



Birmingham
City Council

Commercialisation at Birmingham City Council

Ken Lyon

Head of Commercialisation Birmingham City Council

Commercialism in Loc Gov – What is it all about?

- Born out of necessity... over £700m funding reductions in past 8 years
- Creating surplus to protect & invest in services
- Social and Commercial balance
- Fear/inferiority complex in many within public sector – holds us back
- Move away from areas of ‘comfort’
- Not just trading but maximising value of every £ spent



Perceptions?



Daily Mail

GET HOUSE AND GARDEN OR GO FOR £1

Prison kisses and how Fergie's killer aide simply walked out of her five-star open jail

A LESSON IN INCOMPETENCE

- 1 in 3 schools fails to provide adequate teaching
- Half of academies are substandard
- Countless start work without 3Rs
- £5billion wasted on adult literacy classes

Susanne



Belfast Telegraph

FIGHTING CANCER FOR 12 YEARS... BUT NOLEEN'S FOCUS IS HELPING OTHERS



'Mumbo-jumbo' courses for staff



OpenWorld News FOR 4



How Councils Waste Your Money

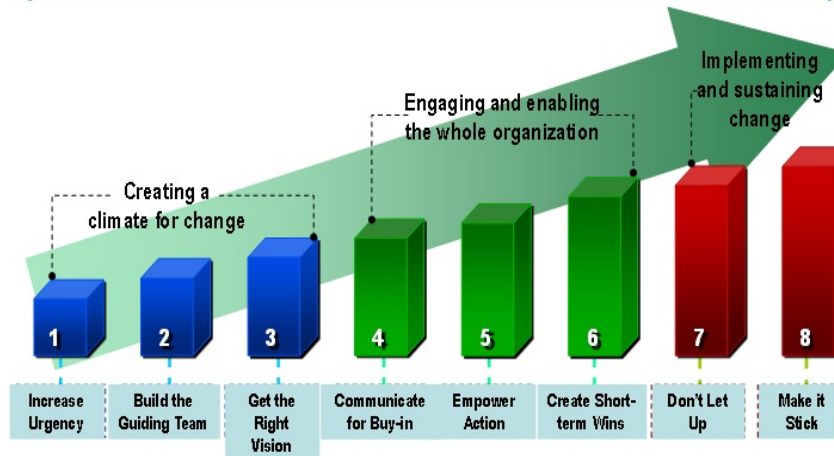
at 8pm

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Ingredients for Success



"Kotters Eight Steps of Change"



*Kotter, John P. and Cohen, Dan S. The Heart of Change. Boston: Harvard Business School Press

Playing to your strengths....

STRENGTHS



WEAKNESSES



OPPORTUNITIES

THREATS

UVB – Partnerships & Influence



- Existing partnership - playing to our strengths
- Unique assets



Birmingham Property Services



- Own 40% of property in City
- Inefficiently managed portfolio – disposal focus

- Developed investment 'lens'
- Acquisitive approach – recycling capital



Commercial Advertising Partnerships

- Understand asset potential, develop relationship to maximise
- Nationally leading contract
- Growth from £0.5m pa in 2014
- Joined up approach to policy and landscape



Parks and Open Spaces – Maximising Asset

- Enhancing Asset
- Fees and Charges
- Greater Potential



**DELIVERING
£800K**

Bereavement Services – Customer Focus

- Core service to citizens
- Premium products
- Increased confidence
- Opportunity to deliver increased social benefit



**DELIVERING
£3.8M**



CityServe – Established Service

Its all about the KIDS

“Am I really allowed to do this Miss?”



DELIVERED
Putting the KIDS in charge
ACHIEVEMENT AWARDS 2017
£2.6M
WINNERS MJ

Shelforce – Social Commercialisation



- Supported employment ‘municipal commercialism’

- LEAN processes delivering high quality products

**£2.1M NET
GROWTH**
social and commercial
outcomes

- [Video](#)



What's next for Birmingham...

- Developing a strategy for the future - making *Commercial thinking part of the organisations DNA...*
- Made significant progress... approx. £34m surplus
- Growth of c.£6m in 2019/20 budget
- There are higher mountains to climb....
 - Council Tax and NNDR
 - Adult Social Care
 - Car Parking
 - Contracts and PFI
- Creating *'An environment for success, innovation & empowerment'*

Birmingham City Council – A One Council approach to Commercialisation

"Taking a business-like approach in every service, every day – making every £ count for Birmingham"

WHAT ARE WE FOCUSING ON?

Objective	Why is it important?
Deliver major opportunities to 'turn up the dial'	To support the Council in delivering our priorities it is essential that we identify areas of significant potential for financial benefit and create a clear plan and focus to ensure that these are achieved.
Creating a high performance culture of agility, accountability and improvement	For the Council to maximise the value we deliver to our citizens it is essential that we adopt a Council-wide commitment to high performance and a commitment to improve when this is not achieved; to do this we need to support managers in making timely, effective decisions and tackling bureaucracy.
Empowering innovators to change the way we do things	Identifying and unlocking the talent and energy in the workforce will drive wide scale improvements and create champions of business-like thinking in every department.
Maximise the value of our assets across the organisation	To enable us to achieve the best outcomes for Birmingham it is important that we take a consistent 'business-like' approach across the organisation, ranging from driving income in our traded services and working with services and partners to making sure that we get the largest return for every pound we invest.

BIRMINGHAM – AN EXCEPTIONAL OPPORTUNITY WITH SIGNIFICANT CHALLENGES

Birmingham has a population of 1,101,360	We have an interest in over 78 companies and governance roles in 37 others	We have relationships with over 180 partners from the 3 rd sector	Our gross budget is £2.77 bn with a net spend of £921m	We have over 100m visits to our parks annually	We provide over 700 services to citizens and businesses
We own 40% of property in the City – with a net income of £32m a year	Birmingham has 448 schools and academies with over 295,000 students	£63m of reserves were used to balance budget in 2017/2018	We provide 63,000 council houses and build 900 new homes a year	We have 4 PFI contracts with an annual spend of £123m	We collect the waste from over 6000 businesses

OPPORTUNITIES TO TURN UP THE DIAL

Area	Current	Best in Class	Good Performer	£ gain to Good	£ gain to Best	Approach?
Adult Social Care	£520 ave weekly cost 65+ residential	Leeds £401 per week	Sheffield £482 per week	£3.4m	£5.4m	Market shaming. Budget accountability.
Rates & Bets - In year	94.55% (CTax)	Newcastle 96.90%	Leeds 96.09%	£5.2m	£7.9m	Modernise communication and debt collection processes.
SEN Transport	SEN Transport £4142 per child PA	Newcastle £2009 per child PA	Bristol £3625 per child PA	£2.0m	£5.3m	Addressing root cause, utilise technology.
Car Parking	£10.90 (per citizen)	Newcastle £26.64 (per citizen)	Bristol £22.20 or Southampton £16.60 (per citizen)	£13.5m or £8.3m	£17.3m	Market approach to assets, link to air quality.
Income (Fees & Charges, Sales)	9.4% of total spend	Bristol 22.5% of total spend	Sheffield 11.8% of total spend	£18.1m	£107.9m	Change culture around fees & charges, traded & incubation hub.

CREATING A HIGH PERFORMING CULTURE WITH AGILITY AND ACCOUNTABILITY

Taking the current temperature:

73% of staff think their line managers embrace change and new ways of working	68% say responsiveness of support services is good while 42% are dissatisfied with policies and procedures	2 traded services currently have access to Commercial Development 36 do not	62% of staff think their line managers are good at 'difficult performance conversations'	358 submissions to 202 Ideas - 68 accepted for delivery - 84 invisible in current form	34% of staff believe they have skills that could be used differently & more effectively in the Council	63% of staff see real opportunities to work with partners to improve delivery	66% of staff think their line manager considers the impact on citizens in decision making
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HOW DO WE CREATE THE RIGHT ENVIRONMENT?

Key priorities for Improvement	How we will measure success
Ensure there is proactive financial and performance management by Service Managers	<ul style="list-style-type: none"> Improved financial performance and accuracy in forecasting % of services achieving budget
Enhance the commercial return achieved by investing in assets where there is a business case to do so	<ul style="list-style-type: none"> Return on investment of invest to grow fund Full life costs of business cases and assets
Enable commercial expertise to be applied within the business, driving efficiencies and growth	<ul style="list-style-type: none"> Net financial position of services Net % income from sales and fees & charges
Create an environment where we work more effectively with partners to better deliver outcomes for the City	<ul style="list-style-type: none"> Return on investment of partnership funding Feedback from our partners % employees who think we build trust with partners
Empower front line staff and managers to identify and implement improvements	<ul style="list-style-type: none"> No of initiatives submitted via 202 Ideas No of initiatives delivered through 202 Ideas % staff empowered in employee survey Service outcomes achieved (KPIs) vs £Gs spent % gap between service overpend & achieved on appraisals
Embed a 'Balanced bottom line' culture across the workforce and empowering staff to identify and drive positive change	<ul style="list-style-type: none"> Customer feedback on support services Time and cost of Executive decisions % of total spend on support services
Leading change effectively by developing an 'enabling' culture in support services, with effective, efficient governance and decision making	

EMPOWERING INNOVATORS TO 'CHANGE THE WAY WE DO THINGS'

Harnessing the power, expertise and passion of our 10,000 strong workforce, our customers and many partners, most working at the front end of service delivery is a key part of our approach building on some existing successes:

Howard Trotter recognised that by embedding a LEAN approach in Shelbore manufacturing hub and taking a joined up approach with our Housing and New Homes teams, he could turn a £7.1m loss in 2013 to a £248k surplus in 2018 – and provide 23 integrated employment jobs.

Joan Browne identified that the use of an 0845 number to access medical equipment was costing the Council and our customers money and causing dissatisfaction. Since making the simple change to a local 0121 number has led to savings to customers and eradicated complaints about the issue.

John Kingham suggested the use of drones to inspect roofs, saving time and cost on erecting scaffolding. This is being taken forward as part of the Housing teams plan for this year and will save approximately £400 per repair and reduced inspection times.

We will continue to work with colleagues and customers at the cutting edge of our services to drive improvements and efficiencies both big and small and create an environment where every colleague is empowered to make positive change by providing forums for innovation and development and making 'enabling' positive change part of every leader and managers job.

We will also work closely with partners to help achieve the best value for money outcomes for Birmingham.

HOW WE WILL WORK – MAXIMISING THE VALUE OF EVERY £56

Maximising the return from trading functions by: <ul style="list-style-type: none"> Managing Commercially and driving efficiencies Understanding market signals to identify future trends, opportunities and threats Maximising commercial development and growth Withdrawing from red business/discontinuing services Applying Commercial Development expertise across a range of services 	Delivering better outcomes for Birmingham in partnership with others by: <ul style="list-style-type: none"> Exploring areas where joint working will deliver better outcomes for Birmingham Recognising our strengths and weaknesses and the abilities of others to help create the most effective delivery models Enabling us to harness the power of partner organisations by creating a collaborative environment of trust and honesty 	Creating an efficient and effective environment by: <ul style="list-style-type: none"> Promoting a priorities led approach to resourcing, business plans, with a one Council approach to maximise value Challenging established approaches by benchmarking against others and adopting innovative solutions to issues Championing a 'balanced bottom line' culture of outcomes against cost Reframing assets and making strategic decisions to grow/withhold to achieve the greatest return on investment
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