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Llywodraeth Cymru
Welsh Government

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Chair, Finance Committee,
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5th January 2013

Inquiry into the Welsh Government's Invest-to-Save Fund

You wrote to me on 6 December inviting me to contribute evidence, following the Finance Minister's attendance at the Finance Committee's hearing on 7 November. I am writing in response to the specific questions you raise in that letter. I consider the Invest-to-Save Fund to be an important part of the Welsh Government's approach to working at a strategic level to help deliver public service improvements and, in doing so, release cashable savings.

- 1. How has the PSLG utilised the invest-to-save fund since its inception in 2009? We would be grateful if you could provide details of specific projects in your answer.*

The Government has a consistent approach to public service reform and improvement across the breadth of its responsibilities. This approach focuses on collaboration and collective action, simplification and accountability. The Invest-to-Save fund has a key role in investing in strategic projects that help deliver improvement programmes across the public sector including those elements directed through the Public Services Leadership Group (PSLG) and the Partnership Council for Wales. It supports public service providers by providing short-term funding to assist transformation before improvement savings are realised.

The Invest-to-Save Fund has maintained a close link with the PSLG. As the Finance Minister has already set out in her evidence to the Committee, the Fund maintains alignment with the Welsh Government's public service reform and improvement programme and specifically with key initiatives developed through the work of the PSLG. This has seen investments being made in initiatives relating to procurement, public sector assets and vulnerable people. The Finance Minister's publications

“Investing-to-Save” set out case studies of specific projects as well as a full directory of I2S supported projects.

Similarly, the Government ensures that other funding programmes are consistent with and used for public service reform as appropriate, for example ESF funding for an LSB ‘team around the family’ project and the Big Lottery’s AdvantAGE and Improving Futures programmes.

2. *The PSLG’s role, specifically:*

- a. *What role does the PSLG have in advising which projects should/should not go ahead?*
- b. *What involvement does the PSLG have on the panel that approves invest-to-save projects?*
- c. *How do the PSLG promote the use of the Fund?*
- d. *What role does the PSLG have in an invest-to-save projects implementation and delivery?*
- e. *What role does the PSLG have in on-going monitoring and evaluation of invest-to-save projects?*
- f. *How does the PSLG promote best practice across local authorities?*

You ask about the role of PSLG in the Invest-to-Save project appraisal process. The Invest-to-Save officials advisory panel does not approve projects; instead it provides advice and recommendations to help the Finance Minister in reaching decisions on which projects to support. In doing this the panel seeks views and opinions about project proposals from various stakeholders including those of the PSLG workstreams, which is done via correspondence. The general approach is that where projects are specifically “sponsored/ promoted” by workstreams the panel looks for confirmation of this, but in the case of other projects, the panel looks for advice on whether a project would further the specific objectives of that workstream and whether the workstream would endorse an investment being made. Membership of the Invest-to-Save officials’ advisory panel includes an official from the team in my Directorate that supports the work of the PSLG.

The promotion of the Invest-to-Save Fund is done at various levels by PSLG. For example, as Chair of the PSLG, I have previously written jointly with the Finance Minister to local authority leaders concerning the Invest-to-Save Fund and in doing this, we have drawn specific attention to the projects already being promoted by local government where Invest-to-Save support has been provided. At the workstream level, the National Assets Working Group (NAWG) and the Procurement workstream both encourage specific bids which have resulted in a programme of projects being taken forward with Invest-to-Save support by NAWG (see below) and the development of procurement initiatives. In the case of the latter, this includes the role out of the xchangewales e-procurement system at Merthyr Tydfil CBC and, as mentioned by the Finance Minister to the Committee, it is expected to support the development of proposals for a National Procurement Service. The PSLG brings together senior public service leaders, acting as regional leads for each of the six areas for public service collaboration, and those Chief Executives who have agreed to lead specific workstreams. Consequently awareness of this Fund amongst key public service leaders is high and can be raised with others through existing networks and regional fora.

On implementation and delivery, the NAWG and procurement work-streams have a supporting role in the projects that they sponsor, which usually involves being part of the project governance arrangements with regular monitoring of progress being undertaken. The role is however much greater where a workstream leads on an initiative; for example, in the case of the roll-out of xchangewales e-procurement and the development of the National Procurement Service.

The arrangements for the evaluation of projects continues to be developed, but there are already various synergies being explored including using the forthcoming evaluation of the Invest-to-Save Fund to target specific PSLG sponsored projects. Furthermore, the Knowledge Transfer Partnership between Welsh Government and Swansea University's Centre for Innovative Ageing led by the "Effective Services for Vulnerable Groups" work-stream is developing the means to assess the quality and cost of integrated health and social care delivery services for older people by developing an impact assessment toolkit. The desired outcomes are to be able to assess and evaluate the benefits of various models of integrated service delivery to improve: service user experience, independence, and wellbeing; and the cost effectiveness of service delivery.

The application of the prototype measurement framework and toolkit is being extended beyond the original testing and pilot work planned with Abertawe Bro Morgannwg University Health Board (ABMU) to include further testing in three Invest-to-Save integrated service delivery projects in Cardiff and Vale, Cwm Taf and Hywel Dda Health Boards.

The sharing of good practice amongst public service partners is essential. Public service organisations use their existing professional associations and networks such as on procurement, finance officers and the Community of Practice on Continuous Improvement; information is also exchanged through the Good Practice Wales website and through WLGA. Specific projects under PSLG or other programmes will disseminate good practice through seminars and workshops, such as those that have taken place to promote independent living and through the local service boards. The representative senior public service leaders who sit on the PSLG for each of the six collaborative regions are asked to lead on ensuring that the decisions made through PSLG and good practices identified are actively promoted in their region. Invest-to-Save projects are encouraged to identify lessons learned, undertake an evaluation of their project and support the cascading of knowledge from their project approach.

3. *How does the £10 million local authority regional collaboration Fund differ from the Invest-to-Save Fund?*
4. *What criteria will projects have to meet to receive funding from the regional collaboration fund and how does this differ to Invest-to-Save fund criteria?*

The Welsh Government is promoting and encouraging transformative collaboration. With the spending review to come we will need to ensure that we are working collaboratively to help best meet the challenging times ahead. The financial storm faced by public services is not going away and local authorities need to be doing all they can now to ensure the resilience of services for citizens in the future.

My officials have been working closely with the Invest-to-Save team to ensure that these two investment opportunities are appropriately aligned and complement each other. The Regional Collaboration Fund will be used for projects that bring about real and significant change at a regional level. Local authorities have told me that at times collaboration has not been taken forward as the initial costs of implementation are inhibitive. This fund will act as a catalyst and, if appropriate, help to remove such barriers.

Sometimes, a grant scheme may 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 or service improvement, or may have longer term financial benefits. As such, I consider that this fund has its place within the regional collaborative agenda and alongside the Invest-to-Save scheme.

The Invest-to-Save Fund is an established and valued model that pump-primes public service improvement schemes that lead to significant on-going savings. The Regional Collaboration Fund will support work to ensure the long-term resilience of local government and its partners so that they are well positioned to manage future financial and demand pressures against the background of on going public expenditure constraint. These Funds support a consistent Welsh Government public service agenda that continues to encourage collaboration and joint working to achieve the most effective and efficient public services for the people of Wales. I have published the criteria for the Regional Collaboration Fund and this is attached at Annex A.

The key differences between the funds can be summarised as follows:

- i) the Regional Collaboration Fund will be provided as a grant, whereas Invest-to-Save funding continues to be provided on a repayable investment basis;
- ii) the Regional Collaboration Fund will be available to collaborative projects between public service providers based on the Regional Collaboration Footprint areas. Invest-to-Save is also available to further collaborative working, but it can be provided in circumstances where a single public service provider is seeking support for a proposal that releases significant savings and where the approach proposed has the potential to benefit other public service providers by providing a pilot that others might then replicate; and,
- iii) the Regional Collaboration Fund will be local authority led. This reflects the local authority's role in providing integrated approaches to planning and the Government's continuing focus on supporting the delivery of services in the most effective way; whether that is nationally, in collaboration or by individual authorities informed by shared information on what works.

5. How do the Asset Management pilot programmes funded through Invest-to-Save meet Invest-to-Save criteria, including the minimum threshold?

The National Asset Working Group's Essential Skills Support programme currently includes four specific pilot projects that are being supported under the Invest-to-Save Fund: Blaenau Gwent CBC's collaborative asset management project; Cardiff local

service board's collaborative asset project; Cardiff and Vale UHB's estate strategy and space utilisation strategy; and, Powys CC's property scoping exercise for the proposed regeneration of Brecon town centre.

These projects meet the Invest-to-Save criteria by seeking to bring about public service improvements through better/improved asset management, which over time will lead to the delivery of savings. During the appraisal of the bid for Invest-to-Save support the Fund's de-minimus threshold was applied at the programme rather than project level.

I hope that you find this information helpful. If you require anything further please let me know.

A handwritten signature in black ink, appearing to be 'al' or a stylized version of the name.

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Minister for Local Government and Communities

Annex 1: REGIONAL COLLABORATION FUND CRITERIA

The table below sets out the eligibility criteria against which project proposals will be considered.

Collaborative	It should involve authorities within a region as defined by the Regional Footprint; it may also include other public service partners within the region.
Transformational	It should lead to a recognisable shift in the way services are delivered or in the ways the collaborating organisations operate. Its impact must be long-term rather than short-lived.
New/ Additional	It should constitute a new direction or enable service change that would not otherwise have been delivered.
Deliver benefits	It should reduce costs or improve services in the region, preferably both. Improving the resilience of services is a high priority.
Strategic	It should align with the strategic – Programme for Government – priorities for the region. Projects should be appropriately endorsed by the political and executive fora in place within the region.
Challenging	It should tackle substantive service or organisational challenges, including Education and Social Services.
Well-managed	It should be managed within a rigorous and transparent governance framework with clear leadership, accountabilities, milestones and progress measures.
Cost-effective	It must demonstrate value for money in terms of return on investment, cost avoidance or savings.