

MANAGEMENT BOARD

SAVINGS PROGRAMME – IMPLEMENTATION OF INITIAL SAVINGS

Take-note paper by the Director of Finance

1. The Management Board are asked to note the attached paper written for the Savings Programme Board by the Head of Saving Reviews. This paper outlines the progress to date on the implementation of initial savings and provides a baseline document upon which to undertake monitoring and reporting of delivery over 2011/12.

Myfanwy Barrett
Director of Finance

April 2011

Savings Programme Board

Implementation of Initial Savings – Readiness Report

A Paper by the Head of Saving Reviews

Purpose

1. This paper has been written to update the Savings Programme Board on the progress to date on the implementation of initial savings and to provide a baseline document upon which to undertake monitoring and reporting of delivery over 2011/12.
2. The Programme Board is invited to:
 - Note departments' progress to date in delivering their initial savings (Annex A)
 - Consider and agree the quarterly reporting process (para 4)
 - Consider the format of the report and provide any suggestions for improvement or additional information that might be useful in its assurance role (paragraph 8)
 - Consider whether it wishes to add any commentary to the report prior to its submission to the Management Board (paragraph 10)

Background

3. A package of initial savings was agreed by the Commission in December 2010. These savings amount to £12million for 2011/12, rising to £19million in 2014/15. Ensuring that the House Service meets these initial savings is a critical assumption made for the basis for the next phase of the savings programme. In addition, the reputational damage to the House would be significant if a Commission savings target was missed through any lack of rigour on behalf of officials.

The Reporting Mechanism

4. The aim of the reporting process is a simple one: to ensure that the House service achieves the initial savings required to meet the £228million Estimate agreed by the Commission in December 2010.
5. The reporting mechanism has been designed to be straightforward and will allow the Programme Board and Management Board to see, on a quarterly basis:
 - a. If we are on track to deliver the £12million initial savings by 31 March 2012
 - b. If there are individual savings that are not going to be realised, what compensatory savings the department will offer in its place

- c. If there are any proposed changes to those savings of particular interest to the Finance and Services Committee and the Commission and, if so, how these need to be handled
- d. Where new savings have been identified, by when and for what amount
- e. What the dependencies are of these new savings and provide a checking function on these (as was done during the development of the original savings in Autumn last year)
- f. Whether there have been any unanticipated impacts of the initial savings, and the proposed amelioration of those impacts,
- g. If there are issues about future years' delivery, and with this early warning, what action might be taken
- h. Progress on the identification of additional savings through the portfolio of cross cutting savings activity, owned by RMG.

6. In consultation with the business, it was clear that there was a desire for the reporting process to have as light a touch as possible. I have therefore developed the following, simple steps to put together the quarterly report:

When	What	Who	Deliverable
Beginning of July; October; January & April	Meeting to discuss progress on delivery	Lee Bridges, BMDs & departmental finance	Report drafted by [s.40]
After report drafted	Reconciliation and assurance	[s.40], FMD	Agreed savings figures
Savings Programme Board Meeting	Report considered	Programme Board	Agreed report with any required commentary for the Management Board's attention
Management Board	Consideration of report and Programme Board commentary (if any)	Management Board, Savings Team	Report noted/remedial actions agreed (if required)

7. There will clearly be a need for close co-operation with FMD. This report is not intended to replace or reproduce the more comprehensive monthly financial monitoring report to the Management Board. Rather, the quarterly savings report is just one piece of the assurance jigsaw that provides the organisation with a clear picture of the House's financial performance. Chris Ridley and [s.40] have agreed on how they will work together on this.

The readiness report

8. In advance of the reporting process, it was felt useful for a 'readiness' report to be compiled upon which the quarterly reports would be based. This report also serves to provide the Programme Board with a populated version of what is proposed as the quarterly monitoring report. This report is attached at annex A and has been compiled with the assistance of BMDs and departmental finance colleagues. ***Please note that this remains work in progress, and further detail needs to be finalised in time for the first quarterly report.***
9. The readiness report highlights that:
 - a. A significant number of the savings are already achieved
 - b. Of those savings yet to be achieved, there is a high level of confidence in their delivery
 - c. [s.36(2)(b) and s.36(2)(b)]
 - d. The income generation proposals from DF are to be subsumed within the Income Generation strand of the savings programme (no financial impact this financial year)
10. The Programme Board may wish to consider whether these issues, or any other, merit being flagged to the Management Board.

Other Issues

Engagement with the TUS

11. As part of the new Framework for Employee Relations, BMDs have held (or are in the process of holding) local discussions with TUS on the implementation of their initial savings. This approach has been welcomed by the TUS. Departments will be encouraged to maintain this dialogue throughout the year. The framework allows for any local concerns with corporate implications to be escalated for discussion at the monthly savings TUS meeting.
12. The local meetings with the TUS are also considering the departmental implications of the high level equality impact assessment agreed by the Programme Board in December (SPB2010.P.09). Departments will be asked to comment on any significant TUS and/or equalities issues in their quarterly highlight report.

Communication of Progress

13. Following discussion with [s.40], it is felt that that the quarterly update reports will provide a useful communication milestone. We will be able to use this quarterly checkpoint to keep staff, Members and Members'

staff informed of the progress being made in delivering the initial savings which will help maintain the momentum of the savings agenda and reinforce our message of the importance of developing a money-culture and promoting new savings ideas. The quarterly report is part of the communication plan considered by the Programme Board last month.

[s.40]
April 2011

Annex B – Withheld [s.36(2)(b) and s.36(2)(c)]