances, including international, national and regional economic influences as well as local factors and priorities. It identifies risks and looks to mitigate those risks through provisions within reserves and balances to ensure the council has adequate resources to cover the uncertainty and risk.
- 3.3 It provides the framework and assumptions for developing the overall budget, taking into account any unavoidable service pressures. The MTFS recognises the key role that financial resources play in the future delivery of services, and enabling the effective planning, management and delivery of those services. The MTFS is therefore key to the effective delivery of the Council's overall aims of achieving better budgetary control.
- 3.4 The chart below shows that the Council currently receives (2019/20 with 2018/19 figures in brackets) almost £3.1bn in income from income from Central Government Grants, Council Tax, Business Rates, Rents, and other Fees and Charges.



- 3.5 The chart below shows how this money is spent. In two areas, schools and benefit payments, money is simply passported through the Council. The Council also needs to include two separate plans: Housing (within the Housing Revenue Account) of £274m and the remainder (General Fund) being used to further deliver the Council's outcomes and priorities.



- 3.6 It is important that Members are aware of the major financial challenges and opportunities and that they make informed decisions. The Council regularly revises its MTFS so that the financial position is clear for budget proposals to be drawn up for the forthcoming year. It is important for the Council to set out its budget proposals and emerging ideas for balancing the budget in the context of the MTFS over a four year period 2020/21 to 2023/24.
- 3.7 It is important to note commitments made by the City Council to balance its budget for 2020/21 without the use of reserves to meet ongoing spending pressures or the failure to deliver savings. This is an important principle for the City Council and is set out in the Council's Reserves Policy.
- 3.8 In order to meet the financial challenges and service pressures we face, total further savings (including those already in financial plans) of £81.568m are required to be delivered from the General Fund budget by 2023/24 to be sustainable – this represents around 10% of the total General Fund budget. So far the Council has identified £55.324m of savings to contribute towards this. The Council is developing a programme of modernisation with the aim of delivering better outcomes for citizens and improving the delivery of the Council priorities from a lower cost base.
- 3.9 The Cabinet wants to channel its resources towards agreed priority outcomes and to do this properly and transparently requires a different approach through aligning priorities more closely with available resources.

- 3.10 The outcomes of the consultation and Council's response to this will inform the MTFS for the period from 1 April 2020 onwards. The consultation document seeks views on the proposed approach to addressing the financial challenges and building a financially sustainable future.
- 3.11 The Council's Vision is to be a city of growth where every child, citizen and place matters. This Vision and the Council's priorities were incorporated in the Birmingham Council Plan: 2018-2022, updated in July 2019, and this document set out the Council's priorities and key measures by which success will be measured.

Outcome	Why is this important?
Birmingham is an entrepreneurial city to learn, work and invest in	We want a city that invests in its people, so that everyone can have opportunities to realise their potential through lifelong learning, skills and good jobs. We want to invest in the buildings and transport connections of our city to provide better places to live and work, and to enable businesses to prosper. HS2 will be a key milestone in the city's development and we must make the most of this opportunity to boost our economy and key growth sectors, and enable our citizens to access employment.
Birmingham is an aspirational city to grow up in	We want to respond to our unique profile as one of the youngest cities in Europe to give all children from every background and community the best start in life, with a clear pathway to achieve success and realise their full potential.
Birmingham is a fulfilling city to age well in	We want citizens to live more active, longer, healthier and independent lives. We want to reduce social isolation so that people can make positive choices and take control of their wellbeing.
Birmingham is a great, clean and green city to live in	We want Birmingham to be a sustainable city of vibrant culture, flourishing neighbourhoods with good quality housing. A city with clean air, safe and clean streets and green spaces. We want to be a city where our citizens have pride in where they live, have a strong sense of belonging and a voice in how Birmingham is run.
Birmingham residents gain the maximum benefit from hosting the Commonwealth Games	Hosting the Commonwealth Games gives us a global stage to use the transformational power of sport and culture to project a positive image of our city, promote growth and provide a long-lasting legacy to the citizens of our city.
Birmingham is a city that takes a leading role in tackling climate change	Climate change is an urgent issue with a global reach that directly impacts upon Birmingham residents. We will work with our partners to tackle this issue to make Birmingham a city in which all of our residents, including those from our most deprived communities, can lead healthy, safe, fulfilling lives.

- 3.12 The Council will continue to invest in its priorities including services for its most vulnerable citizens, improving the efficiency and effectiveness of services delivered to Birmingham residents. However, given the constraints upon resources and the continuing increase in demand for statutory services such as social care and homelessness, the Council must rethink and redesign services to achieve modernised and integrated customer centric solutions that deliver better value for money to secure its financial sustainability in the medium to long term.
- 3.13 The Council, as with other local authorities across the country, is facing increased pressure as a result of rising demand for services at a time when its resources are not increasing at the same rate. Coupled with this, there has been growth in actual or forecast demand for a range of core services, including looked after children and homelessness.
- 3.14 At the same time, the Council faces the uncertainties of Brexit and its potential impact on the national and local economy; the need to respond to changing behaviours and the need to build resilient communities and improve access to our services. We must also take steps to reduce our costs by managing

services in more business like ways working with our partners to improve outcomes for residents.

- 3.15 The Council estimates that it needs to make further annual savings of £81.568m by 2023/24. In addition to the existing plans, we anticipate having to make extra annual savings of £43.956m between 2020/21 and 2023/24, £17.712m of which are described in the consultation document. If our assumptions around ongoing levels of grant prove to be too optimistic then we will have to identify further savings in addition to this.
- 3.16 The approach to medium term financial planning for the period 2020/21 and beyond has been based on the Council's Priorities and the key principles outlined below:
- The plan will be a reflection of the Council's priorities based on what the Council wishes to achieve;
 - Recurrent expenditure not being funded from non- recurrent resources (reserves);
 - Strong governance and assurance and accountability for delivery of service outcomes within budget;
 - Closer integration of capital and revenue budget planning.
- 3.17 The remainder of the report details the financial position facing the Council and the specific proposals put forward for consultation. These proposals are set out in Appendix 1.
- 3.18 These draft proposals will be used as the basis for consultation with a range of stakeholders including residents, businesses, trades unions and partners. Analysis on consultation feedback will be considered by the Cabinet before they finalise their budget proposals that will be recommended to Council on 25 February 2020 when it will set the budget.
- 3.19 The key assumptions for 2020/21 underpinning this budget consultation are:
- 3.19.1 A base council tax increase of 1.99%;
 - 3.19.2 An increase in the Social Care Precept of 2.00%, resulting in a total Council Tax increase of 3.99%;
 - 3.19.3 Corporate Grants received in 2019/20 will continue to be received at their current levels in 2020/21 and at 50% of current levels thereafter;
 - 3.19.4 The Council will receive additional new grants of £27.146m (in 2020/21 only) relating to social care and £1.200m relating to Homelessness is ongoing;
 - 3.19.5 Council Tax Income will total £371.817m;
 - 3.19.6 Business Rates and associated grant income will total £430.433m;
 - 3.19.7 Pressures of £151.112m will be funded;
 - 3.19.8 A cost of living pay award assumption of 2.5%;

3.19.9 Other general inflation increases (including income) of 2%; and

3.19.10 Increments will begin to be paid again in 2021/22 based on staff performance levels in 2020/21 in line with the collective agreement made with the Trade Unions in 2016.

4 Reserves and balances

4.1 To ensure proposals are considered in a full financial context, it is important to set out the expected position on Reserves and the General Fund Balance.

4.2 The Council has a number of reserves that have been set aside for specific reasons. These reserves can be split into two categories:

- Those required to be kept by statute or accounting guidance. For example, revenue grants reserve, school balances etc. These reserves can only be utilised for the purpose for which they have been set aside.
- Those set aside for a future event that has a high probability of occurring, for example the Highways PFI Reserve;
- Those useable reserves held for non-specific events that cannot yet be foreseen.

4.3 In closing the accounts for 2018/19, a view was taken on maintaining and strengthening, where necessary, those reserves specifically earmarked to support the highest areas of risk resulting in the rationalisation of reserves and provisions where possible and in some cases additional funding being set aside.

4.4 The table below shows the forecast position over the MTFS period in relation to reserves which are not held for specific purposes is as follows:

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Invest to Save Reserve	25.6	10.9	14.6	21.3	26.3
Financial Resilience Reserve	57.5	53.0	46.6	42.6	41.2
General Balances	35.5	35.5	35.5	35.5	35.5
Total	118.6	99.4	96.7	99.4	103.0

4.5 The non-earmarked balances are forecast to be £118.6m at the end of 2019/20 assuming the year end position is balanced. If there was an underspend of £3.5m as forecast at Month 6, this balance would increase to £122.1m. The required level of balance is determined by assessing the level of risk the Council faces.

4.6 As demand for Council services is exceeding growth in funding sources, the level of risk is heightened. The assessed minimum balance will be reviewed for the MTFS update in February 2020, taking into consideration both risk and affordability.

5 Resourcing

- 5.1 Since April 2017, the West Midlands, including Birmingham City Council has been participating in a pilot scheme to retain 100% of the business rates collected locally in return for the cessation of Revenue Support Grant (RSG) from the Government. Together with income from Council Tax, these two sources of funding now account for more than 94% of the Council's net budget. It is vitally important that we focus on facilitating economic growth, growing both our Council Tax and Business Rates base and pursuing opportunities to grow local streams whilst maintaining robust financial management to contain spending within available resources.
- 5.2 The proposals in this consultation assume a combined general and Social Care Precept increase in Council Tax of 3.99% in 2020/21 and 1.99% in later years. As part of its 2019 Spending Round, the Government has indicated the extension of powers for Councils responsible for adult social care to raise additional Council Tax equivalent to 2% for a "Social Care Precept" in 2020/21. The Council has applied this additional charge for 2016/17 through to 2019/20, and will now consult on doing so for 2020/21. Over the five years, this will have generated additional funding of around £31m annually, to be used for adult social care. The Council carries out annual reviews of discounts being awarded for Council Tax such as Single Person Discounts and Student Exemptions, in order to ensure that everyone pays their fair share for the services provided by the Council. As such, improvements have been made to the forecast of the Council Tax taxbase including increases for the proposed implementation of additional empty homes premiums, in line with legislation, for long term empty properties that have been left empty for over five years with further premiums for those left empty for ten years or more. Growth in homes in Birmingham has also been included in current projections of Council tax income and is estimated at 3.6% over the four-year period.
- 5.3 During 2020 a proposal to review the amount of Council Tax Support awarded in future years will be drawn up. The proposal will be subject to extensive consultation and dependant on the outcome of the consultation changes may be made to the level of support awarded.
- 5.4 In respect of Business Rates, the Council continues its agreement with Government to Pilot 100% business rates retention locally. This means that all business rates generated in Birmingham remain locally to help provide services, providing a greater financial incentive to grow businesses.
- 5.5 Local Government finance is operating in a time of considerable uncertainty. From 2021/22 the Government intends to launch a nationwide scheme to retain 75% of business rates. This puts at risk a considerable amount of business rates income retained by the Council through its 100% Business Rates Pilot, estimated to be around £20m annually. The Government is also reviewing the way in which it allocated resources across local government, through its "Fair Funding Review", which could have a significant impact on the level of income

the Council retains. The outcome of this is also expected to be announced in time for implementation in the 2021/22 financial year.

5.6 In September 2019 the Government's Spending Round announced £1.5bn additional funding for social care in 2020/21 made up of:

5.6.1 £1bn additional grant funding – the Government's technical consultation assumes that the Council will receive £27m of this.

5.6.2 The ability to raise a Social Care Precept and increase council tax by 2% above the basic rate (assumed as part of this consultation)

5.7 The Government also confirmed that temporary social care grants received in 2019/20 will continue into 2020/21 worth £15.2m to the Council. Additional Homelessness grants of £54m have also been announced for 2020/21 of which the Council has estimated it may receive £1.2m. The announcement of these resources as part of a one year Spending Round causes considerable uncertainty in being able to forecast resources in the future.

5.8 The Government has not yet given any indications of the level of funding individual local authorities will receive in 2020/21. High level announcements have been made about local government funding as part of the Spending Round. Indicative figures relating to the Social Care Grant have been included within the Government's technical consultation document. However, provisional figures are not expected to be announced until December 2019, and so adjustments may need to be made in the light of this.

5.9 Overall, the Council's grants which can be used to support general expenditure are expected to increase by £24.856m when compared to 2019/20. However, there is considerable uncertainty after this, and planning assumptions assume a reduction of £5.071m by 2023/24 when compared to 2019/20 levels.

5.10 Significant areas of funding uncertainty for the Council include:

- The detailed implications of announcements made in the Chancellor's Spending Round;
- The detailed funding allocations for the Council for 2020/21;
- What level of resource will be available to local government from 2021/22 onwards;
- Whether the Council will continue as part of a 100% Business Rates Retention Pilot in 2021/22 and in particular, whether it will be able to retain its real terms growth since 2013/14 which resulted directly from the Pilot;
- The impact of a "fair funding" review being carried out by the Government on the distribution of local government funding – this is due to be implemented (at least in part) by 2021/22. The impact of this reform may not be known until late 2020 and could cause variations to our current assumptions.

Though the Government is yet to announce funding levels beyond 2019/20, the Council's current assumption is that:

- The settlement funding assessment (Top Up Grant and Government Business Rates Assumptions) in 2020/21 will remain unchanged, apart from inflationary increases;
- Social care grants received on a one-off basis in 2019/20 are now expected to continue into 2020/21; and
- Social care and homelessness grants announced as part of the Spending Round will be received in line with Government Technical Consultations or in similar proportions of the national announcements as they have been in previous years where no further information is available.

5.11 Table 2 below summarises the overall forecast financial position. If all the proposals included within this report were to be accepted, this would remove the forecast budget gap in 2020/21. Alternative savings will need to be identified for any proposals that are not accepted. Further budget proposals, including Modernisation proposals, will need to be developed during 2020/21 to close the forecast gap of £16.179m in 2021/22 rising to £26.244m by 2023/24.

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Changes in funding:				
Changes in corporate Government grants	(24.856)	7.725	7.149	5.071
Changes in Council Tax	(24.423)	(32.402)	(42.746)	(53.381)
Changes in Business Rates and related grants	12.923	3.407	(8.949)	(22.057)
Overall change in funding	(36.356)	(21.270)	(44.546)	(70.367)
Expenditure pressures:				
Pay and price inflation	20.683	40.238	62.344	83.035
New budget pressures	21.410	22.191	25.754	26.522
Other expenditure pressures	46.200	38.788	30.046	41.555
Total expenditure pressures	88.293	101.217	118.144	151.112
Movements in reserves *	(24.973)	(12.857)	(2.989)	0.823
Savings requirement	26.964	67.090	70.609	81.568
Savings in Financial Plan 2019-2023	(21.432)	(35.509)	(37.829)	(37.612)
New savings being consulted on	(5.532)	(15.402)	(15.517)	(17.712)
Other solutions to be determined	0.000	16.179	17.263	26.244
* Mainly reduction in contribution to reserves				

5.12 Following agreement by Cabinet, the proposals in this report will be subject to a 6 week public consultation, ending on 31st December 2019. Comments from the public will be invited at face-to-face meetings with the public and with businesses and via digital channels.

5.13 The responses from this consultation will inform the finalisation of the Council's budget for consideration by Council in February 2019.

6 Options considered and Recommended Proposal

- 6.1 The proposals in the attached draft budget consultation document reflect the evaluation of alternative options for balancing the General Fund budget for 2020/21, and in setting the financial strategy in the medium term. The purpose of this consultation is, however, to invite the public and partners to consider these savings proposals, provide feedback and, if they wish, make alternative suggestions.
- 6.2 Alternative options for revenue spending and MTFS assumptions form an integral part of the development of the overall MTFS that will be considered at the Council budget setting meeting on 25 February 2020. The current set of assumptions contained within this report will be reviewed on a regular basis but represent the most up to date information available at this time.
- 6.3 The proposals presented in this report represent the Cabinet's draft budget for the period 2020/21 – 2023/24. Of these, some proposals for 2020/21 to 2023/24 may also require further specific consultation with service users. In addition, there are a number of variables and alternative options that could be implemented as part of the budget. Table 3 below summarises the draft savings proposals by Directorate:

New Savings by Directorate

Directorate	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Education & Skills	(0.397)	(0.447)	(0.447)	(0.447)
Digital & Customer Services	(2.100)	(4.320)	(2.935)	(3.630)
Finance & Governance	(3.000)	(4.500)	(6.000)	(7.500)
Human Resources	(0.035)	(0.035)	(0.035)	(0.035)
Sub Total	(5.532)	(9.302)	(9.417)	(11.612)
Children's Trust	-	(6.100)	(6.100)	(6.100)
Total	(5.532)	(15.402)	(15.517)	(17.712)

7 Consultation

- 7.1 Cabinet Members, Directors, the Interim City Solicitor, Director of Human Resources, Director of Public Health and Assistant Director (Communications) have been consulted in the preparation of proposals set out in this report.
- 7.2 The draft document attached as an Appendix to this report will form the basis of public consultation on the overall budget proposals. This will be complemented, where appropriate, by consultation with stakeholders and staff on individual savings proposals.

8 Risk Management

- 8.1 The inability to deliver a balanced budget is one of the Council's main corporate risks. The proposals within this report are aimed to try to mitigate this risk.

8.2 All budget proposals contain an element of risk. Whilst the Council has delivered a substantial amount of savings over the past nine years, the following represents some of the key areas of risk:

- Delivery of the savings programme – the delivery of agreed savings proposals will need to be effectively managed and monitored to ensure that they are delivered in practice. A governance framework using the PMO model will be introduced to create greater rigour in delivery of the savings programme and also monitor the savings programme in greater detail. The savings programme will continue to be monitored robustly and reported to senior management and Members so that they are kept up to date with the progress of savings delivery
- Demand – It is possible that demand for the Council's services will exceed the assumptions that underpin the financial plans. Any budgetary pressures will be reported as part of the monitoring process and reported to Members. As far as possible, mitigations will be found to offset an
- Reputation – If stakeholder engagement is not managed effectively, the need for the Council to make changes to drive service improvements and drive out the associated savings will not be understood.

8.3 Prior to setting the budget in February 2020 an assessment of the adequacy of reserves held by the Council will be undertaken. This will be contained within the Budget Documents considered by Council.

9 Compliance Issues:

9.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

9.1.1 The Council will continue to be faced with resource constraints over the medium term, which will have an impact on service delivery. The financial proposals set out in the attached consultation document have been formulated in the context of the Council's policy priorities. In this way, these proposals are aligned to existing policy priorities.

9.2 Legal Implications

9.2.1 The Local Government Finance Act 1992 (as amended) requires local authorities to calculate their Council Tax requirement, after having regard to all items of income and expenditure for the forthcoming year and, after taking account of the principles set out by the Government, to determine whether a referendum is required on the proposed Council Tax increase. In practice, therefore, this means that a local authority must set a balanced budget for the forthcoming financial year, in this case 2020/21.

9.2.2 Section 25 of the Local Government Act 2003 requires that, when the Council is making the calculation of its budget requirement, it must have regard to the report of the Chief Finance Officer (s.151) Officer as to the

robustness of the estimates made for the purposes of the calculations and the adequacy of the proposed financial reserves. The setting of the budget is a function reserved to Full Council who will consider the draft budget which has been prepared by the Executive.

- 9.2.3 If budget proposals result in decommissioning or re-shaping services, then the law will either require specific statutory responsibility to consult on those proposals or the common law will impose an obligation to consult. A further consultation obligation is likely to arise in some cases because the Council's proposals require it to comply with or meet the objectives of the **Public Sector Equality Duty (PSED) arising under 149 Equality Act 2010**.
- 9.2.4 The PSED imposes on the Council an obligation to have 'due regard' as to what is appropriate in all the circumstances in achieving its desired outcomes. In setting the budget, the Council and individual councillors should consider the issue of discrimination before making any policy decisions that may be affected by such an issue.
- 9.2.5 In the absence of an express duty to consult, whether or not the service is a statutory service, the common law will impose an **enforceable legitimate expectation of doing so** where:
- a) There has been a promise to consult; or
 - b) There has been an established practice of consultation; or
 - c) Failure to consult would lead to conspicuous unfairness.
- 9.2.6 Subject to the overall requirements of fairness, a public authority usually has a broad discretion as to how a consultation exercise should be carried. Consultation should provide for interested organisations, service users, and wider community to put forward options on how to reshape the service or project and Councillors before making policy decisions and setting the budget should have 'due regard' as to the likely impact of these proposals on these interested parties.
- 9.2.7 In addition, **Section 3 Local Government Act 1999**, imposes an obligation on local authorities to consult widely in order to determine how the Best Value duty should be fulfilled when decommissioning or re-shaping services.
- 9.2.8 Subject to the overall requirements of fairness, a public authority usually has a broad discretion as to **how** a consultation exercise should be carried out. However the courts will now expect the following criteria to have been followed:
- Consultation must be at a time when proposals are still at a formative stage.
 - Sufficient information must be given to those impacted to permit intelligent consideration and response; and

- Adequate time must be given for this purpose; and
- The results of the consultation must be conscientiously taken into account in finalising decisions by decision makers.

9.3 Financial Implications

- 9.3.1 The proposals within this report are primarily concerned with financial matters. They reflect the organisational changes that the Council will need to take in order to respond to expenditure pressures, future uncertainties around resources and increases in demand for some core services.
- 9.3.2 The proposals attached, if adopted, will set out the revenue resources within which services must be managed during 2020/21. Final decisions on budget allocations will be taken at the City Council meeting on 25th February 2020.
- 9.3.3 The main method for people to give their views on the budget proposals will be through digital methods, and therefore costs will be minimised. These costs, along with any specific costs of running engagement sessions, will be met from existing budgets.

9.4 Human Resources Implications (if required)

- 9.4.1 The size of the revenue gap means that the Council will have to find new ways of working, will change the nature of services provided and will change the way the Council works in order to meet the existing challenges. Reduction in employee numbers is inevitable and appropriate assumptions have been made as part of the existing and new savings programmes. However, proposals made are subject to appropriate staff and trade union consultations.

9.5 Public Sector Equality Duty

- 9.5.1 Each service area is required to undertake the Councils Equality Analysis on each of the budget proposals, and to have 'due regard' to their duties under the Equality Act 2010 before a policy decision is taken by both Full Council in February 2019 and before a decision to implement that policy is then taken by Cabinet/Cabinet Member/Corporate Director which might affect those with relevant characteristics.
- 9.5.2 Further equality implications will need to be considered alongside existing and continuing consultations on specific service change proposals.

10 Appendices

10.1 Appendix A – Budget Consultation 2020/21 – 2023/24

November 2019

Budget Consultation 2020+



Making a positive difference

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The purpose of this document

This is the formal consultation document for residents and businesses of Birmingham on the Council's 2020+ budget.

The consultation document sets out the overarching approach the Council is taking to achieve a balanced budget for 2020/21.

These views will be fed back to councillors to inform their decision on the budget in February 2020.

Please note this document sets out broad issues for the corporate consultation and the overall budget position. There will also be consultations

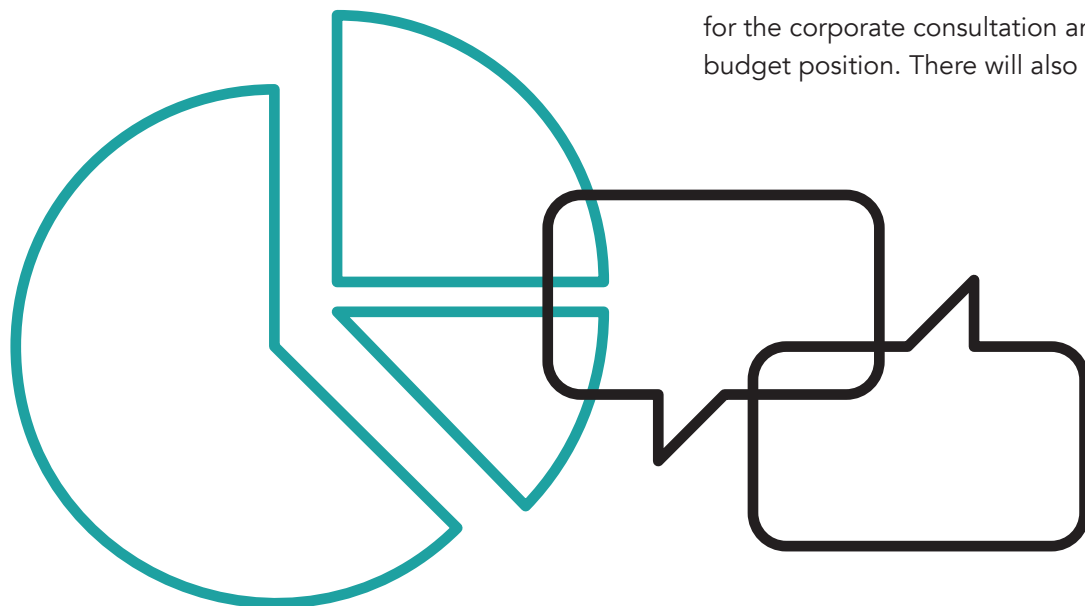
on specific service proposals, and implementation will be subject to the required governance process.

How you can have your say:

The formal budget consultation for 2020+ closes on 31 December 2019.

To let us know what you think fill in our online survey at **birmingham.gov.uk/brumbudget20**.

You can also join the conversation online on Twitter at #BrumBudget20.





Section 1: **Leaders'** **foreword**

Foreword from the Leader and Deputy Leader

Political and economic uncertainties at national level mean that it continues to be a period of huge challenge for Birmingham City Council.

That's because savings of around £730 million have had to be made across vital services to support the people of Birmingham since 2010. The most vulnerable in our city have inevitably been worst hit by almost a decade of austerity.

And although we expect to receive additional funding of around £25m in 2020/21, we must be clear that this merely represents a small respite before the cuts resume in a year's time, when our funding is expected to reduce by around £30m and we may also lose our 100% Business Rates Retention Pilot which would cost us a further £20m per year.

Consequently the budget proposals in this document set out how we aim to meet the current and future financial challenges by redesigning services to better meet the needs of Birmingham citizens. We will transform and modernise services in response to changing demand from a growing population.

And we will focus resources on six key priorities:

1. Birmingham is an entrepreneurial city to learn, work and invest in.
2. Birmingham is an aspirational city to grow up in.
3. Birmingham is a fulfilling city to age well in.
4. Birmingham is a great city to live in.
5. Birmingham residents gain the maximum benefit from hosting the Commonwealth Games.
6. Birmingham is a city that takes a leading role in tackling climate change.

The sixth priority was added to the Council Plan in June 2019 when the council declared a climate emergency and we will continue to work with our partners to make Birmingham a city in which all of our residents, including those from our most deprived communities, can lead healthy, safe, fulfilling lives.

We will adapt to changing circumstances and seize the new opportunities to power our economy as Birmingham becomes a cleaner, greener and healthier place to live and work.

Even in challenging times, Birmingham is a resilient and ambitious city. We continue to attract record levels of investment and projects like the Metro extension, Curzon, Birmingham Smithfield



and the Commonwealth Games are just a few of the reasons why developers and investors from around the world are heading to this city.

We're looking to the future: building more homes, and creating more jobs and better opportunities for the people of Birmingham.

Preparations for the 2022 Commonwealth Games are gathering pace and, in addition to the major redevelopment of Perry Barr, we will ensure that the benefits of hosting such a major global event are felt by as many people, in as many neighbourhoods, as possible.

So there are many reasons for optimism in Birmingham – but we know that the impacts of austerity are still being felt in communities and neighbourhoods across the city.

The proposals laid out in this document will impact on people across Birmingham, which is why it is so important for us to hear your views.

Please find time to have your say.

**Cllr Ian Ward and
Cllr Brigid Jones**

What do we want to achieve?

Birmingham is an entrepreneurial city to learn, work and invest in

We want a city that invests in its people, so that everyone can have opportunities to realise their potential through lifelong learning, skills and good jobs. We want to invest in the buildings and transport connections of our city to provide better places to live and work, and to enable businesses to prosper. HS2 will be a key milestone in the city's development and we must make the most of this opportunity to boost our economy and key growth sectors, and enable our citizens to access employment.



Birmingham is an aspirational city to grow up in

We want to respond to our unique profile as one of the youngest cities in Europe to give all children from every background and community the best start in life, with clear pathways to achieve success and realise their full potential.



Birmingham is a fulfilling city to age well in

We want citizens to live more active, longer, healthier and independent lives. We want to reduce social isolation so that people can make positive choices and take control of their wellbeing.



Birmingham is a great, clean and green city to live in

We want Birmingham to be a sustainable city of vibrant culture and flourishing neighbourhoods, with good quality housing. A city with clean air, safe and clean streets, and green spaces. We want to be a city where our citizens have pride in where they live, have a strong sense of belonging, and a voice in how Birmingham is run.



Birmingham residents gain the maximum benefit from hosting the Commonwealth Games in 2022

Hosting the 2022 Commonwealth Games gives us a global stage to use the transformational power of sport and culture to project a positive image of our city, promote growth, and provide a long-lasting legacy to the citizens of our city.



Birmingham is a city that takes a leading role in tackling climate change

Climate change is an urgent issue with a global reach that directly impacts upon Birmingham residents. We will work with our partners to tackle this issue to make Birmingham a city in which all of our residents, including those from our most deprived communities, can lead healthy, safe, fulfilling lives.



The wider environment

The opportunities

Despite the turbulence created by Brexit these are exciting times for the city. Birmingham is bucking the national trend, with the fastest growing economy in the UK outside of London. It is leading the way in attracting investment from abroad and has seen the fastest rise in wage levels in the country.

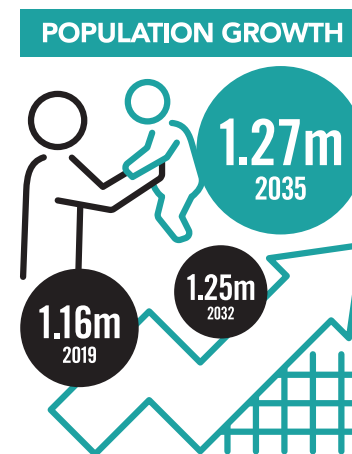
[Source: ONS].

The city has a strong and diverse business sector and is becoming a hub for advanced manufacturing, financial services and tech – Birmingham is currently home to 7,500 tech firms employing more than 40,000 people. Our strong business base, combined with the concentration of world-class universities, means the city is well-placed to harness the future economic opportunities around creative industries, digital, automation and decarbonisation.

The Commonwealth Games will see almost £1bn invested into the city and wider region and help cement Birmingham's reputation on the global stage. The next decade has the potential to be the start of a 'golden generation' for the city – and the Council, as the leader of place, will have a key role in delivering that.



Source: 2018 Population Estimates



HOUSING REQUIREMENT



Data provided by BCC Housing

Aspiration: to become one of the 'greenest' cities in the UK

Climate change is one of the biggest challenges facing the planet. Earlier this year, the Council announced a 'Climate Change Emergency'.

Reducing carbon emissions is about much more than countering the impacts of global warming and safeguarding the planet for future generations – it is about creating a strong economy that is fit for the future, creating wealth and opportunities for all of Birmingham's citizens whilst at the same time improving our natural environment. This budget represents the starting point for our post-Brexit plan for a greener city and economic growth.

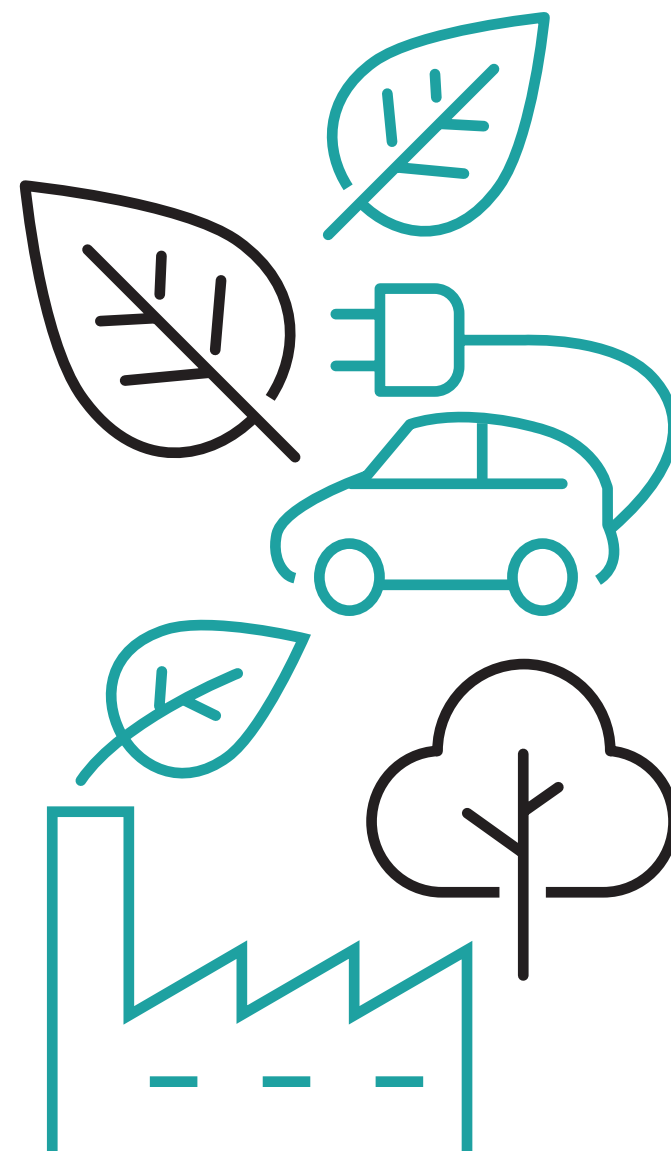
A Climate Change Task Force has been created. It includes a range of stakeholders whose focus will be to identify the steps required to reduce carbon emissions.

The Task Force will develop an action plan in the spring, the content of which will inform the Council's investment priorities for future years. The Task Force is mindful of the need for a 'just transition' meaning that any steps that are taken to reduce carbon emissions do not disadvantage Birmingham citizens or exacerbate the inequality that already exists.

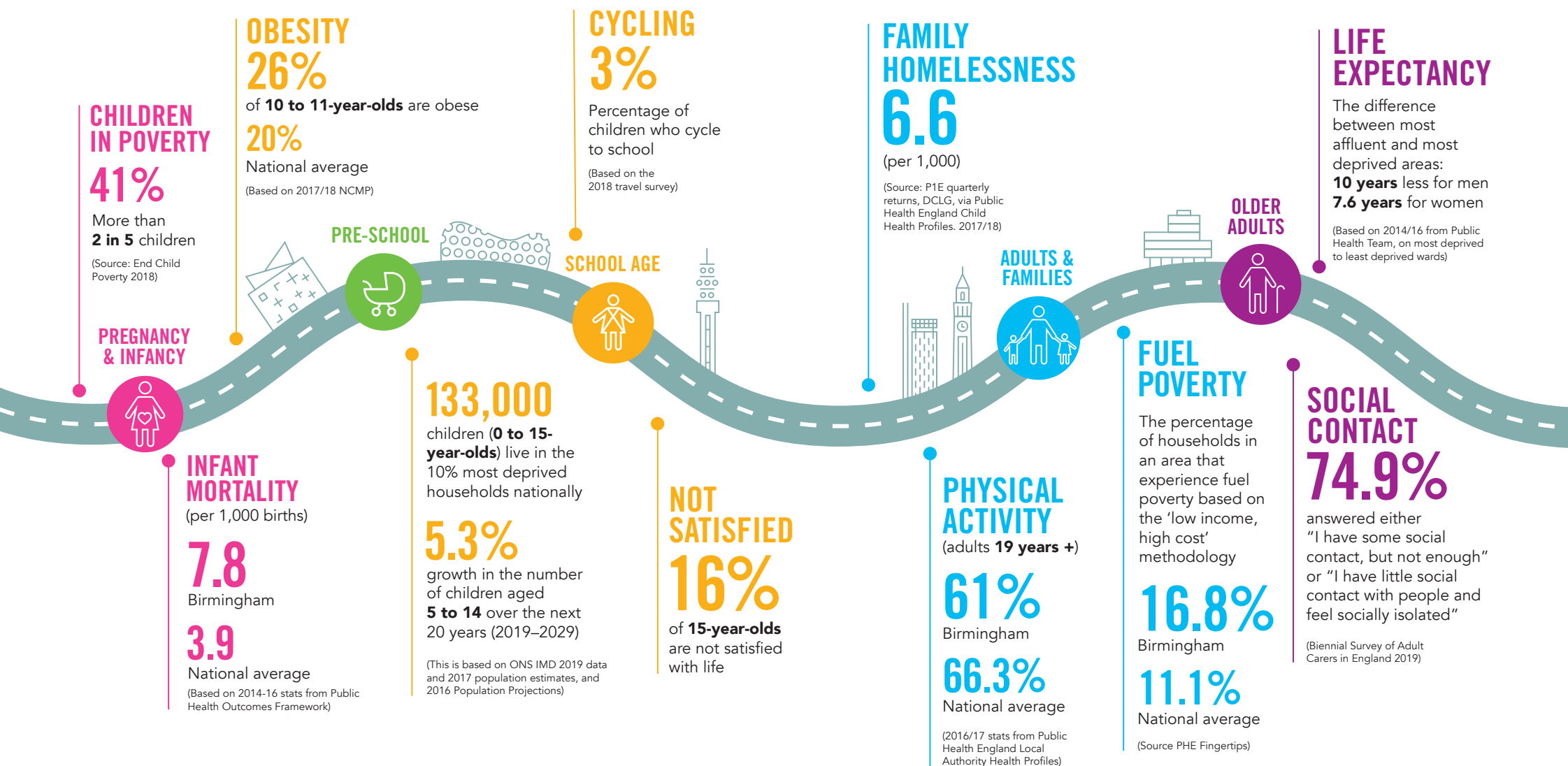
The Council is committed to improving the local environment. Investments are being made to improve public transport infrastructure, reduce congestion and promote cycling as a viable alternative to the car. In addition, the Council has already committed to purchasing a fleet of hydrogen-powered buses, and plans are at an advanced stage to create a Clean Air Zone around the city centre to improve air quality.

The challenges:

Despite the huge opportunities for the city, huge challenges remain: over 41% of children in Birmingham live in poverty (compared to a national average of 31.2%); a shortage of affordable housing is contributing to a growing and more visible homelessness problem; there are steep variations in life expectancy when comparing different parts of the city. The postcode in which a person is born is still the biggest determinant of their future life chances.



The challenges



The national financial context for the City Council's budget

Capacity to deliver

Years of funding reductions combined with rising demand in various areas has had an impact on the Council's capacity to deliver services to the same extent as in previous years.

Since 2010, the Council will have made savings of £730m – with this rising to £812m by 2024.

The recent Spending Round announced by the Government in September 2019 saw additional funding for local government, including a £1bn increase in spending on adults' and children's social care nationally. The Government has indicated the Council's allocation could be around £27m, but this is unlikely to be confirmed until December. It is the Government's expectation that the Council will also introduce a Social Care Precept of 2% on Council Tax to fund adult social care services.

Even with additional funding for the next financial year, however, the Council still expects to be required to make significant savings in future years.

Meeting the challenge: purpose, priorities and service redesign

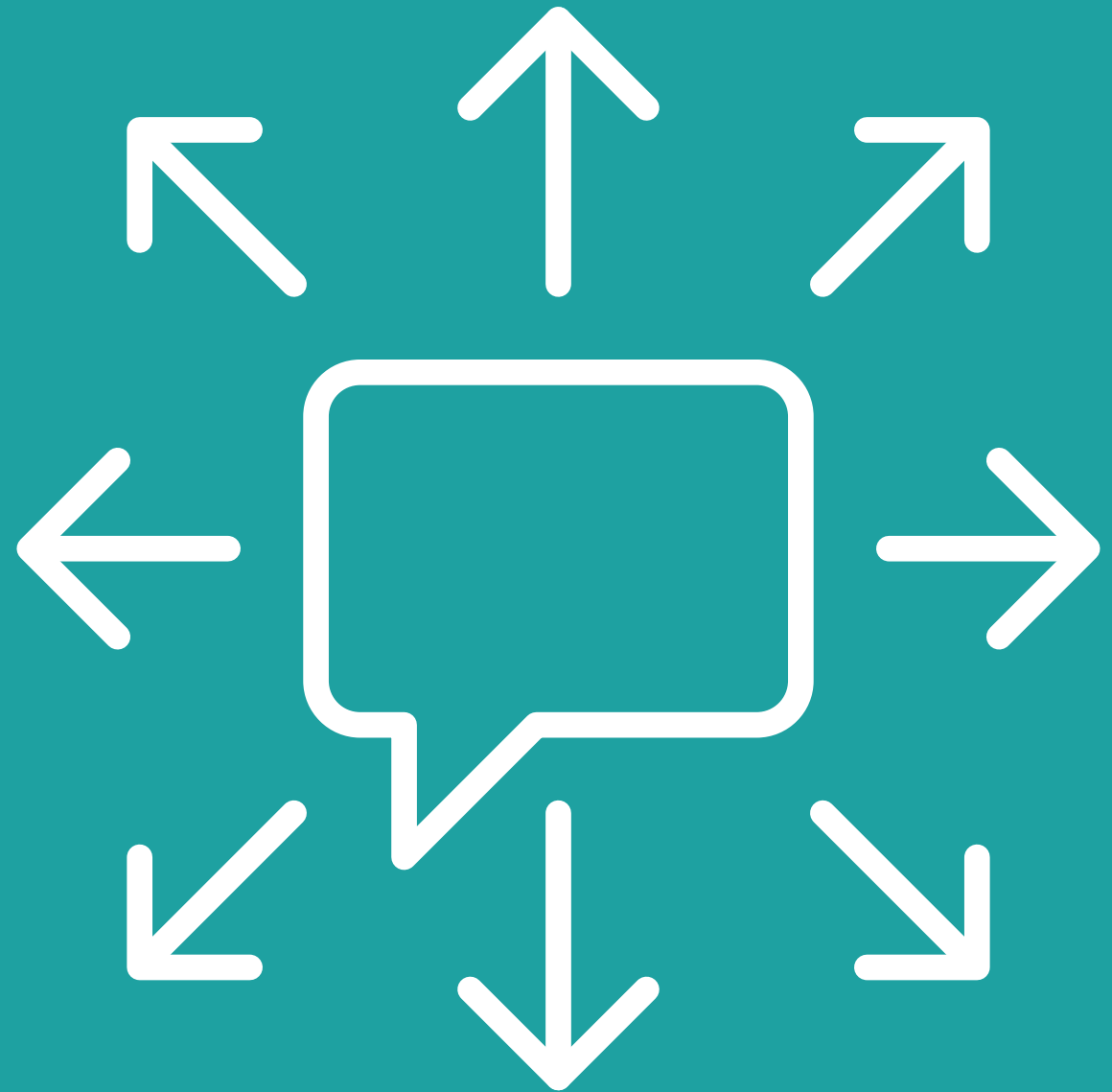
The Council has a clear vision for Birmingham, to create a great city to live in. This vision is underpinned by the priorities set out in the Council Plan.

Delivering these priorities will inform how resources are allocated and will be supported by the development of new policy, underpinned by robust evidence, and innovation in relation to the delivery of Council services.

There will also need to be a radical change in the way the Council interacts with and supports local communities, ensuring there is a real drive to improve outcomes and deliver positive change at a grass roots level, as detailed in the Council's Policy Statement – *Working together in Birmingham's Neighbourhoods White Paper* (January 2019).



Section 2: **Feedback**



Feedback from previous consultations on budget plans and priorities

We have consulted about our plans, priorities and budget proposals over the last seven years with our stakeholders: residents, communities, partners, organisations and businesses. We appreciate this valuable engagement and your input has directly informed our decision-making.

In addition, we run an annual residents' satisfaction survey where we talk directly to over 1,000 people about the priorities they believe we should be focusing on.

Through these consultations there have been some broad, consistent messages, namely:

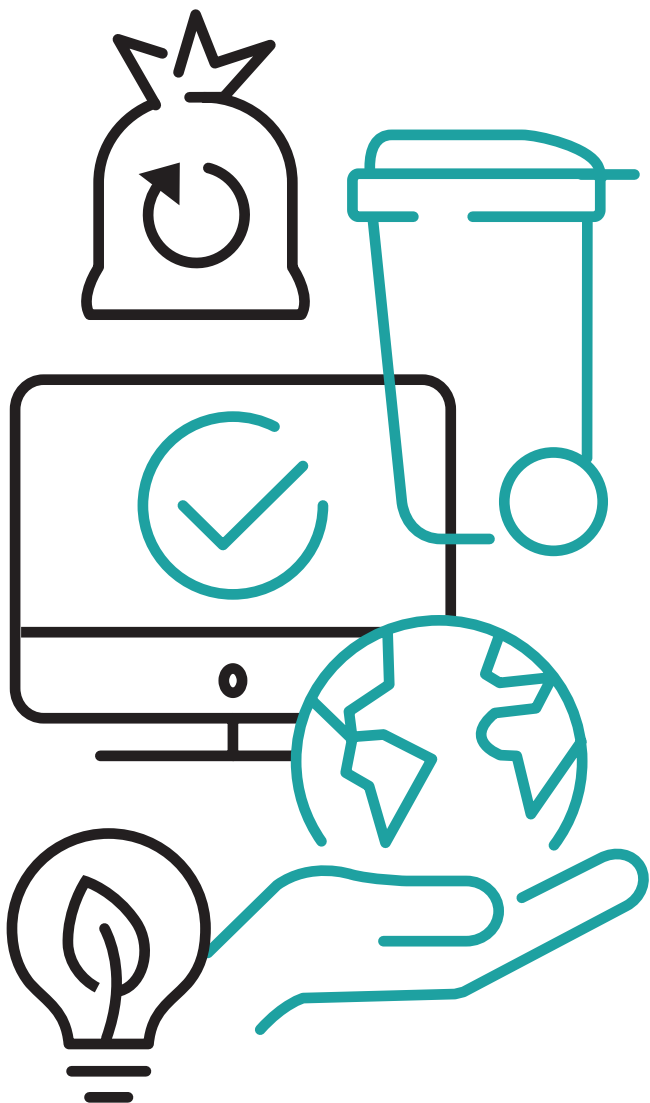
- Importance of clean streets and concerns over refuse collection, other waste management services, and road repairs.
- Concern about ongoing cuts to services for vulnerable and disadvantaged people.
- Importance of prevention and early intervention to avoid acute situations for affected people, which are very costly to services.
- Targeting resources at those most in need, so prioritising supporting vulnerable people – tackling inequality and deprivation; safeguarding children; and ensuring dignity for older people.
- Importance of public safety: increasing concerns

over crime in the city and how cuts have impacted this.

- Environmental concern, including parks and open spaces, clean air, climate change and congestion.
- Support for the city's cultural offer – museums and galleries, libraries and the arts.
- Greater involvement in local area decision-making, opportunities for community spaces and community participation.
- Enhanced communication, together with further integration of services and avoiding any duplication to deliver quality services.
- Support for greater collaboration across the city for strategic issues such as new housing and economic development.
- The impact of new or increased charges and council tax rises on low-income families, pensioners, and other vulnerable groups.
- Need for the council to use limited funds effectively to manage services and contracts, alongside concerns about outsourcing to the private sector.



Feedback (continued...)



Themes that have consistently emerged most frequently in terms of a broader vision were for a city that:

- Stands up for itself, where citizens have pride and dignity, have a sense of purpose and direction and take responsibility.
- Is inclusive, with engaged communities, providing for the needs of all its residents, and protecting and supporting the most vulnerable.
- Is fairer and more equal.
- Has a strong community spirit where residents are informed and feel they 'own' the city.
- Is devolved, where citizens have a say on local issues, and those who deliver services are democratically accountable.
- Values and provides education, training, employment and other opportunities for its young people.
- Through its active participation in the West Midlands Combined Authority (WMCA), as well as its own advocacy for Birmingham, attracts investment and retains firms.
- Ensures investment benefits all parts of the city as well the city centre.
- Links into the digital economy where all can access the internet.

Key roles identified for the council include:

- Providing strong but accountable political leadership and management at both a city-wide and local level.
- Encouraging community activity, particularly in areas where community organisation is weaker.
- Communicating good quality information in a way which makes sense to its citizens.
- Concentrating resources in areas where there is the greatest need, in partnership with others.
- Providing a 'one stop shop' for related requests for services in partnership with others, and investing in buildings where community groups can meet.

Citizens' top five priorities:

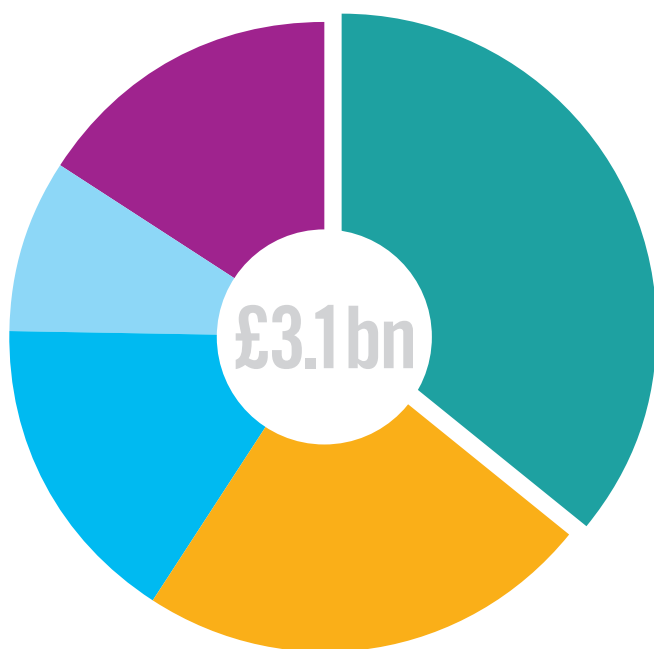
1. Clean streets.
2. Refuse collection.
3. Care and support for older and disabled people.
4. Child protection and safeguarding.
5. Road and pavement repairs.

Based on 2018/19 Resident Survey results.



Section 3: **Finance summary**

Current financial position



■ Controllable expenditure* **£1.1bn**

Non-controllable expenditure*

■ School services **£729m**

■ Housing benefits **£499m**

■ Housing provision and related services **£274m**

■ Other fixed expenditure **£492**

The Council has been on a prolonged journey of change and has reduced costs by around £730m over the past nine years. Through this process, there have been a number of initiatives progressed which have been directly beneficial to service provision, including:

- Promoting enablement, shared living and community capacity and support so that the older population benefits from self-reliance, living independently for longer and there is reduced isolation, better citizenship and closer community working.
- Redesigning how services are provided, taking account of the potential to work in partnership with voluntary organisations, businesses and social enterprises, and using 'arms-length organisations', trading companies, social enterprises and partnerships with other local authorities and public bodies.
- The increased roll out of a digital solution for customers to access Council services, so they can

access them at times suitable for them.

- Streamlining and consolidation of the staffing structures to allow for greater integration between functions, thereby ensuring that all are working together strategically to achieve priority outcomes.

Government funding announcements and their impact on resources

Government has not yet issued detailed indications of the funding that Birmingham City Council will receive from April 2020 or beyond.

Government provided national headlines around 2020/21 on local government resourcing available as part of its Spending Round, announced in September 2019. This includes:

- £1.5bn nationally to help stabilise the social care system (both adults' and children's), of which the Government expects that a 2% Council Tax Adult Social Care Precept will be used to raise £500m of this sum.

** Controllable budgets are those for which the Council has some discretion as to what it spends the budget on. Non-controllable budgets must be spent on specific activities.*

- £54m of new funding nationally to address homelessness and rough sleeping.

The announcements have been made for one year only – and, therefore, for planning purposes, the Council has assumed that a significant portion of those resources will only be available for one year, from April 2020.

Planned reforms to local government financing have been delayed by a year – meaning that, in addition to not knowing the total funding available for local government, there remains uncertainty in respect of resourcing beyond 2020/21, including:

- How money will be distributed across councils. The impact of a 'fair funding' review being carried out by the Government on the distribution of funding across local government – this is due to be implemented (at least in part) by 2021/22;
- The level of business rates growth the Council is able to retain. Any potential changes to the Business Rates Retention Scheme from the current 100% retention pilot to the national 75% retention scheme. Currently, all of the benefits of real-terms Business Rates growth are retained in the region, and, therefore, any redistribution will impact on the Council's finances;
- The impact of 'Brexit' on tax revenues, interest rates, inflation and business growth.

Locally generated resources

Assumptions around Council resources include forecast changes in Council Tax levels. Our forecasts of future Council Tax include:

- An increase of 1.99% each year in Council Tax, and
- An increase of a further 2% to Council Tax in 2020/21 (only in the form of a 'Social Care Precept' to provide extra funding to meet costs of social care).
- This would mean a total increase in Council Tax of 3.99% for 2020/21.

Our forecasts of future Council Tax and Business Rates income have also been updated, and these are expected to provide an extra £75.438m by 2023/24. During 2020, a proposal to review the amount of Council Tax Support awarded in future years will be drawn up. The proposals will be subject to extensive consultation, and – dependent on the outcome of the consultation – changes may be made to the level of support awarded.

As has been done in the past year, the Council is currently reviewing what it is charging for, and options for raising income, as well as exploring options to charge for new services. These charges are benchmarked with the market and other local authorities. In line with the Medium Term Financial Plan agreed by the Council in February

2019, the Council intends to increase existing fees and charges by an average of 5%, where appropriate.

Increased demand in critical services

In addition to the funding uncertainty described above, the Council also faces pressures to spend more on services. These 'expenditure pressures' cover a range of costs, including the effects of inflation and meeting increasing demand for children's social care and homelessness. Base budgets have also been reviewed and, where inadequate, resources have been identified to meet the cost of current levels of service provision.

Key investments have been assumed in the following areas, including:

- £3.5m to support Adult Social Care demographic growth
- £6.1m to fund cost pressures within the Children's Trust arising from additional demands from children entering the system and the need for remand placements
- £1.6m to address the additional demands on the Homelessness service.

Financial forecasts

Description	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Changes in funding				
Changes in corporate government grants	(24.856)	7.725	7.149	5.071
Changes in Council Tax	(24.423)	(32.402)	(42.746)	(53.381)
Changes in Business Rates and related grants	12.923	3.407	(8.949)	(22.057)
Overall change in funding	(36.356)	(21.270)	(44.546)	(70.367)
Expenditure pressures:				
Pay and price inflation	20.683	40.238	62.344	83.035
New budget pressures	21.410	22.191	25.754	26.522
Other expenditure pressures	46.200	38.788	30.046	41.555
Total expenditure pressures	88.293	101.217	118.144	151.112
Movements in reserves*	(24.973)	(12.857)	(2.989)	0.823
Savings requirement	26.964	67.090	70.609	81.568
Savings in Financial Plan 2019–2023	(21.432)	(35.509)	(37.829)	(37.612)
New savings being consulted on	(5.532)	(15.402)	(15.517)	(17.712)
Other solutions to be determined	0.000	16.179	17.263	26.244

In addition to the costs of increased demand in critical services, the Council has also updated its forecast costs for inflation and other expenditure items, such as the cost of pensions. The total increase in cost of these items by 2023/24 is estimated to be £151.112m.

The Council has successfully delivered within its approved budget in 2018/19 and at Period 6 of 2019/20 is forecasting to deliver within its approved budget. Most recent financial analyses estimate that the Council may have to make further savings of around £81.568m over the next four years, an extra £43.956m on top of existing plans. This would mean that £812m of savings will have been delivered between 2011/12 and 2023/24. The savings requirement for the period of the MTFS against the 2019/20 base budget is summarised in the table (left).

* Mainly a reduction in contribution to reserves

Should the savings identified above be achieved, the current forecasts show a balanced budget for 2020/21 and a requirement to find solutions totalling £26.244m by 2023/24.

The Council has previously consulted on the savings which are already included in the approved 2019–2023 MTFs.

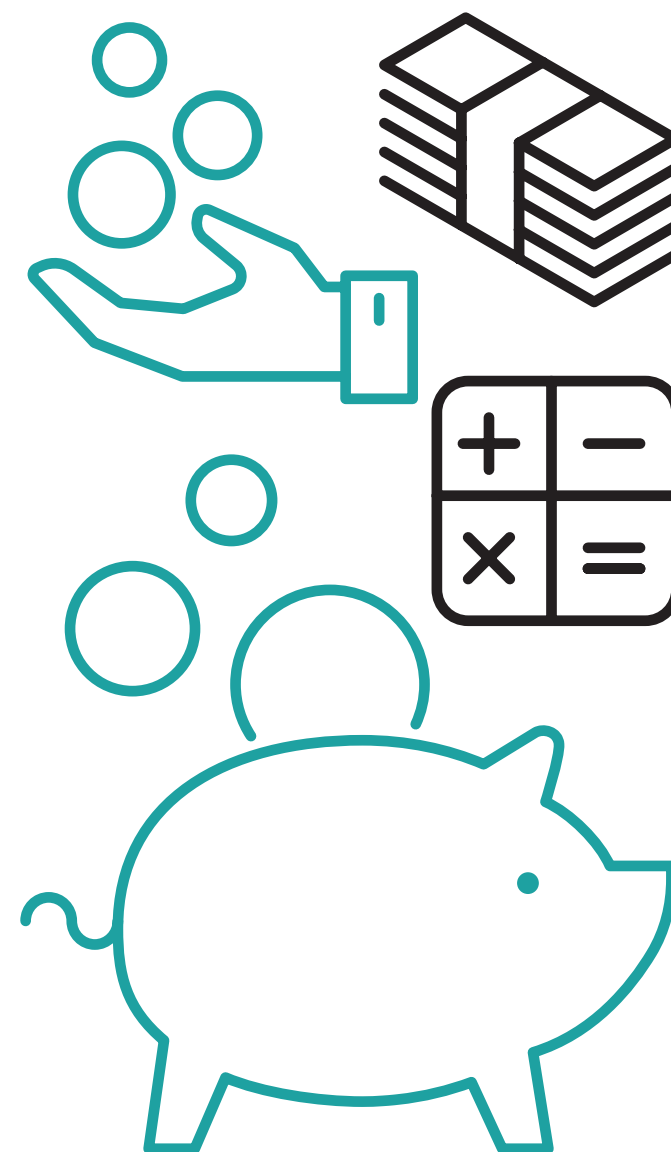
This consultation document concentrates on the newly-identified proposals. These are shown in section 4 of this document. By 2023/24, the savings from these new proposals would be expected to rise to a total of £17.712m annually.

Capital

The Council's existing capital expenditure programme at September 2019 totals £3,547.419m, of which £641.178m is budgeted in 2019/20 and £613.842m in 2020/21, with the remainder planned for later years. The capital programme supports the delivery of the Council Plan and priorities, by investing in buildings and other capital expenditure, including council housing (£1,112.422m over ten years), highways and transportation (£421.577m), the Commonwealth Games (£610.637m), schools and other education and early years (£149.698m) and regeneration (£894.323m). This might be building new assets, improving or maintaining existing assets, or other expenditure which supports future savings or income by modernising or transformation of services.

The capital programme is funded from a combination of grants from the Government and other bodies, and the Council's own capital resources from asset sales or borrowing under the prudential capital system. The Council's policy is to avoid an increase in its underlying loan debt by limiting its new borrowing, in order to keep its loan debt at an affordable level. This means that the capital resources for new investment are limited.

The proposed Capital Budget for 2020+ adds £112.258m of new capital investment to the existing capital programme. This supports the Council Plan priorities, with a focus on environmental issues, the economy, and the ongoing modernisation of the Council's services. The proposed new investment will be spread over several years, and includes £23.940m on complete replacement of our waste collection vehicles; £25.476m on city centre public realm renewal; and £53.000m for a modernisation capital budget, to be allocated during the year to support the delivery of a modernisation programme. A capital contingency of £25m will continue to be maintained to respond to urgent issues which cannot wait until the next annual financial planning process.



Section 4: **Summary of savings proposals**



Summary of savings proposals

				Savings				Staff Impacts			
Reference	Description	Net Expenditure budget 2019/20 £m	Current FTE	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2020/21 FTE	2021/22 FTE	2022/23 FTE	2023/24 FTE
Digital & Customer Services											
DCS001 20+	The council will widen the range of services which can be booked or reported online through stage 3 of the BRUM Account project.	17.590	675.00	(0.135)	(0.135)	(0.135)	(0.135)	(3.0)	(3.0)	(3.0)	(3.0)
DCS002 20+	A Business Improvement District (BID) is a business-led and business-funded body, created through a ballot process, to improve a defined area in which a levy is charged on all business ratepayers in addition to their normal business rates bill. The BID is funded primarily through this levy but can also draw on other public and private funding streams, using its resources to develop projects that are intended to provide additional services or improvements to the local area. The council has 12 such BIDs in place and currently does all the associated billing and collection of the levy for no cost. Five further BIDs are likely – subject to the necessary ballots being accepted. The proposal is to start charging BIDs for the work the council undertakes for the billing and collection activity.	2.791	127.30	(0.013)	(0.084)	(0.090)	(0.090)	0.0	0.0	0.0	0.0
DCS006 20+	The council will continue to develop the ability to request services online. This will include moving payments online, making the process more efficient and eliminating the need for separate invoicing. This will also reduce debts from non-payment for services and also enhance the ability of citizens to track the progress of their service requests.	17.590	675.00	(0.024)	(0.024)	(0.024)	(0.024)	(1.0)	(1.0)	(1.0)	(1.0)
DCS008 20+	For Customer Services, this is a review of the suitability of four services that currently have satellite contact centres and sit outside the corporate contact centre – Travel Assist, Licensing, Registrars and Commercial Waste. This proposal will see phase 2 of the amalgamation of all administrative support from each directorate into Business Support.	17.590	675.00	(0.060)	(0.060)	(0.060)	(0.060)	(1.0)	(1.0)	(1.0)	(1.0)

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				Savings				Staff Impacts			
Reference	Description	Net Expenditure budget 2019/20 £m	Current FTE	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2020/21 FTE	2021/22 FTE	2022/23 FTE	2023/24 FTE
Digital & Customer Services											
DCS009 20+	The corporate contact centre handles 26,000 calls per annum on behalf of Planning. These calls are predominately signposting as they are unable to provide planning advice. Planning applications must be submitted online and in English via the planning portal. There is a wealth of advice online (on the BCC website and the Planning Portal) that provides answers to all queries that can be raised in relation to planning applications. The plan is to cease handling these queries via the call centre and direct them online instead.	8.086	675.00	(0.060)	(0.060)	(0.060)	(0.060)	(2.5)	(2.5)	(2.5)	(2.5)
DCS010 20+	There are approximately 445,000 households within Birmingham with a council tax liability of £421m. During 2018/19, the Revenues Service issued approximately 170,000 reminder notices where the citizen had missed their payment and 8,000 letters where the citizen had broken their special payment arrangement. It is proposed to make greater use of text message reminders to citizens which will be both cheaper and is also believed likely to achieve a better response rate.	2.791	127.30	(0.015)	(0.015)	(0.015)	(0.015)	0.0	0.0	0.0	0.0
DCS011 20+	The Application Platform Modernisation (APM) Portfolio has been established to exit the Capita data centres, upgrade the existing infrastructure and bring the council back onto supported infrastructure and software platforms. In addition, the APM programme will be introducing modern management tooling in order to streamline the operational delivery of infrastructure and application services. This proposal supports the delivery of the ICT & Digital Strategy, and is part of an invest-to-save initiative to support the transition of services back from Capita. There is a full business case already approved which covers all the capital and revenue costs.	2.864	404.00	(1.010)	(3.544)	(3.747)	(3.747)	(35)	(35)	(35)	(35)

				Savings				Staff Impacts			
Reference	Description	Net Expenditure budget 2019/20 £m	Current FTE	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2020/21 FTE	2021/22 FTE	2022/23 FTE	2023/24 FTE
Digital & Customer Services											
DCS012 20+	Review of the Wide Area Network (WAN), in line with the security and network strategy – with options and recommendations for redesign to meet the overall Information Technology & Digital Services strategy and capacity requirements of the citizen, business and council. The approach will be to create an outline business case and to refresh post-market tender activity into a full business case. This proposal supports the delivery of the ICT & Digital Strategy, and is part of an invest-to-save initiative to support the transition of services back from Capita. There is a full business case already approved which covers all the capital and revenue costs.	2.864	404.00	0.000	(0.500)	(0.500)	(0.500)	0.0	0.0	0.0	0.0
DCS013 20+	The savings proposal supports the rationalisation of the corporate voice and telephony equipment, in use across the council. This will enable a reduction in the number of corporate mobile phones in operation, a reduction of phone lines, decommissioning of old equipment, and exiting the Capita VOIP contract in 2021. To achieve this, a Corporate Voice strategy will be produced to frame the work required and an outline business case will then follow. This proposal supports the delivery of the ICT & Digital Strategy, and is part of an invest-to-save initiative to support the transition of services back from Capita. There is a full business case already approved which covers all the capital and revenue costs.	2.864	404.00	(0.033)	(0.533)	(0.533)	(0.533)	0.0	0.0	0.0	0.0
DCS014 20+	Having procured the Corporate Microsoft Enterprise Agreement for Birmingham City Council, this enables a number of opportunities in terms of replacing existing tools and software deployed with Microsoft, included within the agreement. A detailed proposal will be raised for each item and project-managed accordingly, to ensure time, cost and quality benefits are measured. This proposal supports the delivery of the ICT & Digital Strategy, and is part of an invest-to- save initiative to support the transition of services back from Capita. There is a full business case already approved which covers all the capital and revenue costs.	2.864	404.00	(0.400)	(0.700)	(0.700)	(0.700)	0.0	0.0	0.0	0.0

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				Savings				Staff Impacts			
Reference	Description	Net Expenditure budget 2019/20 £m	Current FTE	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2020/21 FTE	2021/22 FTE	2022/23 FTE	2023/24 FTE
Digital & Customer Services											
DCS011-14 20+	Invest-to-save repayment for these four savings proposals	2.864	404.00	0.000	1.716	3.310	2.615	0.0	0.0	0.0	0.0
DCS015 20+	Following the successful transition of the Capita services into Birmingham City Council IT&D, and the associated merger with the council’s existing ICT staff, the structure will be reviewed to meet the needs, capacity and capability requirements of the council, in supporting the council plan and priorities.	2.864	404.00	(0.200)	(0.200)	(0.200)	(0.200)	(3.0)	(3.0)	(3.0)	(3.0)
DCS016 20+	Following the successful transition of the Capita IT contract in July 2019, a full review of all IT supplier contracts (novated and BCC procured) will take place. The approach will be to review, extend, replace or decommission – with the initial focus on those services currently on 12 month contracts.	2.864	404.00	(0.150)	(0.150)	(0.150)	(0.150)	0.0	0.0	0.0	0.0
DCS020 20+	To retender the bulk printing of BCC’s documentation to take effect from 1 April 2021. A new contract will be put in place to ensure the council maximises value for money and improved service provision.	2.791	127.30	0.000	(0.031)	(0.031)	(0.031)	0.0	0.0	0.0	0.0
Total Digital & Customer Services Directorate				(2.100)	(4.320)	(2.935)	(3.630)	(45.5)	(45.5)	(45.5)	(45.5)
Education & Skills											
ESS008 20+	Our financial commitment to generate at least £20,000 income from legal process training provided to schools and alternative providers; and fees payable from education providers for advice and guidance following Ofsted outcomes. This saving is General Fund through the Education Welfare Service element of the service.	0.055	15.00	(0.020)	(0.020)	(0.020)	(0.020)	0.0	0.0	0.0	0.0
ESS010 20+	The savings proposal will review professional services around ICT and facilities management provision for Design and Build schools, and ICT services for PFI schools: this could generate potential savings of £90k. Streamlining of facilities management of one of BCC’s multi-occupancy hubs will also result in a reduced headcount by 1 FTE post.	0.748	22.32	(0.137)	(0.137)	(0.137)	(0.137)	(1.0)	(1.0)	(1.0)	(1.0)

				Savings				Staff Impacts			
Reference	Description	Net Expenditure budget 2019/20 £m	Current FTE	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2020/21 FTE	2021/22 FTE	2022/23 FTE	2023/24 FTE
Education & Skills											
ESS011 20+	This savings proposal streamlines delivery by merging the Education Safeguarding team with School and Governor support. In doing so, it is possible to reduce the number of posts in the team by one. This will not result in any redundancies (as a result of staff retirement). Subscription costs to the service currently in operation will also be raised. This will ensure that the quality of delivery is improved and that schools have the best advice; support and guidance with regard to safeguarding; and, in addition, the service will make savings through income generation.	0.652	4.82	(0.052)	(0.052)	(0.052)	(0.052)	(1.0)	(1.0)	(1.0)	(1.0)
ESS013 20+	The service currently makes use of specific and technical expertise held within Business Support. A review of the use of Business Support indicates that there is scope for savings to be made through S&GS making less demand on this service, without an impact on the service. The cost saving would arise in Business Support – though, as a consequence, the recharge from Business Support into the service would be reduced and deliver a financial benefit.	(0.049)	7.00	(0.050)	(0.050)	(0.050)	(0.050)	0.0	0.0	0.0	0.0
ESS014 20+	BCC has a statutory duty to provide support where childcare providers are inspected by Ofsted and rated as less than good (currently 8% of providers, overall). This is an income generation proposal which will extend support available from council services to childcare providers who are rated as good or outstanding. This service has been requested by early years providers for a number of years and could have a significant impact in raising standards for children at the end of their Reception year.	1.955	187.89	(0.019)	(0.019)	(0.019)	(0.019)	0.0	0.0	0.0	0.0
ESS015 20+	There is a statutory requirement for SENDIASS to have joint funding from the Council General Fund, Social Care (Children’s Trust) and Health. This should be established in line with the current Information Advice & Support Programme. (continued on page 24...)	0.274	5.50	(0.020)	(0.020)	(0.020)	(0.020)	0.0	0.0	0.0	0.0

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				Savings				Staff Impacts			
Reference	Description	Net Expenditure budget 2019/20 £m	Current FTE	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2020/21 FTE	2021/22 FTE	2022/23 FTE	2023/24 FTE
Education & Skills											
ESS015 20+ <i>(continued from page 23...)</i>	...This is not currently the case – and, once agreed, and additional funding contributions are secured, this will reduce the demand on the General Fund. It will also allow the service to expand and bring in more income, to achieve a saving of £20k.										
ESS019 20+	Savings within Birmingham Careers Service will be made through a reduction of 2 FTE posts by 2021/22. There will be a minimal impact on service delivery.	1.003	38.10	(0.050)	(0.100)	(0.100)	(0.100)	(1.0)	(2.0)	(2.0)	(2.0)
ESS022 20+	In light of diminishing trading opportunities, Schools Financial Services may not be able to meet future income targets – and this, coupled with the savings targets that need to be achieved, means that there is a requirement to review aspects of the staffing structure. Initially, it is proposed that the service could reduce staff numbers by 1.3 FTE through the voluntary redundancy or early retirement process. Further savings through these routes may need to be implemented at a later stage.	0.482	33.06	(0.049)	(0.049)	(0.049)	(0.049)	(1.3)	(1.3)	(1.3)	(1.3)
Total Education & Skills Directorate				(0.397)	(0.447)	(0.447)	(0.447)	(4.3)	(5.3)	(5.3)	(5.3)
Birmingham Children’s Trust											
ESS026 20+	The saving proposal will seek to achieve savings / cost avoidance across a range of areas which will manage demand and reduce the cost of services. Areas which will contribute to managing demand include: Intensive Family Support Strategy; Family Drug and Alcohol Court; and Contextual Safeguarding Hub. Areas which will reduce the overall cost of services are: increased in-house fostering; adoption self-sufficiency; recommissioning residential care and supported accommodation; and increasing tri-partite care funding. The delivery of these savings, which will impact from 2021/22 onwards, are contingent on collaboration across all key partners across Birmingham, and, where appropriate, additional investment. <i>(continued on page 25...)</i>	190.514	N/A	0.000	(6.100)	(6.100)	(6.100)	0.0	0.0	0.0	0.0

				Savings				Staff Impacts			
Reference	Description	Net Expenditure budget 2019/20 £m	Current FTE	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2020/21 FTE	2021/22 FTE	2022/23 FTE	2023/24 FTE
Birmingham Children’s Trust											
ESS026 20+ <i>(continued from page 24...)</i>	...The gross saving from these measures will be £9.9m – which, subject to the council's 50/50 gain share arrangement with the Trust – means the council will benefit by £4.95m. Further savings of £1.15m on general efficiencies will be targeted by the Trust – which will give a total forecast saving of £6.1m.										
Total Birmingham Children's Trust				0.000	(6.100)	(6.100)	(6.100)	0.0	0.0	0.0	0.0
Finance & Governance											
FGS003 20+	A full review of all council revenue expenditure on supplies and services was commissioned during 2019/20. The results of this review indicate a strong likelihood that savings can be achieved through a rigorous programme of reprocurement and renegotiation of revenue-funded contracts. On the finalisation of the review, an implementation plan will be drawn up, in consultation with service providers, that drives a category- and/or contract-size-targeted approach to deliver savings in price and, potentially, specification, where appropriate.	300.00	N/A	(3.000)	(4.500)	(6.000)	(7.500)	0.0	0.0	0.0	0.0
Total Finance & Governance Directorate				(3.000)	(4.500)	(6.000)	(7.500)	0.0	0.0	0.0	0.0
Human Resources											
HR001 20+	Health and Safety and Occupational Health are two separate teams, previously managed by two managers. The manager (part-time) of Occupational Health has recently resigned and left Birmingham City Council in August, creating a vacant management position. Whilst holding a large portfolio, there are similarities and synergies in the work that the managers undertake. It is therefore proposed to amalgamate the management of these two teams under one manager. This would see the reduction of 0.5FTE at GR6, with an anticipated reoccurring saving of £0.035m.	6.493	93.68	(0.035)	(0.035)	(0.035)	(0.035)	(0.5)	(0.5)	(0.5)	(0.5)
Total Human Resources Directorate				(0.035)	(0.035)	(0.035)	(0.035)	(0.5)	(0.5)	(0.5)	(0.5)
TOTAL NEW SAVINGS				(5.532)	(15.402)	(15.517)	(17.712)	(50.3)	(51.3)	(51.3)	(51.3)

Section 5: **How to have your say**



How to have your say

The formal budget consultation for 2020+ closes on 31 December 2019. To let us know what you think fill in our online survey at birminghambeheard.org.uk

If you would like to request a paper copy of the survey email budget.views@birmingham.gov.uk.

We will be holding a public meeting and a dedicated session for business rate payers. Details will be published at birmingham.gov.uk/brumbudget20.

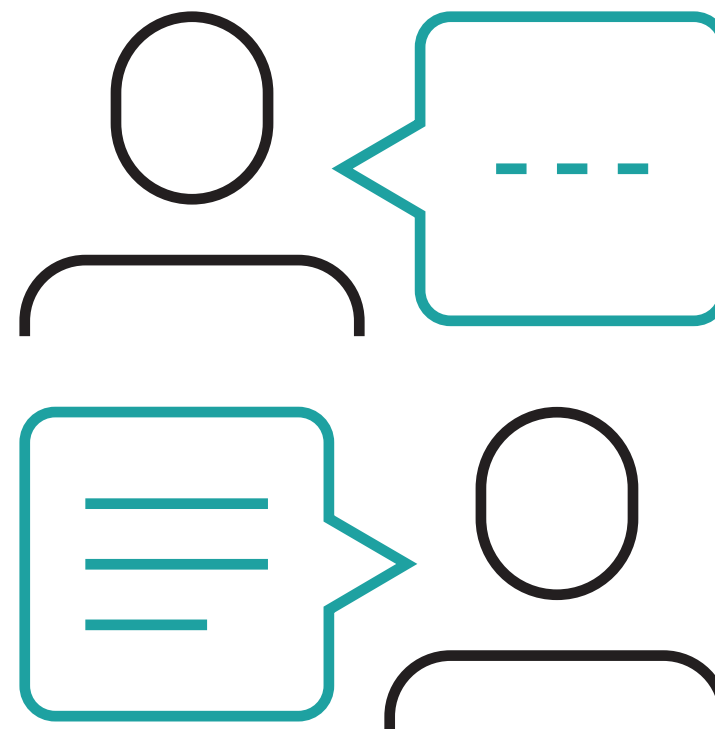
We cannot respond individually to comments made but all views will be recorded and incorporated into a full report to be taken into consideration when councillors take their decisions on Birmingham's budget.

Please note that this document is part of the corporate consultation and the overall budget proposals. Consultation with specific groups of service users is also taking place where appropriate.

The immediate process for taking forward these proposals will be to carry out consultation with employees, members of the public and other stakeholders as appropriate whilst service led equality impact assessment will take place with reference to each proposal. All the information will be available to the Council's decision makers in order to ensure that they are fully informed of relevant concerns prior to decisions being made

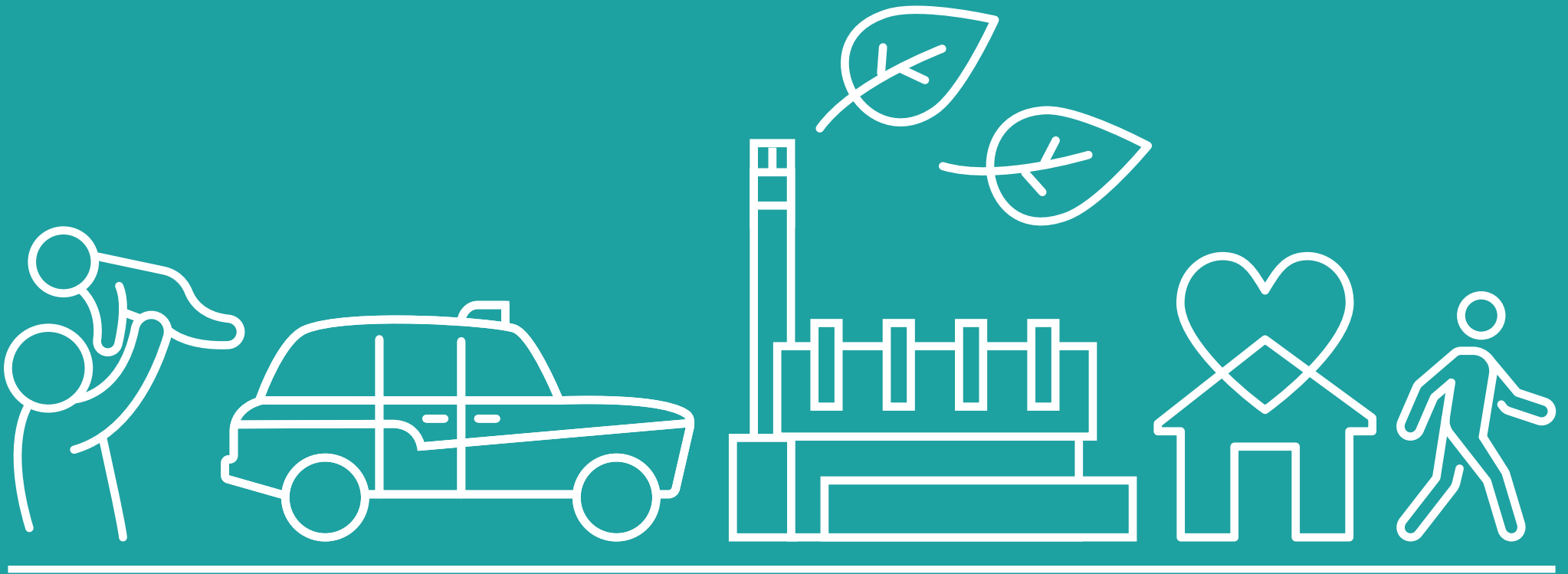
Alternative format

If you would like a copy of this document in an alternative format, please email: budget.views@birmingham.gov.uk



Delivering these priorities will inform how resources are allocated and will be supported by the development of new policy, underpinned by robust evidence, and innovation in relation to the delivery of council services

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birmingham.gov.uk/brumbudget20