Birmingham City Council
Report to Audit Committee
10 December 2024

Title:	**OVERVIEW OF THE SAVINGS GOVERNANCE PROCESS**
Lead Cabinet Portfolio:	Councillor Karen McCarthy, Cabinet Member for Finance
Relevant Overview and Scrutiny Committee:	Corporate & Finance Overview and Scrutiny Committee
Report Author:	Steve Muldoon, Interim Head of Business Partnering Improvement Finance Directorate steve.muldoon@birmingham.gov.uk
Authorised by:	Fiona Greenway, Section 151 Officer Finance Directorate

Is this a Key Decision?	No
If this is a Key Decision, is this decision listed on the Forward Plan?	Not Applicable
Reason(s) why not included on the Forward Plan:	Not Applicable
Is this a Late Report?	No
Reason(s) why Late:	Not Applicable
Is this decision eligible for 'call in?'	Not Applicable
If not eligible, please provide reason(s):	Not Applicable
Wards:	All

Does this report contain exempt or confidential information?	No
Has this decision been included on the Notification of Intention to consider Matters in Private?	No
Reasons why not included on the Notification:	Not Applicable

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1 EXECUTIVE SUMMARY

1.1 This report provides an overview of the governance processes surrounding the monitoring of savings within Birmingham City Council. The aim is to ensure that robust governance structures are in place to track and manage savings effectively. The report outlines the monthly processes followed, including the involvement of various management teams and boards, to ensure accountability and oversight at all levels. Additionally, this report acknowledges a recent internal audit review of the savings monitoring process, which, while currently at the draft report stage, has provided valuable insights that are being addressed through ongoing responses to the audit's recommendations.

2 COMMISSIONERS' REVIEW

2.1 The savings monitoring process is a key control. It is essential that it operates effectively and identifies any issues early so remedial actions can be put in place. The Council has made good progress in this area. It is pleasing to note that the majority of savings are forecast to be delivered in full and to the timetable. The Authority should seek to learn lessons from the small number of savings that have not been delivered to plan.

3 RECOMMENDATIONS

That the Committee:

3.1 Note the processes and steps followed each month to review and challenge progress in the delivery of the savings programme, and the ongoing internal audit report into this.

4 KEY INFORMATION

Governance Framework

4.1 The governance framework for monitoring savings within Birmingham City Council involves multiple layers of oversight and decision-making, ensuring that savings are tracked, risks are managed, and appropriate actions are taken when necessary. At the core of this framework are several key bodies:

4.1.1 The **Responsible Delivery Leads (RDL)** and project Delivery Teams are responsible for carrying out the work and liaising with the central project management team and finance.

4.1.2 The **Directorate Delivery Boards**, which include senior management and are chaired by the Senior Accountable Officer (SAO) - executive director of the relevant directorate, oversee the highlight reports produced by the

project teams and ensure that key findings and risks are reviewed and resolved at the directorate level.

4.1.3 The **Transformation and Improvement Board (TIB)** is a dedicated Corporate Leadership Team (CLT) meeting. This group reviews the executive summary report produced by CPMO and Finance, which provides a corporate view of progress. This provides visibility and a focus on delivery to ensure that strategic objectives are being met and there is proactive strategic management of cross-cutting risks and dependencies. TIB ensure the appropriate action is being taken to keep savings on track, or that mitigating steps are being taken to find alternative savings if projects are off track.

4.1.4 The **Executive Management Team (EMT)**, which includes both cabinet members and the CLT, provides the final council-level oversight before the report progresses to external review. This review stage also enables political decisions or guidance to be input into the process.

4.1.5 Finally, the **Improvement and Recovery Board (IRB)**, with commissioners providing independent scrutiny, offers external oversight to ensure that the council's savings targets, and governance processes are being rigorously followed.

4.2 This multi-tiered framework ensures a clear line of accountability and escalation for resolution and thorough review at each stage of the savings monitoring process. Further detail on the governance structure for reporting and monitoring savings can be found at **Appendix 1**.

Monthly Monitoring Process

4.3 The monthly monitoring process for savings is designed to facilitate collaboration and ensure timely input from all stakeholders involved. This process consists of several key steps:

4.3.1 **Responsible Delivery Lead and Delivery Teams**: The project teams, responsible for the implementation of various initiatives, engage regularly with the Corporate Portfolio Management Office (CPMO) and finance. This collaboration ensures that progress is assessed accurately and that any issues are identified early.

4.3.2 **Highlight Report Completion**: Each month, delivery teams compile highlight reports on each saving that has been given a priority 1 or 2 status (based on an assessment of risk, difficulty, materiality and other known factors) that summarises the latest status and progress, a number of RAG ratings on different indicators, Finance commentary, risks and issues and the steps being taken for a “route to green”. This report is essential for providing a clear picture of the current status of savings initiatives. A sample blank template can be found at **Appendix 2**. Those savings

proposals which have been given a priority 3 (low) status do not require a highlight report to be produced; instead Finance officers review with Service officers to ensure that these are on track for delivery. If they are found to be encountering issues then they need to be escalated and assessed as to whether they need to be raised to a priority 2 or 1 and a highlight report produced. The priority status of any proposal does not remain fixed and can be moved between categories with an increase or decrease in focus as may be required.

4.3.3 **Assurance Meetings**: Once the highlight reports have been created and submitted, assurance meetings are held between the RDL and Delivery team, representatives from the CPMO and Finance, focusing on a list of savings items rated with a red-amber-green system. During these sessions, high-risk items are discussed in detail, and adjustments to ratings and the highlight reports may be made based on new information or updates.

4.3.4 **Senior Accountable Officer Review**: After the assurance meetings, the SAO and Directorate Delivery Board review the Directorate Savings pack along with any updates from the assurance meetings. This review allows the SAO and senior management to make informed decisions and ensure that the necessary actions are being taken to address any identified risks.

4.3.5 **Transformation and Improvement Board (TIB) Review**: A finalised executive summary report plus data pack based on the detailed highlight reports is then produced by the CPMO with support from Finance and presented to the TIB, which consists of the Corporate Leadership Team (CLT). The TIB provides strategic oversight and ensures that savings initiatives align with the council's broader objectives.

4.3.6 **Executive Management Team (EMT) Review**: Following the TIB review, the report is submitted to the EMT, which includes cabinet members and CLT members. The EMT ensures that the findings are reviewed at the highest level of management before proceeding to external review.

4.3.7 **Improvement and Recovery Board (IRB) Review**: Finally, the report is presented to the IRB, where commissioners review the latest findings and provide external scrutiny to ensure compliance with governance standards. This enables the Commissioners to keep track of progress and challenge the council in its delivery against the savings programme, a key facet of the financial recovery of the council.

In addition to the above governance steps, there is a parallel process of review from the **Overview & Scrutiny Committees** (OSC) which receive a version of the summary report and data pack and then focus on those savings which are specifically relevant to each OSC. Focused attention is placed on savings deemed Amber or Red and officers are invited to the meetings to provide further clarity and answer questions from the Committees on their savings. An example

of the papers to this meeting can be found here in the Corporate & Finance OSC meeting papers held on 27 September 2024, at Item 8 on the agenda.

Internal Audit

4.4 In April 2024, the Internal Audit department issued an Audit Planning Memorandum detailing their planned work on the corporate monitoring arrangements for savings delivery. In June 2024, they issued a Briefing Note detailing the outcome of their work on the savings prioritisation exercise undertaken by the CPMO and Finance, which concluded that those arrangements were robust. They have recently undertaken a second audit which focused on the process of monitoring and reporting. The purpose of this report was to assess the robustness of the arrangements in place for corporate monitoring and reporting on budget savings delivery. The scope of this audit included reviewing the adequacy and effectiveness of:

- Governance framework, including clarity of responsibilities and accountabilities;
- Monitoring and assurance arrangements – CPMO and Finance roles;
- Reporting to senior officers and members;
- Strategic oversight and challenge e.g. operation of the Transformation and Improvement Board (TIB);
- Proactive management of risks, actions, issues and dependencies, including escalation

4.5 The executive summary of this report stated that: “Our review, based on management assurance and validated evidence, has identified that overall the arrangements in place for corporate monitoring and reporting on budget savings delivery are robust.”

Budget Setting

4.6 There was an extensive and concentrated process involved in the original budget setting process whereby all budget savings proposals went through a number of rounds of review and challenge before the final budget and list of savings was determined. This was set out in detail in the budget report finally laid before Cabinet on 27 February 2024 and Full Council on 5 March 2024. The link to this is in the background papers at the end of this report, within which paragraphs 9.3 to 9.30 lay out in detail the process which was undergone.

4.7 The process for identifying and challenging new savings for the 2025/26 financial year is underway and ongoing, and challenge sessions have been taking place to assess the robustness of the submissions, with delivery plan templates being completed for each proposal to inform the discussions. Further meetings have been held to ensure that Cabinet Members are fully briefed on new proposals

and have the opportunity to ask further questions, while there have also been sessions with Commissioners to probe whether all avenues for identifying savings are being explored.

Proposal and Reasons for Recommendations

4.8 This report is for noting only and is in response to a request from the Audit Committee Chair.

Other Options Considered

4.9 Not applicable to this information report.

5 RISK MANAGEMENT

5.1 The purpose of the governance process outlined above enables the council to identify areas of concern and risk at an early stage and to take action to address these risks. Due to the number of parties involved in the process, from detailed project stage to senior executive, cabinet member and commissioner levels, risks are able to be identified from a number of different perspectives, from project to programme and the council's overall improvement and recovery angles.

6 CONSULTATION

6.1 Certain savings proposals may have consultation requirements which are managed locally by the directorates.

7 IMPACT AND IMPLICATIONS

Finance and Best Value

7.1 The financial implications of the savings programme are reported as part of the highlight reports and executive summary and data pack shared with TIB, EMT, IRB and O&S Committees. There are no specific implications from this report.

Legal

7.2 Any savings proposals must be subject to adequate governance checks and oversight to ensure that the Council continues to meet its statutory responsibilities but also that any savings are compliant with any legal processes for change (consultation, contractual changes etc). The arrangements proposed within this report provide multiple layers of challenge and checking to ensure that legal advice is obtained and followed at all stages of the proposal.

Equalities

7.3 No implications.

Procurement

7.4 No implications.

People Services

7.5 No implications.

Climate Change, Nature and Net Zero

7.6 No implications.

Corporate Parenting

7.7 No implications.

Other

7.8 No other implications.

8 APPENDICES

8.1 Appendix 1 – CPMO overview of Reporting and Savings Assurance process (April 2024)

8.2 Appendix 2 - Sample Highlight Report.

9 BACKGROUND PAPERS

9.1 2024/25 Budget Setting for General Fund Revenue Account, 2024/25 to 2027/28 Capital Programme and 2024/25 Treasury Management Strategy and Policy.

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