

Budget Consultation 2019+

November 2018

Economy



Making a positive difference

 Birmingham
City Council

SAVING PROPOSAL FACTSHEET

EC101 19+ West Midlands Growth Company (WMGC) Service Level Agreement

Directorate: Economy

Service: Planning and Development

About this service

The City Council has a Service Level Agreement (SLA) with the WMGC, which funds activities to support new companies relocating to the city. The majority of these costs are for WMGC staff to promote Birmingham as a destination for companies to relocate or grow their business.

Proposed changes

The City Council currently commissions the West Midlands Growth Company (WMGC) to provide support for companies considering relocating to Birmingham. It is proposed to end financial support for this service. The Council will work with the Local Enterprise Partnership and WMGC to support the delivery of inward investment services to companies considering relocating to city centre Enterprise Zone sites, while the WMGC is also consulting on a business case for additional investment for regional inward investment services from the West Midlands Combined Authority (WMCA). The Council will also work with the WMGC to influence the setting of inward investment priorities.

The amount currently spent on the service and the proposed reduction is shown below.

Total Spend 18/19	Income 18/19	Net Spend 18/19	Saving in 19/20	Saving in 20/21	Saving in 21/22	Saving in 22/23
£1.136m	£0.000m	£1.136m	(£0.313m)	(£0.313m)	(£0.313m)	(£0.313m)

What would this mean?

Attracting inward investment is an effective way of delivering economic growth, increasing private sector investment and creating jobs. The SLA with the WMGC provides inward investment services across Birmingham, which is a useful tool in influencing companies relocation decisions.

The WMGC also receives Enterprise Zone (EZ) funding for inward investment services. However as per the terms and conditions of the EZ programme this activity is confined to the 39 sites that make-up the city centre EZ (which includes Paradise, 3 Snowhill, Arena Central as well as sites around the planned Curzon Street HS2 Terminus).

By ceasing financial support for the SLA inward investment activity would be confined to the EZ city centre sites and support for companies considering relocating to sites across the wider city would not be resourced.

We will try to reduce the impact by

The Council will work with the Local Enterprise Partnership and WMGC to support the delivery of inward investment services to companies considering relocating to city centre Enterprise Zone sites. The WMGC are also consulting on a business case for additional investment for regional inward investment services from the West Midlands Combined Authority (WMCA). The Council will work with the WMGC to influence the setting of inward investment priorities.

SAVING PROPOSAL FACTSHEET

EC102 19+ Transportation & Connectivity

Directorate: Economy

Service: Transportation & Connectivity

About this service

The Transportation and Connectivity (T&C) division undertakes the following functions:

- Infrastructure Delivery: Delivery of the Transportation Capital Programme; High Speed 2 (HS2); Cycling; Public Realm; Private Developments; Clean Air Zone and Commonwealth Games infrastructure.
- Project Delivery/Projects & Programmes: Project management of major regeneration projects including Birmingham Smithfield, Snow Hill Station, Wholesale Markets, Centenary Square, Commonwealth Games Village.
- Travel and Behaviour Change: Road safety education; safer routes to schools; sustainable transport; Travel Demand Management, Smarter Choices and network resilience and communications.
- Traffic Management: Development control; compliance with Traffic Management Act and network management duties; managing works on the highway; traffic regulation orders, street works coordination, HS2 construction, venue and network planning relating to the Commonwealth Games.
- Policy and Information: Maintenance of statutory planning and highways registers including local land and property gazetteer, street addressing and local land charges.
- Property Strategy and Information: Survey and mapping; property records; property information; and Council liaison with Ordnance Survey.

Proposed changes

Following a recent restructure two additional teams have been created: Projects and Programmes, and Property Information. There are synergies in work and capability between these teams and other existing teams covering Project Delivery (project management) and Policy and Information (maintenance of land and highways registers). It is proposed to redesign these teams and generate efficiencies to reduce staffing costs.

The amount currently spent on the service and the proposed reduction is shown below.

Total Spend 18/19	Income 18/19	Net Spend 18/19	Saving in 19/20	Saving in 20/21	Saving in 21/22	Saving in 22/23
£2.790m	(£1.867m)	£0.923m	(£0.100m)	(£0.100m)	(£0.100m)	(£0.100m)

What would this mean?

The proposal would see the effective merging of four current services into two, with clear synergies in capabilities existing in the Project Delivery and Projects and Programmes services, and the Policy and Information and Property Strategy and Information services respectively. The proposal

would see efficiencies in management, the implementation of more automated processes and the upskilling of staff to undertake a broader range of information related activities to better respond to peaks and troughs in demand, with an associated increase in productivity and utilisation.

We will try to reduce the impact by

Whilst there will need to be a shift from current practices and staff structures to achieve this proposal, we will look to mitigate the impact by upskilling staff to undertake a broader range of information and property related functions. There will be no impact on front line services.

SAVING PROPOSAL FACTSHEET

EC103A 19+ Commercial Income Growth

Directorate: Economy

Service: Birmingham Property Services

About this service

Birmingham Property Services manages the Council's commercial and non-commercial property portfolio. The City Council is the single largest owner of property in Birmingham and holds the largest land estate of any UK local authority, extending to 26,000 acres. The portfolio, excluding residential homes, infrastructure and schools, has an asset value of over £2.4bn. Income generating assets attract an average of £32m rental income per annum whilst capital receipts from asset sales average £30m per annum. There are 6,500 property assets (land and buildings) in the Portfolio and over 330 of these have historic interest.

Proposed changes

This proposal seeks to make more efficient use of the Council's property assets. By employing innovative methods underpinned by a competitive commercial ambition, the Property Strategy will build a resilient and sustainable portfolio to give integrated, community focused services, while supporting transformational change. The Property Strategy outlines an ambition and aspiration to grow the annual rental income receivable by up to 20% gross (including inflation) over the next 5 years. A robust review of performance across the existing commercial portfolio will drive out opportunities to dispose of those assets which are performing poorly and inform future decision making in terms of the potential return on reinvesting proceeds generated from disposals.

Income growth will be achieved through the optimisation of stock to provide the greatest possible value, the making of investments where value can be uplifted, and the use of targeted acquisitions to expand the portfolio where resources are available. The target savings will be achieved by transforming the Investment Portfolio on commercially sound principles and leveraging capital to deliver enhanced property stock to continue to attract more high-quality businesses to the city.

The amount currently spent on the service and the proposed reduction is shown below.

	19/20	20/21	21/22	22/23
Gross (Income)/Pressure	£0.690m	£1.951m	(£0.798m)	(£1.825m)
(Invest to Save Funding)/Repayment	(£0.690m)	(£1.951m)	£0.714m	£0.964m
Net (Income)/Pressure	£0.000m	£0.000m	(£0.084m)	(£0.861m)

What would this mean?

The robust review of the existing portfolio will generate a number of key outcomes:

- Strategic performance review – identifying and generating revenue savings from inefficient assets;

- Disposal of under-performing assets to generate capital receipt income and reduce cost of inefficient assets;
- Re-investment of capital receipts into higher performing assets generating increased returns;
- Increasing capital value of the portfolio through replacement of inefficient assets with better performing stock.

We will try to reduce the impact by

No adverse impact has been identified at this point.

SAVING PROPOSAL FACTSHEET

EC104 19+ Employment and Skills Cross Directorate Rationalisation

Directorate: Cross Directorate

Service: Various

About this service

The Council's Employment and Skills function has a number of core functions across the City Council including:

- Employment Access - supports businesses to recruit unemployed job seekers. This includes residents who live in areas of the city with the highest rates of unemployment or live in households where nobody works. Support is also provided to individuals and vulnerable groups who are disadvantaged because they are furthest from learning and the workplace and would benefit from work experience and pre-employment training.
- Youth Employment - reducing the number of young people Not in Employment Education and Training (NEETs) including delivery of the "Youth Promise Plus" Project.

Proposed changes

It is proposed that a new single Education and Skills service is created through a harmonisation process bringing together the range of education, employment and skills services currently held across 3 Directorates.

The amount currently spent on the service and the proposed reduction is shown below.

Total Spend 18/19	Income 18/19	Net Spend 18/19	Saving in 19/20	Saving in 20/21	Saving in 21/22	Saving in 22/23
£12.710m	(£12.175m)	£0.535m	(£0.100m)	(£0.100m)	(£0.100m)	(£0.100m)

What would this mean?

The new service will seek to better align a range of Council Services which tackle education, employment and skills activities. Currently these services sit across three different Council Directorates which leads to a fragmented provision to Birmingham residents. It is expected that the proposal will lead to an improvement in the Birmingham education and skills offer and more effectively address some of the more difficult skills challenges the city faces by developing a single service able to develop a whole-life approach to education and skills pathways.

We will try to reduce the impact by

It is expected that a service redesign process will facilitate a small reduction in posts that would enable the £0.100m saving.

SAVING PROPOSAL FACTSHEET

EC105 19+ Full Cost Recovery of European and International Affairs Team

Directorate: Economy

Service: European and International Affairs

About this service

The European and International Affairs (E&I) team delivers important services that ensure the necessary engagement and involvement of the City Council with respect to our relationships with European and International cities and stakeholders. These services include

- EU Funding – The ability to manage existing financial programmes/commitments and also ability to secure future resources for the city.
- Capital Attraction - sourcing investment from overseas for key growth sites and priorities.
- Strategic Partnerships and Networks - maintaining relationships including Core Cities, Eurocities and the City Council's partner/sister city relationships.
- Strategic Projects – delivering and securing key projects supported by externally funded resources.
- Brexit – supporting the Deputy Leader in leading the West Midlands Brexit Commission.

Proposed changes

It is proposed to seek to recover the full costs of providing the service in future years from external funding sources.

The amount currently spent on the service and the proposed reduction is shown below.

Total Spend 18/19	Income 18/19	Net Spend 18/19	Saving in 19/20	Saving in 20/21	Saving in 21/22	Saving in 22/23
£0.831m	(£0.617m)	£0.214m	(£0.100m)	(£0.213m)	(£0.213m)	(£0.213m)

What would this mean?

The proposal to move the service to full cost recovery is wholly dependent on the Council's ability to successfully draw down EU funding.

Moving the E&I Team to full cost recovery will require the service to build its costs primarily into current and future EU funded projects and programmes. The E&I Team currently access income from various live EU funding projects, of which many will operate up to 2021.

The team will continue to work internally and externally to access future EU funding opportunities, which in turn directly deliver key Council economic priorities such as jobs and skills. The Council currently has c£70m of approved EU funded projects and a further £11m in the pipeline.

The proposal will be potentially undermined by Brexit and the UK leaving the EU. This will potentially remove the sources of income currently identified to enable full cost recovery and would

be subsequently dependent on what the UK government introduces as a replacement for lost EU funds.

We will try to reduce the impact by

The impact of moving to full cost recovery is expected to be mitigated by continuing to successfully maximise new EU funding opportunities whilst successfully delivering our existing commitments. It should be noted that EU funds are currently the major source of income that enables the City Council to deliver jobs and skills priorities.

The dependency on eligible match funding will continue to be raised so that a 'whole Council approach' can be taken on funding decisions and its associated impact on the Council's ability to secure new funding opportunities.

The three key risks associated with this proposal are:

- Maintaining the knowledge, capacity and ability to continue successfully draw down funding from competitive programmes and successfully deliver them against strict EU audit and eligibility criteria.
- Maintain sufficient sources of eligible match funding in the City Council as the lever to draw down EU resources.

As noted above the proposal will be potentially undermined by Brexit and the UK leaving the EU. This will potentially remove the sources of income currently identified to enable full cost recovery and would be subsequently dependent on what the UK government introduces as a replacement for lost EU funds

SAVING PROPOSAL FACTSHEET

EC106A 19+ Energy Savings from Highways Assets

Directorate: Economy

Service: Highways and Infrastructure

About this service

The Highways and Infrastructure Service manages and maintains all of the City Council's roads, footways and the various types of equipment contained on our highway network. Much of this equipment uses electricity (including street lights and traffic signals) and the amount of energy we use is managed by our Highway Services team, largely through our contracted service provider Amey.

Proposed changes

It is proposed to reduce energy use on our streetlights by

- reducing street lighting levels (dimming) and
- shortening the time streetlights are active (trimming)

Existing dimming and trimming techniques have been operational in the city for some years.

Dimming - Currently we operate a 'single step' dimming operation. This proposal would seek to extend this principle by reducing lighting levels from 70% to 50% of full lighting levels between midnight and 5am.

Trimming – it is proposed to slightly change the time at which streetlights can come on. Whilst lights operate dependent on the level of natural light around them, the equipment that detects those lighting levels are also time activated. It is proposed to alter that timing by around 5 minutes at the start and end of the current time limits in order to reduce the operational use of those lights.

Resident safety remains an important consideration in evaluating this proposal.

The amount currently spent on the service and the proposed reduction is shown below.

Total Spend 18/19	Income 18/19	Net Spend 18/19	Saving in 19/20	Saving in 20/21	Saving in 21/22	Saving in 22/23
£5.380m	£0.0m	£5.380m	(£0.150m)	(£0.150m)	(£0.150m)	(£0.150m)

What would this mean?

There will be a reduction in the lighting levels provided to our road network. However this reduction will be within acceptable limits when measured against adopted national standards and industry best practice. For clarity this proposal will ensure that the required safe lighting levels are maintained on all roads at all times.

We will try to reduce the impact by

No adverse impacts of this proposal have been identified, but we will seek to monitor and address any feedback through the Council's usual customer response channels.

SAVING PROPOSAL FACTSHEET

EC106B 19+ Redesign of Local Engineering Service

Directorate: Economy

Service: Highways and Infrastructure

About this service

The Highways and Infrastructure Service manages and maintains all of the City Council's roads, footways and the various types of equipment contained on our highway network. In addition the service delivers associated engineering and traffic functions such as local engineering, flood risk management and parking services.

Proposed changes

It is proposed to restructure the Local Engineering service in order to provide a more effective and efficient service aligned to the needs of local communities and local elected members. The principles of the proposed changes are to:

- Increase the emphasis of the service to support the resolution of everyday highways issues as required by citizens and elected members;
- Provide greater resilience to the service by improving staff reporting lines and aligning job roles and responsibilities.

The amount currently spent on the service and the proposed reduction is shown below.

Total Spend 18/19	Income 18/19	Net Spend 18/19	Saving in 19/20	Saving in 20/21	Saving in 21/22	Saving in 22/23
£1.007m	(£0.782m)	£0.225m	(£0.100m)	(£0.100m)	(£0.100m)	(£0.100m)

What would this mean?

The purpose of the changes as set out above will require a change to historic practices and to reset the role of the Local Engineers to their original purpose i.e. a single point of contact to advise, support and deliver everyday functions in their designated area.

We will try to reduce the impact by

Whilst there will need to be a shift from current practices, staff structures and financing arrangements to achieve this proposal, we will look to mitigate the impact by seeking to retain the Local Engineers in local offices (possibly on the basis of North, Central and South area provisions) in order to protect the local nature of the service.

SAVING PROPOSAL FACTSHEET

EC106C 19+ Parking Income and Enforcement

Directorate: Economy

Service: Highways and Infrastructure

About this service

The Highways and Infrastructure Service manages and maintains all of the City Council's roads, footways and the various types of equipment contained on our highway network. In addition the service delivers associated engineering and traffic functions such as local engineering, flood risk management and parking services.

Proposed changes

In addressing our statutory duties associated with Civil Parking Enforcement (CPE) and the setting of parking tariffs and charges it is estimated that additional income will be generated from these activities in 2019/20 when compared to 2018/19.

The current budgets and proposed income generation profile is shown below.

Total Spend 18/19	Income 18/19	Net Spend 18/19	Income in 19/20	Income in 20/21	Income in 21/22	Income in 22/23
£8.883m	(£20.760m)	(£11.877m)	(£0.850m)	(£0.850m)	(£0.850m)	(£0.850m)

What would this mean?

The additional income will result from:

- Increased activity in parking enforcement, required in order to address increased complaints relating to nuisance parking, particularly around schools - £0.100m.
- Changes to parking tariffs designed to reflect the City Council's strategy to disincentivise private car use, particularly in the City Centre, which will in turn help reduce congestion and air polluting vehicle emissions - £0.750m.

The surplus income generated from both CPE and parking tariffs has to be reinvested in specific transport measures outlined in the relevant legislation.

We will try to reduce the impact by

Both elements of the proposed changes provide positive impacts to the public with increased road safety and improved air quality being the overarching benefits delivered from the actions.

It is recognised that where parking tariffs are raised it does increase costs to those who have to travel and park by private car. To mitigate those instances a range of parking facilities are available

across the city at variable costs (and some concessions) to cater for cases where private car travel is required as an affordable necessity.

SAVING PROPOSAL FACTSHEET

EC107 19+ Tourist Information Service

Directorate: Economy

Service: Planning and Development

About this service

The City Council has recently created a Tourist Information Centre at the Library of Birmingham. The service at the library is well used receiving 9,500 face to face tourist related enquiries since opening in April 2018.

Proposed changes

It is proposed to withdraw funding for the Tourist Information Centre, which would mean that direct face-to-face service could come to an end. The Council will explore alternative funding opportunities, particularly in relation to the Commonwealth Games, and will also signpost people to other sources of information available online, including the events section of the City Council website and Visit Birmingham website and displaying materials in other outlets such as libraries.

The amount currently spent on the service and the proposed reduction is shown below.

Total Spend 18/19	Income 18/19	Net Spend 18/19	Saving in 19/20	Saving in 20/21	Saving in 21/22	Saving in 22/23
£0.087m		£0.087m	(£0.087m)	(£0.087m)	(£0.087m)	(£0.087m)

What would this mean?

An ongoing revenue budget of £0.087m was allocated recently which saw the creation of a new Tourist Information Centre at the Library of Birmingham (LoB). The majority of the costs are for staffing: should funding be withdrawn and no contingency found then the service would cease. Any workforce implications will need to be determined following the outcome of all stakeholder engagement in relation to this service proposal.

The service at the library is very well used receiving 9,500 face to face tourist related enquiries since opening in April 2018.

We will try to reduce the impact by

We will try to reduce the impact of any funding reduction by exploring alternative funding opportunities, particularly in relation to the Commonwealth Games. We will also signpost people to other sources of information that are available online, including the events section of the City Council website and also Visit Birmingham website.