

**BIRMINGHAM CITY COUNCIL  
BUDGET CONSULTATION 2013+**

**Public Consultation Meeting Report**

**Venue & Date: Friends Meeting House, Watford Road, Cotteridge  
15<sup>th</sup> December 2012**

**Introduction**

These notes are a summary of the discussion at the public consultation meeting on the proposals for Birmingham City Council's 2013 onwards Budget held in Cotteridge on 15th December 2012. The Leader of the Council, Sir Albert Bore, gave a presentation on the current financial position and on the difficult decisions that needed to be taken. Answers to questions and discussion points from the audience were provided by Council Cabinet Members including the Leader. In this note, these answers are summarised in *italics* to distinguish from the discussion points.

**Attendance**

108 people attended the meeting on Saturday, 15th December. The attendees were from 20 different postcodes across the city.

**Summary**

- In common with the other meetings, the two areas of greatest concern were around the impact of the budget cuts on young people and on safeguarding and protecting the most vulnerable and disadvantaged. The importance of continuing to address the needs of children in care and of clients of the Child & Adolescent Mental Health Service was raised. However, with some exceptions, there was also an appreciation that the Council has been put in a difficult position by the Government. This was coupled with a desire for the Council to continue lobbying the Government to treat Birmingham more fairly and to provide a better grant settlement.
- The importance of protecting voluntary sector specialist services and that worked closely with these groups was emphasised. Cuts in preventative services, whomsoever delivered them were identified by a number as false economies, in that they could impact on other services and lead to increased costs for the Council and others in the future. In addition, such service providers may be forced to close down if cuts were too large because they needed a basic minimum of funds to provide any service at all.
- A significant feature of this meeting was the large number of young people present as well as people who worked with young people. There was a significant degree of concern expressed about further reductions to the Connexions service and the variable quality of careers service provided through schools. The closure of youth clubs and the important role that they perform in improving work and life opportunities for young people was also an area of great concern. The need to monitor and challenge the responsibilities and funding that schools have in these areas was acknowledged, as was the greater opportunities for linkages and co-ordination with

other locally-based activities provided through the transfer of both of these services to the Local Services Directorate.

- The important role of Citizen Advice Bureaux was spelt out by some, particularly at a time of big changes in welfare benefits, and the Council's Cabinet committed itself to see if they could be protected from closure.
- Some attendees were prepared to donate or pay more for services to continue while others were concerned about the impact of increases in Council Tax on personal incomes.
- The Council's grant for the introduction of wheelie bins was raised. It was clarified that this did not mean the privatisation of waste collection services and that there would be consultation on their introduction so that the specific needs of different parts of the city were addressed.
- It was confirmed that no further cuts in library services were being proposed.
- Participatory budgeting methods should be considered for future consultation and public meetings were needed in areas of high concentrations of minority ethnic communities.

### **Questions for Clarification**

- With regard to options for the whole budget, can the Council borrow to handle the proposed cuts? *The District Auditor is very concerned about the current level of Council borrowing and the low level of reserves held so this is not an option.*
- Is it not the case that efficiency savings will never be enough to meet the Council's funding gap? The salami slicing a bit at a time approach will not suffice and the removal over time of 50% of the controllable budget will have consequences for staff: jobs will be lost. *This was acknowledged and the Council will do all it can to minimise these effects.*
- How had the Council managed to implement the Living Wage policy and its £1m cost? *It had been a priority of the new administration, and promise in the election manifesto, to implement a Living Wage as has already been done in London for example. The decision to do this was made at the new administration's first Cabinet meeting, benefitting 1,300 of its lowest paid workers. Pressure would be put on suppliers to the Council to do the same using the Business Charter for Social Responsibility.*
- Is it the case that the slide showing a positive link between a local authority area's Index of Multiple Deprivation and its Reduction in Spending Power sets the context for this budget? (I.e. the more deprived an area, the more likely is it to face bigger cuts in government grants.) *Absolutely right, Birmingham is not being treated fairly. In the main, this unfairness is focussed on the Midlands, the North and the main cities, whereas, predominantly, local authorities in the south of the country have benefitted.*
- Could not the £600m gap in the Budget that comes about over the next few years be reduced by higher tax collections from those involved in tax avoidance? *The Council does not have the power to tackle tax avoidance. It will be up to central Government to, first, increase the tax take from tax avoiders, and then determine how much of this increased revenue to provide in grant to local authorities.*

- Borrowing makes the situation worse for future councillors and citizens. What is the percentage cost of borrowing and who do we borrow from? *It is from a large number of different lenders, and the sums range from small sums to very large amounts and at different interest rates.*
- Over what period is the £149 reduction in grant per person? *It is £149 less per person per year.*
- If the priorities are safeguarding vulnerable children and supporting the youth voice in the City, why is the brunt of savings in Children Young People & Families (CYPF) directed at more vulnerable end of the spectrum? Moreover, by cutting preventative voluntary sector funding, it will end up costing more. Surely such services should be the most protected? *The basic premise of Budget proposals is not to impact on the most vulnerable. The CYPF budget cuts next year are bigger in percentage terms than for other Directorates because it has not been possible to deliver previously agreed cuts in spending in this Directorate. Everything possible is being done to avoid spending cuts hitting the most vulnerable but it is impossible to completely protect the voluntary sector.*
- The Budget Consultation paper says that there will be future consultation on the specifics. At that point what choices will be available to us? *The Document sets out a number of proposals, which add up to just over £110 m. The details given are the proposals to date and they are not set in stone. We are hoping that you will come back to us, write in, express views on the different details in Document and suggest alternatives in order to take this discussion forward over the next month. We will then see where we are able to re-shape and change, taking account of your responses and those of the Government who we are lobbying over the unfairness of their proposed cuts. By mid-January, we hope that some of the uncertainties are removed. There are also other ways such as responding to the online questionnaire and the Leader's web chat. The Different Directorates will also be carrying out individual detailed meetings in the next month or so about particular proposals.*

## **Summary of Discussion**

### **1. Views on the three Council Tax options**

- What would be the cost implications of holding a referendum on raising the Council tax above the limit imposed by Government? *Two different budgets would have to be set to take account of the two possible referendum outcomes. There would also be the cost of the referendum and the cost of additional Council Tax billing; taken together they add up to some £2 m.*
- Some felt that the Council should accept the Government's offer of additional money to freeze the level of Council Tax as Birmingham was a relatively poor city and rises in Council Tax would add extra costs to tight family budgets. *The Government's offer of money is subject to the Council Tax being frozen for two years. The amount being offered would be less than could be got by raising the Council Tax to the ceiling likely to be set by Government. Accepting the money would only put off the cuts needed by two years. A study of the Council's finances by Birmingham University has shown it to be an inherited problem for Birmingham, in that the Council Tax has been kept artificially low over the past six years. If it had risen in line with the English average, the Council would have some £60m annually; almost the same*

*as the amount we now have to save. It was also advised that the new regulations were expected imminently from Government and that the Council was hoping that a 2% ceiling would be imposed.*

## 2. Key Concerns

### **Adults & Communities**

There was general concern that the proposed budget cuts would have the most serious impact on the most vulnerable. Specialist voluntary and community organisations provided an invaluable service in this area but care was needed in administering cuts to them. A large cut for such organisations could mean that they closed down as they are not as large as the Council and do not have the same capacity to absorb cuts within their overheads and core costs.

### **Children Young People & Families**

#### **Child & Adolescent Mental Health Service (CAMHS):**

The proposed cuts to CAMHS will affect the most vulnerable. It is a false economy, as it will have long term consequences for their lives and future health and wellbeing. The cuts will mean their social needs will not be addressed.

*There is nothing easy in the children's budget and no easy group to cut from. We have to put children in care, vulnerable children, disabled children and universal services as having the most priority. Moreover, the CAMHS funding to the Council ceased 3 years ago so we cannot pretend that this will not have an impact.*

#### **Children in Care:**

I am an advocate for children in care. Our service is being cut by £300,000. It provides a vital link with young people whose care may be outsourced all over the country. Five residential care homes are to close and five more are being proposed. Will the children go into private homes/private foster agencies? The service is failing them, because of the criteria for bringing the very vulnerable into care; the young, vulnerable adults, the elderly and those with disabilities. How do they feature?

*The Council is proposing to close homes, but also to remodel the service by focussing on adoption/fostering. It will not close homes until each child has an appropriate home. It is in the process of recruiting foster carers at the moment. This year has been a big success in fostering recruitment. However, it is also a better solution, as well as an economic one, to place a child in a loving and secure foster/family setting.*

*On safeguarding, the Council is under an 'Improvement Notice', which is extremely serious. We have ring-fenced social work budget to try and keep children safe, but this means that we have to make the cuts elsewhere.*

#### **Connexions:**

Attention was drawn to the fact that the careers service was set by the City in 1910, 102 years ago, to help its young people. In the recent past, Connexions had had a 70% cut to budget and staff and the current cuts will reduce it to the minimum statutory level of service at a time of high unemployment. In addition, the level of cuts proposed would mean that Connexions would only be able to offer a basic service to statutory groups and not have the capacity to provide the additional handholding service that is vital to

success.

*There is no doubt that over period of 3-4 years, the service has been severely reduced but it has also been badly managed. The engagement of Connexions with schools has not happened sufficiently and that has been to the detriment of both. We have moved Connexions into Local Services and are now looking to remodel its engagement with the wider community plus trying to find a way to access more schools.*

*Only 21 of secondary schools out of 75 in Birmingham currently buy the Connexions service. You should be asking schools to deliver, as they have the funding, approximately £90m, and the responsibilities. The Council only has responsibility for statutory client groups and cannot afford to maintain the non-statutory elements. The way Connexions was heading, however, was to become a city centre function only. Young people will not and cannot afford to travel in for that service.*

*The Youth Employment Commission will be making announcements around measures to reduce youth unemployment in January/February 2013 involving funds from the Council and other sources. The Council is also working with BVSC on a bid to the BIG Lottery: Talent Match pot. This will bring in £7.8 m. over three years. So it is not all doom and gloom. There are some actions that will mitigate the situation.*

#### **The Schools Forum:**

It was pointed out by a Schools Forum Representative that the Forum does not consult school governing bodies and head teachers on its decisions. The Forum now receives funding that used to go to the Council directly but as the additional funding comes without advice, there was concern that many schools heads may be working on the assumption that it is extra funding for their schools, rather than being associated with the delivery of a particular service, such as careers advice or the Youth Service. The situation will worsen as more schools go down the academy route. No one is making the Forum accountable for its decisions and they need to be shown the impact of their decisions on young people in Birmingham as a whole.

*In response and as an example, the Integrated Family Support Teams was referred to as a service that used to be part funded by the Schools Forum to the tune of £4m. The service provides safeguarding for vulnerable young people and children. However, the Council has to be mindful of new powers of schools and is working to make head teachers aware of their responsibilities. Parents should also challenge the Forum, governors and head teachers on these areas.*

#### **Local Services**

##### **Youth Service:**

What are the plans for the Youth Service? Many, including a significant number of young people present, stated that not enough was being done within the Council to protect the service. Attention was drawn to young people being the future and that they should be listened to. By educating the youth, more will be got in return. The important role the Service and the centres provide in helping young people obtain employment or building up a portfolio of work and skills was emphasised. The closure of youth clubs and the 641 Youth House would not help. What will be the alternative facilities? Keep some of the clubs open.

*It was acknowledged that 641 Youth House did good work and that there were a number of young people in the room putting forward the case. However, a 21% budget cut is*

*being considered, because of the scale of the cuts necessary. The disabled and those with special educational needs are being prioritised. The Youth Service will be impacted, but the Council is trying to minimise the level of that impact. Moving the service into Local Services will help with the making of links with other activities and services provided locally by others.*

*The much higher level of cuts required by local government (28%) compared with central government departments (8%) was mentioned which meant that local services such as youth services were hit harder. The level of engagement of young people by the Youth Service was praised. Part of the problem is that the Schools Forum used to provide £1m to Youth Services which it has now decided to stop providing. There will be a meeting with the Chair of the Forum to convince it to accept its wider responsibilities; with a view to get the funding back into the Youth Service.*

#### **Citizen Advice Bureaux:**

In the scale of cuts being proposed, the sum needed to keep the Citizen Advice Bureaux (CAB) open is small, about £120,000 per year. The service does so much good work directly and indirectly through preventing family decay and crime, thereby saving costs elsewhere, so could that gesture be made?

*The Council agreed that the sum involved was small and would undertake to do its utmost to find the funding to allow the CAB service to continue.*

#### **Fleet & Waste Management:**

Will putting services, such as refuse collection, into the private sector cost us more? Private business need to make a profit to do the same job as the Council provides as a social service. Where are people in terraced homes going to keep the wheelie bins and will the Council be charging by the weight collected? Do not mess up conservation areas like Bournville with wheelie bins.

*It is not proposed to privatise the refuse collection service. The newspaper headline is wrong. The £30m grant to be provided to Birmingham is from a Department of Communities and Local Government pot for maintaining weekly collections by local authorities. We have looked at our service and in the next few years identified an £8 – 10m shortfall just to standstill. To get the money, the Council will have to demonstrate value for money by market-testing the new model of service; that is, showing that the Council providing the service directly is the most efficient way.*

*There will not be charging by weight. Wheelie bins are successful, as they encourage greater levels of recycling. The Council will also be going out to consultation on the new wheelie bins and will take account of individual circumstances in different areas.*

#### **Libraries:**

There is nothing about libraries in the proposals. What is the position about them, are they being kept and will they be maintained as a quality service? It is a legal responsibility to keep them open and staffed professionally. Libraries are also meeting places. Volunteers are not as good as fully trained staff. Library lending to young people is going down for those reasons.

*It was agreed that libraries were a focal point in local communities. They provide a window on the world and access to other services. The Council is pleased to be able to confirm that, unlike some other local authorities, it is not proposing further cuts to the local library service. Moreover, Central Library, when the new one opens, will have an increase in staff numbers.*

**Corporate Services:**

**Equal Pay:**

Why was Equal Pay not implemented years ago instead of running up the costs of challenging it through the courts? What is the effect on the Council's Budget and the size of the borrowing required?

*Many of the Equal Pay issues arose from differences about the comparators for different jobs. But it is a contributory factor to the current financial situation. Some money had been set aside but not used by the previous administration and this will not be sufficient to cover the amount the Council has to pay out. To avoid bigger cuts, the Council has to borrow money over the longer term to address the Equal Pay decision and the payments to be made would be similar to those on taking out a mortgage. We have to get Government permission for this borrowing. It is estimated that by 2015 we will be paying out £75m a year on this borrowing.*

**Costs of the Use of Agency Staff:**

At this time of cuts, £67m has been spent on agency staff at high rates of pay for senior and middle management posts. How can the Council justify this expenditure?

*It was agreed that this could not be justified and the practice would be brought to an end next year. The one area where agency staff may continue to be employed is where some with the right qualifications are needed, eg professional social workers.*

**Other Commitments:**

In relation to what we think the Council should stop doing or funding, what about big capital commitments or procurement arrangements with other companies? We cannot question these commitments, because we do not know they are?

*Our capital programme has been skewed in last year because of Equal Pay. We cannot finance our Equal Pay requirements other than by borrowing for which we have to get the permission of Government. As a result, on 7th December, we had to freeze the capital programme and stop all projects where finance was not committed, as unless we get permission to borrow, we need to be able to meet commitment on Equal Pay.*

*In addition, the District Auditor has made recommendations to control the level of our borrowings as they believe them to be too high and that the revenue costs of these borrowings are unsustainable in both the Housing Revenue Account and in the General Account. A proportion of our controllable budget involves paying back debt.*

**3. Alternatives**

**Set a Needs- based Deficit Budget:**

A number of contributors to the discussion stated that the cuts would impact the most on the poor and the vulnerable with examples of areas potentially affected drawn from Adults & Communities, Children Young People & Families and Local Services given. Services were being pitted against each other. Attention was drawn to the implications of the level of cuts to the controllable budget on staff and to the areas of waste at a national level.

Calls were made from a number of quarters that more was expected from this Labour administration to rebut the cuts. It should defy the Government and set a deficit/needs based budget and there were requests to table a resolution to that effect. Some argued there would be riots resulting from cuts to Youth Services. Would the Council support

teachers striking against the movement of schools to academies? The case of Liverpool in the '80s was highlighted. People in city would support Council in refusing to implement cuts. There should be a major campaign led by the Council with dates for protest to oppose the cuts and take the fight to Government.

*As a responsible administration, we will not seek to set a deficit budget. That course of action would be illegal. The Council has to set a balanced budget and will not back away from doing so. If not, the Government would intervene. Civil servants would be sent in to do the job and the level and direction of the cuts would be harsher. This is about a Council that is trying to protect services and local people; and trying to minimise the effect on those most disadvantaged.*

*In terms of campaigns, we have to change the Government's mind. However, we will not do a 'Liverpool'. That City was in a mess for years afterwards. The Leader has written on the matter to the Minister some two months ago and a reply is awaited. We need to work with communities and the business sector to call for change. We are working with other local authorities, particularly those in Britain's 'core cities', in order to put forward a joint case. We are also talking to our MPs and to the TUC to that end. The Council would encourage you to do your bit in terms of lobbying.*

#### **4. Ideas for Continued Engagement**

There was some criticism expressed that the consultation process was not a fully consultative one. A point was also raised as to why meetings were not being held in areas with high Black and Asian populations.

In terms of continued engagement, we should look at establishing proper participative budgeting processes.

#### **5. Any other views or ideas?**

##### **A Local Lottery:**

Can a Birmingham Lottery be set up to deal with the debts?

*The Council has looked into the possibility of running Birmingham Lottery. We have sought expressions of interest and information on the order of income likely to be raised and the costs. Nothing concrete has come back. All of the companies that would have tendered have advised that they consider set up costs of a local lottery to be prohibitive. However, we will be continuing with that dialogue.*

##### **Possibility of Local Donations:**

Can we donate money to the Council? I'm not a rich person, but willing to pay £149 per year in order to keep services going? The money would go into a pot and we could try to work outside Government.

*Thank you, the offer is much appreciated. There are lots of people like you in this city. We are going to think outside of the box.*