

National Assembly for Wales
Finance Committee

Invest to Save

March 2013



Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

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The Committee was established on 22 June 2011. The Finance Committee's role is to carry out the functions set out in Standing Order 19. This includes consideration of the use of resources by the Assembly Commission or Welsh Ministers, and in particular reporting during the annual budget round. The Committee may also consider any other matter relating to expenditure from the Welsh Consolidated Fund.

Current Committee membership



Jocelyn Davies (Chair)
Plaid Cymru
South Wales East



Peter Black
Welsh Liberal Democrats
South Wales West



Christine Chapman
Welsh Labour
Cynon Valley



Paul Davies
Welsh Conservatives
Preseli Pembrokeshire



Mike Hedges
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Ann Jones
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Chair's foreword/Summary

During the course of our budget scrutiny at the beginning of the year there was a phrase which leapt out with surprising regularity from a variety of sources: Invest-to-save.

So, naturally we thought it worth spending some of the committee's time finding out more about the scheme, why it was getting so much praise, and whether it was as successful as was being made out. This report is the fruit of that inquiry.

I'm pleased to report that the committee has reached out beyond the Senedd to draw information for our report. Members of the committee made visits to half a dozen projects across Wales to see on-the-ground the impact that these projects can have.

There can be no doubt that the based concept – of spending a little today to save a lot tomorrow – is one that appeals to all Assembly Members whatever their politics. Wales' immediate future is unlikely to be marked by massive new sources of funding – so making the best of the money we have is key to our future prosperity.

From our inquiry, we have learned that invest-to-save works. We have heard and seen how services have been transformed, and how savings generated have allowed the initial loans to be repaid and recycled.. The Finance Minister likes to say this is the only scheme of its kind in the UK – if so, then we need to promote it more not just within Wales, but beyond too.

But for all its good points, it is not a panacea, nor is the process perfect, and we make a number of recommendations which we believe can ensure that the virtuous circle of loans and repayments, works alongside an equally virtuous cycle of learning and improvement to process and outcomes.

Invest-to-save is a good scheme, but that doesn't mean it couldn't be better.

Jocelyn Davies,
Chair, Finance Committee

The Committee's Recommendations

The Committee's recommendations to the Welsh Government are listed below, in the order that they appear in this Report. Please refer to the relevant pages of the report to see the supporting evidence and conclusions:

Recommendation 1. We were not convinced that the benefits of themed bidding rounds, and given that the invest-to-save pot is finite, we recommend that bidding rounds continue to support the best bids, irrespective of content. (Page 18)

Recommendation 2. Recommendation: We recommend that the threshold be returned to £100,000 to ensure that projects with the potential to make significant savings are not lost to the system.(Page 20)

Recommendation 3. We recommend that assessment panels should include at least one person with a high level of expertise, particularly where it applies to projects which may be technical in nature. (Page 21)

Recommendation 4. We recommend that all projects in receipt of invest-to-save funding should receive a visit 6-12 months after the initial award, or when repayments begin. This visit should include a more thorough evaluation not just of whether the project met its financial targets, but its overall impact on service delivery. A formal visit would also enable the Welsh Government to gather evidence which could be used to promote the project as an example to others. (Page 23)

Recommendation 5. The best invest-to-save projects we looked at showed a clear link between the investment made and savings generated. While it was no doubt important to find additional funding for the creation of Natural Resources Wales, it is not clear to us that this was an invest-to-save project. We recommend that Invest-to-save funds should only be used where there is robust evidence of savings resulting from the investment, not where this is a need for extra funding, which will probably result in savings over time. (Page 24)

Recommendation 6. We recommend that the Minister continues to monitor demand for the scheme. Overall, we believe this is an excellent scheme which improves services to the public and generates real savings to the public purse. We would not wish to hear that schemes which

would save money were being held up for lack of pump priming through invest-to-save. (Page 26)

Recommendation 7. We recommend that the Welsh Government continues to promote case studies, encourage institutions to emulate successful schemes, and to champion invest-to-save through the Public Sector Leadership Group. (Page 28)

Recommendation 8. We recommend that the Welsh government makes greater efforts to encourage education institutions and others outside the core NHS/Local Government sectors to access the fund. (Page 28)

Recommendation 9. While invest-to-save is a savings scheme, which encourages collaboration, we recommend that while RCF is collaboration-focused, it must also generate savings to demonstrate it is providing value for money. (Page 30)

1. Background

Who are we?

1. The Finance Committee is a cross-party committee of the National Assembly for Wales, made up of Members from all four of the political parties which are represented at the Assembly.
2. We are not part of the Welsh Government. Rather, we are responsible for reporting on proposals laid before the Assembly by Welsh Ministers relating to the use of resources. We are also able to consider and report on any other matter related to, or affecting, expenditure from, the Welsh Consolidated Fund.

Why look at Invest-to-Save?

3. During our scrutiny of the draft budget scrutiny, the Invest-to-Save Scheme popped up many times from multiple sources. Its centrality to Welsh Government ambitions to spend its money smarter was evident. Given the impressive claims being made for the scheme we wanted to see if it really living up to the hype.

How did we undertake our inquiry?

4. The Finance Committee launched a consultation into Invest-to-Save in October 2012 with a deadline of 6 November 2012.¹ The consultation is targeted at eligible applicants. We had hoped that both successful and unsuccessful bidders would respond, but responses were overwhelmingly successful.
5. Following our initial consultation, we took written and oral evidence in our committee sessions. Individual members also made visits to half a dozen projects over the Christmas recess – summary reports of those visits can be seen at Annex B. Full lists of those from whom we received evidence and consultation responses can be found at Annex C.
6. The report is structured around the three stages of the Invest-to-save process: before (application process), during (spend and monitoring) and after (paying back and sharing best practice)

¹ National Assembly for Wales, Finance Committee, Invest-to-Save Inquiry, [Consultation: Inquiry into Invest-to-Save](#), October 2012 [accessed 23 October 2012]

2. History of Invest-to-Save

Inception

7. The Invest-to-Save Fund is a Welsh Government initiative which supports the introduction of new and/or proven ways of working so that public services deliver savings and become more efficient and effective in service delivery.

8. The Fund was established in 2009, under the previous Welsh Government by the then Minister for Finance and Public Service Delivery (Andrew Davies, AM). In his statement of May 2009 he said:

“Through the Fund, I will be making available up to £60 million, initially over two years, 2009-10 and 2010-11. This sum will be invested in the implementation of projects that will deliver cash-releasing savings through transforming the operation of public bodies to deliver effective and citizen-centred front-line services.

“Investments from the Fund will be fully repayable, there will be no interest charged and there will be flexibility on the payback period. This approach will ensure that the Fund is replenished after our initial investment, and we will be able to continue to invest in new projects beyond the fund’s first two years.

“We will be working closely with public services and social partners to encourage the development of ambitious, innovative proposals which will re-engineer operations, streamline processes, strip out unnecessary bureaucracy and develop the collaborative approach to service delivery which has consistently underpinned our public service policy.”²

What is the Fund for?

9. The scheme is open to all Welsh Government funded public service organisations including local authorities; Welsh Government Sponsored Bodies; NHS bodies; post-16 education institutions; voluntary bodies in receipt of 3-year funding from the Welsh Government or umbrella groups representing any of these.

² Welsh Government, Andrew Davies (Minister for Finance and Public Service Delivery), [Invest-to-Save Fund](#), Cabinet Statement, 19 May 2009 [accessed 19 October 2012]

10. Bids from other strategic partnerships can also be considered. Such partnerships may include voluntary and community groups and other bodies. Projects which support strategic priorities and deliver significant cash-releasing savings, while supporting or improving public services are eligible for funding (for example, those involving efficiency gains as a result of re-structuring business processes). Whilst not essential, collaborative bids involving more than one body are encouraged.

11. The latest Welsh Government guidance³ for Round VII of the Fund states its objectives are to:

- deliver improved public services in line with the Welsh Government's public service efficiency and wider improvement agenda;
- transform the operational efficiency of public services and generate significant cash-releasing efficiency savings;
- encourage stronger collaboration across organisations and administrative boundaries where this leads to measurable benefits in public service delivery; and
- promote dissemination of lessons learnt and best practice arising from projects.

12. The Fund is intended to provide 'pump-priming' investment to cover mainly revenue costs associated with implementation of such projects (and preliminary work if appropriate). Awards are available to fund up to 75 per cent of eligible implementation project costs, with investments of £200,000 or higher considered.⁴

13. Investments from the Fund are fully repayable, but bear no interest charges. Projects are expected to repay the investment in full when the project has delivered the expected benefits, typically within three years of the initial investment.⁵ This means that the Fund can be replenished to allow for further investments in later years (beyond 2010-11).⁶ In March 2011, the then Minister for Business and Budget (Jane Hutt, AM) stated that for projects that generate wider benefits which may not

³ Welsh Government, Invest-to-Save Fund: [Guidance \(round VII\)](#) paragraph 1.2

⁴ Ibid paragraph 2.2

⁵ National Assembly for Wales, Finance Committee, [FIN\(3\)-02-11 Paper 3: Draft Budget 2011-12: Further information from the Minister for Business and Budget](#), December 2010

⁶ Welsh Government, Andrew Davies (Minister for Finance and Public Service Delivery), [Invest-to-Save Fund](#), Cabinet Statement, 19 May 2009

translate into 'cashable' savings, there may be scope to award non-repayable funding, under certain criteria.⁷

Assessment process for bids to the Fund

14. The Invest-to-Save Panel⁸ assesses bids against the criteria set out below. The Panel scores projects against the criteria set out below and reach agreement on advice about those they are most confident about will deliver better services. In undertaking this work they consult stakeholders and Welsh Government policy individuals about proposals, including seeking the views of the Chief Information Officer of the Council for Wales on all ICT proposals. The final decision on successful projects lies with the Minister for Finance and Leader of the House (Jane Hutt AM).

15. Projects are assessed according to the extent to which they:

- further the Welsh Government's strategic priorities for public sector improvements;
- deliver efficiencies (in particular the value and timing of cash-releasing efficiency savings) with an underpinning principle of 'protecting front line services';
- are compatible with a commitment to groups particularly vulnerable during recession and their service needs;
- put services on a more sustainable footing in the medium and longer term, so they are stronger post-economic downturn; and
- might achieve multiplier effects in the wider economy.⁹

16. In addition to these criteria, projects must also undergo a delivery assessment,¹⁰ and be assessed against core and financial criteria. These include:

- clarity of a project's aim and forecast benefits and linkages to clear target outcomes, standards and measures;
- the extent of commitment to the project, including senior level buy-in;

⁷ Welsh Government, Jane Hutt (Minister for Business and Budget), [Approach to the Allocation of Funding Within Reserves for Transitional Support in 2011-12](#), Cabinet (Written) Statement, 31 March 2011

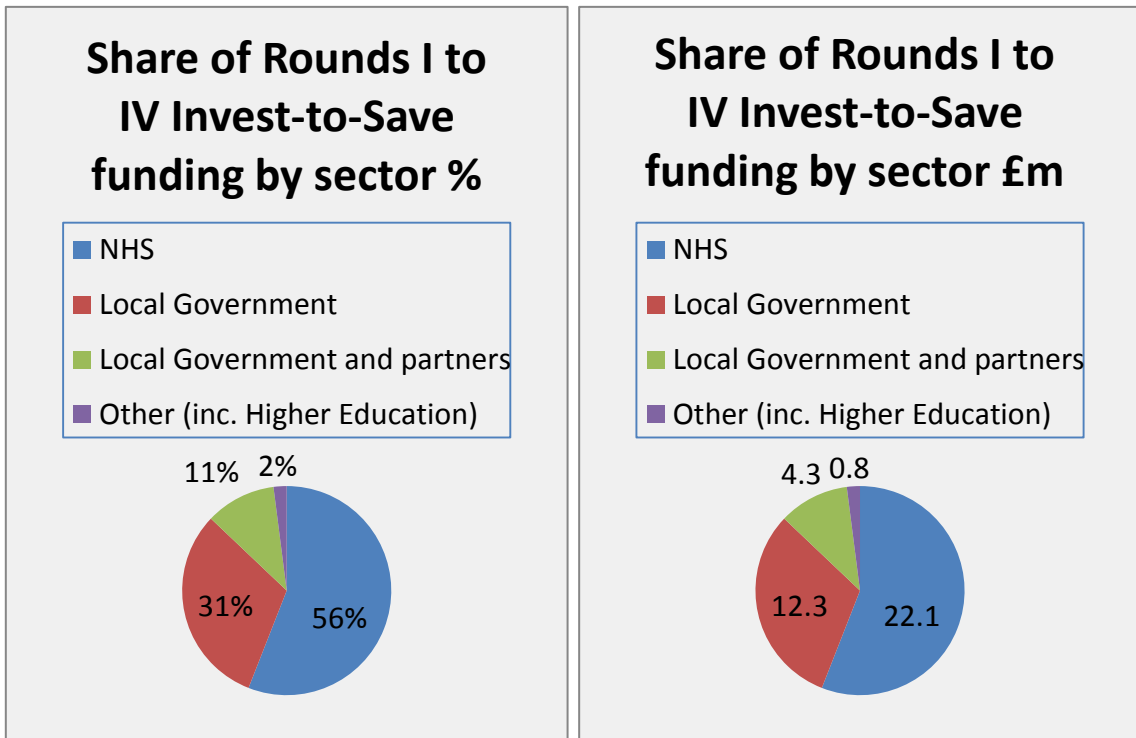
⁸ Comprising the Director General for Strategic Planning, Finance and Performance and officials from Welsh Government policy departments.

⁹ Welsh Government, Invest-to-Save Fund: [Guidance \(round VII\)](#) paragraph 6.2

¹⁰ Ibid paragraphs 6.3 and 6.4

- degree of project's strategic fit for organisations in that it matches their vision and values;
- the extent to which the project integrates with existing operational and business policies, plans and processes;
- the extent to which the proposal fits with partners' change programmes/improvement initiatives;
- evidence that the proposal will work (promotes proven way of working);
- the degree of risk associated with taking the project forward and arrangements for managing such risk;
- the adequacy of arrangements for managing the project; and
- the arrangements proposed for monitoring and subsequently evaluating the project and change programme (including citizen (service user) feedback).
- the proposed repayment period;
- the rate-of-return on investment; and
- the additionality case for funding.

Previous funding Rounds I to VI, (2009 to 2012)



[Source: welsh Government, Social research - Invest-to-Save Fund: Interim Evaluation, February 2012 page 20](#)

17. To date, investments from the Fund have been made in six rounds. Details of projects and awards made in:

- Rounds I to III can be found in a letter to Finance Committee in December 2010 from the then Minister for Business and Budget¹¹;
- Round IV can be found on the Welsh Government's website¹²
- Rounds V can also be found on the Welsh Government's website¹³ and in a letter to the Finance Committee from the Minister for Finance and Leader of the House in July 2012¹⁴ and
- Round VI can be found in a letter to the Finance Committee from the Minister for Finance and Leader of the House in July 2012.¹⁵

18. It is worth noting that in some cases, the projects detailed in the initial announcements, on the Welsh Government's website or its interim evaluation report¹⁶ do not match those in the most up-to-date information provided in the Minister's letter. This may be because at the point of award, projects are still subject to a full business case; that the decision has been taken not to proceed with the project or that awards reflect the year of required investments as opposed to the date of the award being announced.

19. Through Rounds I to VI there has been an investment of £66,472,000 in 56 projects.

Evaluation to date

20. In February 2012 the Welsh Government published an interim evaluation of the first four rounds of the fund. The evaluation was undertaken by in-house Welsh Government analysts following a survey which received responses from 22 funded projects respondents (46 per

¹¹ The Minister for Business and Budget provided a letter to the Finance Committee in December 2010 which detailed the projects receiving funding under the first three rounds of the Fund. This is taken to be the most up-to-date information available for these rounds and is available here: National Assembly for Wales, Finance Committee, [FIN\(3\)-02-11 Paper 3: Draft Budget 2011-12: Further information from the Minister for Business and Budget](#), December 2010

¹² Welsh Government, Invest-to-Save Fund, Round IV, June 2011 [accessed 19 October 2012]

¹³ Welsh Government, News, [Minister announces £10m Invest-to-save funding](#), 13 December 2011

¹⁴ National Assembly for Wales, Finance Committee, Welsh Government Supplementary Budget 2012-13, [Additional Information](#), Annex B July 2012

¹⁵ Ibid Annex A

¹⁶ Welsh Government, Social research - [Invest-to-Save Fund: Interim Evaluation](#), February 2012 [accessed 19 October 2012]

cent response rate); 9 unsuccessful respondents (7 per cent response rate) and stakeholders.¹⁷ The evaluation also notes a future requirement to independently evaluate Invest-to-Save projects when more are completed between early and mid 2013.

21. The evaluation made seven recommendations based on their research findings. The seven recommendations were:

Recommendation 1: There is strong support for the continuation of the Invest-to-Save Fund to support cash-releasing public service improvement projects across Wales and as such, commissioning an independent evaluation of actual project outcomes in 12-18 months time (between early and mid 2013) is recommended.

Recommendation 2: Given the borrowing restrictions that govern the NHS, the appraisal of Invest-to-Save bids should recognise how key the Fund can be in supporting projects involving the NHS.

Recommendation 3: There is a continuing need to promote local government engagement with the Fund, but recognising that the sector has access to alternative sources of funding.

Recommendation 4: Consideration should continue to be given to the number and value of projects funded in future rounds and the impact this has on maximising efficiencies.

Recommendation 5: While there are no significant issues with the bidding process as it stands, the evidence suggests that the following refinements might be considered:

- a) Introducing themes for each round of bidding to target specific Welsh Government priorities.
- b) Introducing an external member from outside the Welsh Government on the Invest-to-Save officials' panel.
- c) How Invest-to-Save bids are appraised alongside other forms of Welsh Government support, such as Centrally Retained Capital funding.
- d) Reviewing the timescale for submitting expressions of interest.

¹⁷ Welsh Government, Social research – [Invest-to-Save Fund: Interim Evaluation](#), February 2012 page 12[accessed 19 October 2012]

Recommendation 6: The additionality of Invest-to-Save funding should be explored in more detail in the any future independent evaluation.

Recommendation 7: Consideration should be given to how project managers could be encouraged to self-evaluate their projects, with support offered in the form of guidance and/or standardised tools and techniques to demonstrate benefits and savings.¹⁸

22. The evaluation highlighted that applications from the NHS have been the most numerous followed by local government, but that the number of successful applications is much closer: 23 for the NHS and 21 for local government. The evaluation shows the share of Invest-to-Save funding by sector, this has been re-created in table 3 below.

Table 3 – Share of Invest-to-Save funding by sector

Sector	<i>£m</i> Funding awarded	% of total funding
NHS	22.1	56%
Local Government	12.3	31%
Local Government and partners	4.3	11%
Other (inc. Higher Education)	0.8	2%
Total	39.5	100%

Source: Recreated by Research Service from Welsh Government, Social research – [Invest-to-Save Fund: Interim Evaluation](#), February 2012 page 20 [accessed 19 October 2012]

23. The stakeholders who provided input into the evaluation also commented on the determinants of success of the Fund. This is shown in table 4, the contents of which the Committee explored during the evidence sessions in light of the intention to consider any potential barriers to accessing the Fund.

¹⁸ Welsh Government, Social research – [Invest-to-Save Fund: Interim Evaluation](#), February 2012 page 8 [accessed 19 October 2012]

Table 4 – Determinants of success of the Fund

Enablers	Barriers
Dedicated Invest-to-Save team that has on-going dialogue with funded organisations	Bids are sometimes rushed (could be mitigated by announcing the cycle of bidding rounds in advance)
Regular feedback and monitoring of projects	Doubt over the extent of additionality of smaller projects
Rigorous but flexible bidding process	Local government not on board as much as wished - they have the option to borrow from elsewhere and sometimes low interest rates may be preferable to the repayment terms of Invest-to-Save
Ministerial buy-in and leadership has helped build profile of the Fund	

Source: Welsh Government, Social research – [Invest-to-Save Fund: Interim Evaluation](#), February 2012 page 30 [accessed 19 October 2012]

3. Applications

Raising the profile

24. The popularity of the scheme among Ministers, health boards and local authorities suggests it has a high profile. However, there has only been one successful application from a HE institution (Cardiff Met) to date. It is not clear why sectors outside of local government and the NHS are not taking up the scheme as enthusiastically. We received evidence from the National Botanical Gardens of Wales that they found out almost by accident about the scheme. In her evidence the Minister accepted that they needed to do more to ensure the unrepresented groups knew that the scheme existed.¹⁹

25. The written evidence from the Minister for Local Government and Communities²⁰ suggests the scheme has been strongly promoted at the Public Service Leadership Group – which brings together leaders from across public services.

Paperwork

26. Many witnesses suggested that applying was potentially overwhelming, but no-one seemed to have any specific difficulty and words like “thorough” and “robust” were frequently used.

27. There was praise for Richard Clarke and his team in supporting applicants through this process. Fiona Jenkins of Cardiff & Vale University LHB said:

“To go at a pace and scale, we looked at the invest-to-save mechanism and made contact with Richard Clarke, who has been extremely helpful in guiding us through the process.”

28. Jane Hutt told the committee:

“The invest-to-save process has been kept as simple and accessible as possible. It has been interesting and valuable that the Committee has gone out to test this with organisations that either have been involved or are considering being involved.”²¹

¹⁹ National Assembly for Wales, Finance Committee, [RoP, 16 January 2013, Para 90](#)

²⁰ National Assembly for Wales, Finance Committee, [letter from Carl Sargent to Jocelyn Davies, 5 January 2013](#)

²¹ National Assembly for Wales, Finance Committee, [RoP, 16 January 2013, Para 11](#)

Themed bidding rounds

29. We received evidence both for and against themed bidding. Cardiff and Vale University Local Health Board noted the benefits of having similar projects going through at the same time,²² but smaller bidders were concerned that a themed round could mean a good project might miss out as it didn't fit the theme.

We were not convinced that the benefits of themed bidding rounds, and given that the invest-to-save pot is finite, we recommend that bidding rounds continue to support the best bids, irrespective of content.

The £200k threshold

30. The fourth recommendation from the Welsh Government's own internal evaluation (see chapter 2) was that:

Consideration should continue to be given to the number and value of projects funded in future rounds and the impact this has on maximising efficiencies.

31. As a consequence, Welsh Government doubled the threshold for bids from £100,000 to £200,000.

32. Head of the Welsh Government's Invest-to-Save unit Richard Clarke went on to say:

"As we have progressed with invest-to-save, what we have noticed is that the more strategic projects—normally the higher value projects—bring greater return in value-for-money terms, and therefore a de minimis threshold was introduced at round 3, initially at £100,000. When the interim evaluation was undertaken, it suggested that that might be looked at again; we did so, and the threshold for the last funding round was increased to £200,000. So, we are not considering projects below that threshold."²³

33. A number of previously successful bids would not have achieved the £200,000 threshold including, including:

²² National Assembly for Wales, Finance Committee, [RoP, 21 November 2012, Para 212](#)

²³ National Assembly for Wales, Finance Committee, [RoP, 7 November 2012, Para 90](#)

- the introduction of Solar Photo Voltaic Power at the National Botanical Gardens of Wales (£90,000 investment with savings of £20,000 per annum)
- the introduction of an integrated electronic NHS web expenses system (£125,000 investment with savings of over £400,000 per annum from 2013-14 at the point of announcement)
- the development of wrap around care provision at Wrexham County Borough Council (£106,000 investment with savings of £1.2 million over three years at the point of announcement).
- a collaborative procurement project for secure services patient placements by NHS Wales (£169,000 investment with savings of £3 million over two years at the point of announcement)

34. In evidence, a number of witnesses expressed the concern that this would put off smaller projects. The National Botanical Gardens' Dr Rosetta Plummer said it was "regrettable".

"Yes, it is regrettable if the threshold is raised to the point of excluding something like this [the Botanical Garden's project], which was so obviously, in our view, delivering to core Government policy and the climate change agenda, value-for-money investment, et cetera."²⁴

35. David Sutherland, Head of Technology, Property and Customer Services at Bridgend County Borough Council told us that the focus should be on savings, rather than how much money you were applying for.²⁵

36. However, the evidence from local health boards – who have been the biggest recipients of invest-to-save funding – was more positive about a "more strategic" approach.

37. Fiona Jenkins, director of therapies and health science for the Cardiff & Vale University LHB suggested that lower value bids could be met from within existing resources, leaving invest-to-save for strategic projects.

38. We were concerned that the rise in the threshold could prevent perfectly good applications – particularly from smaller bodies with smaller budgets.

²⁴ National Assembly for Wales, Finance Committee, [RoP, 21 November 2012, Para 120](#)

²⁵ Ibid, [Para 22](#)

39. We also noted that as a consequence of the higher threshold, one of the projects currently going through the system is bundling together applications in order to meet the new higher threshold.

Recommendation: We recommend that the threshold be returned to £100,000 to ensure that projects with the potential to make significant savings are not lost to the system.

Entering the ‘Dragon’s Den’

40. The Welsh Government’s assessment of bids includes a face-to-face meeting with the assessment panel. Some witnesses referred to this as a “Dragon’s Den” scenario, after the BBC Television programme where budding entrepreneurs bid for funding from investors.

41. In the assessment, representatives of the bid discuss their application with the panel.

42. As with paperwork, witnesses were generally more concerned that it might intimidate others, rather than having that impact on them.

43. But Dr Plummer of the National Botanical Garden of Wales said the scrutiny was rigorous, but fair. She said:

“It certainly was not *Dragon’s Den*. It was rigorous scrutiny, but many people are not used to being faced by a board, and so for some that could have been a barrier.”²⁶

44. Finance Minister Jane Hutt stressed the work that had been done to make it less intimidating. She said:

“I would hope that it was not daunting. As a result of feedback on people’s experience of the panel, we have given more guidance on what to expect from panel meetings. They are not meant to be formal interviews... but are about discussing aspects of the projects and clarifying whether they fit the criteria and who is going to take responsibility for taking them forward. It is meant to be a non-bureaucratic mechanism: rather than more form filling.”²⁷

45. Richard Clarke added:

²⁶ National Assembly for Wales, Finance Committee, [RoP, 21 November 2012, Para 124](#)

²⁷ National Assembly for Wales, Finance Committee, [RoP, 16 January 2013, Para 64](#)

“The whole idea of the panel is to have a conversation. It used to have this stigma of being like Dragons’ Den, but that is not where we are with this.”²⁸

46. We are content that the Government has made efforts to make the process less intimidating, while maintaining its robustness. One area where we believe there could be room for improvement is in specialist expertise.

47. In her visit to the Welsh Analytic Prescribing Support Unit (WAPSU) project, Julie Morgan AM reported that they had had to spend a great deal of time explaining their project to the panel.

We recommend that assessment panels should include at least one person with a high level of expertise, particularly where it applies to projects which may be technical in nature.

²⁸ National Assembly for Wales, Finance Committee, [RoP, 16 January 2013, Para 66](#)

4. Spend and Monitoring

How effectively are projects monitored?

48. Evidence was that monitoring was not particularly burdensome. Most witnesses stated that their own internal management reporting carried a similar if not higher level of scrutiny.

49. However, we were concerned by one example involving Neath Port Talbot council, where Invest-to-save funding was used to introduce lean systems in to its children's services.

Case Study:

Project Title: Lean Systems Review of Children and Young Peoples Assessment and Case Management Services

Lead Organisation: Neath Port Talbot CBC

Project Aim & Objectives: Reduce demand on childrens social work services by refining the systems by which assessment and case management staff work

This project received £333,723 from the invest-to-save fund. In addition to standard invest-to-save monitoring and reporting, the Welsh Government's social services department were also kept informed of the scheme's progress to see whether there were lessons that could be spread to other local authorities.

The Finance Committee chair met in private with Mr Tony Clements, Director of Social Services, Health & Housing at Neath Port Talbot Council to discuss the issues relating to our inquiry.

The evaluation report from Swansea University in November 2011, which had looked at the first phase of the scheme, was very positive saying that the scheme had great potential to transform the way that children's services are delivered. However, once the second phase was introduced, problems surfaced and the scheme was abandoned next year.

The Care and Social Services Inspectorate Wales' report²⁹ from November 2012 says:

²⁹ <http://wales.gov.uk/docs/cssiw/report/121116npten.pdf>

“The transformation and modernisation programme for children’s social services which has been a priority for Neath Port Talbot has not delivered the improvements needed. The ‘systems’ model of service delivery which was rolled in across the children’s services in 2011 has led to inconsistent and in some cases unsafe practice.”³⁰

Committee questioned whether the monitoring was focused on financial repayments at the expense of impact. The Finance Minister said:

“Lessons have been learned as a result of this project and as a result of the evaluation.”³¹

50. The Neath Port Talbot experience is in stark contrast to the remainder of the evidence we have received about invest-to-save schemes. It does not appear to us that the fact it was an invest-to-save scheme had any bearing in its subsequent failure. ie alternative forms of funding would have resulted in the same outcomes. While the case highlights failings, we do not believe they highlight a fundamental weakness in the invest-to-save scheme, although they do highlight the need for monitoring to go beyond the purely financial.

51. Their evidence supported a theme that monitoring rarely went beyond the quarterly review of paperwork.³²

We recommend that all projects in receipt of invest-to-save funding should receive a visit 6-12 months after the initial award, or when repayments begin. This visit should include a more thorough evaluation not just of whether the project met its financial targets, but its overall impact on service delivery. A formal visit would also enable the Welsh Government to gather evidence which could be used to promote the project as an example to others.

Isolating the benefits of Invest-to-save

52. The Committee received evidence that as part of the evaluation process there were complexities in isolating the benefits that were as a direct result of the invest-to-save investment from more complex projects.

³⁰ <http://wales.gov.uk/docs/cssiw/report/121116npten.pdf>, para 9

³¹ National Assembly for Wales, Finance Committee, [RoP, 16 January 2013, Para145](#)

³² FIN(4) 03-13 (Paper 4) – Invest-to-Save visits

53. Cardiff and Vale University Health Board (UHB) in their oral evidence stated:

“...but the challenge is around how to demonstrate what different types of model will deliver in X pounds. That is the bit that we have been working through. So, when we submitted our invest-to-save bid, we had a discussion with Richard [Clarke] and the team to say that that was the really big business case that we needed to develop. It is fair to that it has been quite challenging to develop that business case, but our intention is that it will be completed before Christmas.”³³

54. The creation of a single environment body, Natural Resources Wales, is funded³⁴ via a number of sources including grant in aid, a bid to the capital fund, invest-to-save etc. In their oral evidence they stated it was difficult to tie each of the benefits back to the individual sources of funding as part of the evaluation process.

55. They said:

“The benefits, as was said before, are about £160 million over the 10 year period, of which £130 million are cash-releasing benefits. As Gretel said before, it is very hard to tie some of those benefits to this invest-to-save specifically...”³⁵

The best invest-to-save projects we looked at showed a clear link between the investment made and savings generated. While it was no doubt important to find additional funding for the creation of Natural Resources Wales, it is not clear to us that this was an invest-to-save project. We recommend that Invest-to-save funds should only be used where there is robust evidence of savings resulting from the investment, not where this is a need for extra funding, which will probably result in savings over time.

Collaboration

56. Both LHBs and local authorities gave evidence around the difficulties of collaborating. It would appear that while both parties support the theory of collaboration, each fears that the other is trying to palm off

³³ National Assembly for Wales, Finance Committee, [RoP, 21 November 2012, Para 206](#)

³⁴ Welsh Government, [Single Environment Body in Wales: Business Case Annexes](#), Annex 18, page 204, November 2011

³⁵ National Assembly for Wales, Finance Committee, [RoP, 5 December 2012, Para 45](#)

costs on to them. There is also the difficulty of disaggregating savings and ensuring each party pays its fair share, and receives its fair share of savings.

57. One suggested solution was pooled budgets. However, we are unconvinced that without a broader underlying trust the suspicion would still remain that 'they' were getting more benefits, or contributing less in, than 'us'. This may be a fruitful area for a pilot scheme to explore whether pooled budgets would work in practice.

5. Repayment & sharing best practice

Are projects repaying on schedule?

58. The evidence we received showed that projects were repaying their invest-to-save loans, and we were pleased to see in our scrutiny of the Supplementary Budget for 2012-13 that invest-to-save money is now being recycled to fund new projects, in line with expectations when the project was established.

59. Committee asked whether growing awareness of the fund may result in demand outweighing supplies of the fund.

60. The Finance Minister said: "I have already put more money in to the fund... The more we promote the fund, the more it will be needed and the more difficult decisions will have to be made in terms of priorities."

We recommend that the Minister continues to monitor demand for the scheme. Overall, we believe this is an excellent scheme which improves services to the public and generates real savings to the public purse. We would not wish to hear that schemes which would save money were being held up for lack of pump priming through invest-to-save.

Are good projects repeated across the sector?

61. To date, the Welsh Government has produced three publications³⁶ which provide details of some of the public sector improvement projects that have received Invest-to-Save funding. The case studies provide details of the project; contact details of those individuals directly involved and where applicable information on the project's implementation, lessons learned and benefits that are being delivered.

62. During our inquiry, in contacting projects, we found that many of the contact details were out of date very soon after publication.

63. In the Auditor General's report *A Picture of Public Services* he states that more should be done to promote best practice and not just the publishing of case studies. The report states:

³⁶ Welsh Government, [Supported Project Details](#), Investing-to-Save: short-term investment for long-term benefit, October 2011; Investing-to-Save 2: short-term investment for long-term benefit, June 2012 and Investing-to-Save 3: short-term investment for long-term benefit, October 2012 [accessed 19 October 2012]

“Getting to the bottom of what might be transferable from one place to another and deliver improvement requires more than simply reading a case study. It requires in-depth discussion and transfer of knowledge and ideas. While there are some communities of practice to transfer and discuss practice, in general, the networks needed for such shared learning are not in place.”³⁷

64. Following the Auditor General’s report the Public Accounts Committee published its recommendations. Within the Committee report it suggests that more could be done in promoting best practice.

65. It stated:

“We welcome the Welsh Government’s action to engage with public service leaders to encourage them to share concerns and good practice. However, we are concerned that the evidence of inquiry suggests that although good things are happening in Wales, good practice is not applied consistently.”³⁸

66. Under questioning on how there could be more active promotion of successful projects the Minister for Finance in her oral evidence said:

“...We will have to do more to present this. The public service leadership group is the right route in many ways because all the leaders are engaged in that and they will see the opportunities to reduce budgets, because this is crucially important in terms of savings and efficiency and of other objectives in terms of tackling energy efficiency. So, anything that we can do as a result of this review and our work in Welsh Government will be helpful.”³⁹

67. In her oral evidence to the Committee in November 2012 the Minister for Finance said:

“Taking the Aneurin Bevan health board’s medicines management project as an example, if that is driving down prescribing costs in

³⁷ Wales Audit Office, [A Picture of Public Services](#) [para. 2.59], 14 October 2011 [accessed 9 January 2013]

³⁸ National Assembly for Wales, Public Accounts Committee, [A Picture of Public Services](#) [para. 71], April 2012 [accessed 9 January 2013]

³⁹ National Assembly for Wales, Finance Committee, [RoP, 7 November 2012, Para 15](#) [accessed 9 January 2013]

hospitals on one health board area, we should be able to transfer that so that it happens in every hospital.”⁴⁰

68. In their oral evidence Bridgend CBC stated that it had not received information from the Welsh Government about how to promote lessons learnt and best practice from its Improving Your Space project which received investment in 2009 under Round I of the Fund. They said:

“Not that I am aware of, although, subsequently, we have been approached, through the Welsh Local Government Association, about using this particular piece of work as a case study with the Wales Audit Office....but that has only happened very recently.”⁴¹

69. In their evidence Cardiff Met praised the contribution of Invest-to-Save to their award-winning one-stop-shop student support service i-zone.

“The Welsh Government’s Invest-to-save scheme was an important component of the i-zone’s development. It is very unlikely that the project would have been implemented without the invest-to-save investment.”⁴²

70. While we acknowledge that HE institutions have access to funding from other sources, given the success at Cardiff Met, it is a surprise that other HE institutions have not undertaken a similar process.

We recommend that the Welsh Government continues to promote case studies, encourage institutions to emulate successful schemes, and to champion invest-to-save through the Public Sector Leadership Group.

We recommend that the Welsh government makes greater efforts to encourage education institutions and others outside the core NHS/Local Government sectors to access the fund.

⁴⁰ National Assembly for Wales, Finance Committee, [RoP, 7 November 2012, Para 10](#) [accessed 9 January 2013]

⁴¹ National Assembly for Wales, Finance Committee, [RoP, 21 November 2012, Para 67](#)

⁴² National Assembly for Wales, Finance Committee, consultation response from Cardiff Metropolitan University

Invest-to-save v Regional Collaboration Fund⁴³

71. In October 2012 Carl Sargeant (AM), Minister for Local Government and Communities announced a new £10 million non-repayable fund to support local authorities in delivering regional collaboration projects.⁴⁴

72. In a written submission to the committee's inquiry, the Local Government and Communities Minister explained:

“Sometimes a grant scheme will be more appropriate than invest-to-save, for example where regional collaborative projects may not have an initial saving stream but may be intended to bring significant benefits in terms of resilience of service improvement or may have longer term financial benefits.”⁴⁵

73. During oral evidence to the Finance Committee on the Welsh Government Draft Budget 2013-14, Jane Hutt (AM) Minister for Finance and Leader of the House commented on the differences between the RCF and the invest-to-save fund.

74. She said:

“It [RCF] is a grants fund, so they do not have to repay it, quite clearly. It is to incentivise change in regional collaboration, and there are times when invest-to-save is just not viable for a project proposal. It is a very small amount of money in the scheme of things, in the context of a £4 billion-plus RSG, but local government and the public sector want support and backing for the collaborative agenda, and this is one way in which the Minister has taken it forward.”⁴⁶

75. In her evidence to the committee in January 2013, the Finance Minister said:

“I think that it has been very valuable, in terms of us working together, that we have clarified the difference between them and the opportunities. If you look at the regional collaboration fund, it offers a one-off grant. It is important that that is a grant that

⁴³ National Assembly for Wales, Finance Committee, [RoP, 16 January 2013, Paras 90-100](#)

⁴⁴ Welsh Government, Local Government, [Minister delivers on pledge to increase to increase local authority funding](#), 16 October 2012

⁴⁵ National Assembly for Wales, Finance Committee, letter from Carl Sargent to Jocelyn Davies, 5 January 2013

⁴⁶ National Assembly for Wales, Finance Committee, [RoP, 25 October 2012, Para 80](#)

can help to drive collaboration. It may not have that recyclable loan repayment as part of its main intention, but, obviously, we must have value for money in terms of the regional collaboration fund. So, it has its place, and there is close working between our officials and the regional collaboration fund officials.”⁴⁷

76. We note the difference between the regional collaboration fund and invest-to-save, and understand that officials assessing bids will be at liberty to signpost applications better suited to the other scheme. However, we remain unconvinced that it was necessary to create a regional collaboration fund, given that invest-to-save has been used to drive collaboration, and provides clear value for money through its repayments. We worry that this decision may result in local authorities pursuing a RCF grant which may provide less transparent value for money than the re-payable loan offered through Invest-to-save.

While invest-to-save is a savings scheme, which encourages collaboration, we recommend that while RCF is collaboration-focused, it must also generate savings to demonstrate it is providing value for money.

⁴⁷ National Assembly for Wales, Finance Committee, [RoP, 16 January 2013, Para 94](#)

Annex A

Terms of Reference

To consider the impact that the invest-to-save Fund has had to date, and whether it is meeting its intended purpose (i.e. supporting organisations involved in public service delivery make the transition to more efficient, more effective and more sustainable forms of service delivery).

Key questions will include:

- How widely the Fund has been utilised, by which sectors and for what type of projects?
- What lessons have been learnt and is good practice being promoted/shared across the wider public sector in Wales?
- Can the savings achieved as a result of awards from the Fund be quantified and does this represent value for money?
- How repayments are determined, progress on repayments to date and whether/when the Fund will become self-financing
- Consideration of any barriers to using the Fund (i.e. are there any elements of the Invest-to-save fund process that make it difficult to participate in the scheme?)

Annex B

List of Invest-to-save project visits by committee members

www.senedd.assemblywales.org/documents/s15127/FIN4%2003-13%20Paper%204%20-%20Invest%20to%20Save%20visits.pdf

Committee heard feedback from members about their visits at their meeting on 16 January 2013. This can be seen at Senedd.tv or in the Record of Proceedings.

www.senedd.assemblywales.org/documents/s13315/16%20January%202013.pdf

Witnesses

The following witnesses provided oral evidence to the Committee on the dates noted below. Transcripts of all oral evidence sessions can be viewed in full at

<http://www.senedd.assemblywales.org/ielIssueDetails.aspx?IId=4667&Op t=3>

7 November 2012

Jane Hutt, Minister for Finance	Welsh Government
Richard Clarke, Head of Invest to Save	Welsh Government
Jeff Andrews, Special Adviser	Welsh Government

21 November 2012

David Sutherland, Head of Technology, Property and Customer Services	Bridgend County Council
Dr Rosie Plummer, Director	National Botanic Gardens
Clive Edwards, Operations and Facilities Manager	National Botanic Gardens
Fiona Jenkins, Executive Director of Therapies and Health Science	Cardiff and Vale University Health Board
Lynne Aston, Assistant Director of Finance	Cardiff and Vale University Health Board

5 December 2012

Gretel Leeb, Senior Responsible Officer	'Living Wales' Programme Executive
Rob Bell, Finance Department	'Living Wales' Programme

16 December 2012

Jane Hutt, Minister for Finance	Welsh Government
Richard Clarke, Head of Invest to Save	Welsh Government
Jeff Andrews, Special Adviser	Welsh Government

List of written evidence

The following people and organisations provided written evidence to the Committee. All written evidence can be viewed in full at

<http://www.senedd.assemblywales.org/mgIssueHistoryHome.aspx?Ild=4667&Opt=0>

<i>Organisation</i>	<i>Reference</i>
Minister for Finance, Welsh Assembly Government	FIN(4) 19-12 (p1)
Bridgend County Council	FIN(4) 20-12 (p1)
National Botanic Garden of Wales	FIN(4) 20-12 (p2)
Cardiff and Vale University Health Board	FIN(4) 20-12 (p3)
Living Wales Programme	FIN(4) 21-12 (p1)