The Invest to Save Budget

executive summary

1   A key feature of the Government's drive to improve public services is the view that innovation can play an important part in improving public services and securing efficiency gains. Ground breaking projects have the potential to offer significant service delivery and efficiency benefits. The Invest to Save Budget (ISB) programme is essentially a form of venture capital intended to allow new and innovative service delivery methods to be tested to determine whether or not they should be implemented more widely across government.

2   The ISB is a joint Treasury and Cabinet Office programme, started in 1998-99, which provides funding for new public sector projects in which two or more bodies work together to achieve improvements in service delivery and cost savings. As at July 2002 the programme had allocated £310 million to 334 projects involving government departments, local authorities and health authorities, voluntary bodies, the police and other public sector agencies, over four annual funding rounds. Although 'Invest to Save' suggests that it is a vehicle to deliver financial savings, this is not its primary purpose although some projects may identify opportunities to secure efficiency gains **(Figure 1).**

3   The report looks at what the ISB programme has achieved so far **(Part 1)** and examines in more depth ten ISB projects **(Figure 2)** with a combined value of £90 million in the Department for Work and Pensions **(Part 2)**, the Home Office **(Part 3)**, and the Office of the Deputy Prime Minister and the Department for Transport **(Part 4)**. The report draws out wider messages about the management and successful implementation of innovative projects.

1   **The ISB programme is about promoting**

- Improved services.
- Efficiency gains.
- Partnership working.
- Innovation.
- Sustainability.

Source: ISB website

2 **The costs and benefits of ten ISB projects examined**

Purpose	Cost (£m)		Benefit

The ONE Project (Case Study 1)

ONE is a project to enable people to claim benefits from a single contact point rather than separately from local authority, benefit offices and Jobcentres. It also develops a new approach by requiring all new claimants to consider their capacity to work and their job prospects before receiving benefits.

Total	116.4
ISB	79.5
Partners	36.9

Realised

Over 800,000 benefit claimants dealt with by ONE pilot offices. Nearly 300,000 personal adviser interviews conducted, with a significant increase in lone parents and sick or disabled clients who had discussed work at the beginning of their claim, and an increase in take up of work related courses by lone parents. Also there are some indications that more lone parents and sick or disabled people have moved off benefit and into work. Lessons learned have helped with the design of Jobcentre Plus and led to improvements in procedures and services.

Expected

The Department for Work and Pensions hope to learn further lessons from ONE that will help with the continued development of the Jobcentre Plus service. (Further evaluation of the impact of ONE on getting people into work and a cost benefit analysis of the project are planned early in 2003.)

Electronic Links to the Police National Computer (Case study 2)

A project aimed to develop a standard Information Technology 'interface architecture' so that new computer systems being developed within the criminal justice system could be linked to the Police National Computer to access information on criminal convictions in connection with arrest, sentencing and probation processes.

Total	1.71
ISB	1.32
Partners	0.39

Realised

Common architecture developed for linking other organisations' systems to the Police National Computer, and a link to the Court Service's IT system established.

Expected

Combined annual savings in staff time of £122,000, with an additional £11,000 if the Probation Service joins. (Cumulative benefit of all criminal justice organisations implementing electronic links may be around £17 million, less implementation costs which have not been quantified.)

Sussex Integration of Justice Project (Case study 3)

A project to reduce the need to send papers by post and fax to process offenders by linking the Information Technology systems of three organisations - the Police, Courts and Crown Prosecution Service in the Sussex pilot area.

Total	0.53
ISB	0.39
Partners	0.14

Realised

A non-secure e-mail connection between the Police, Crown Prosecution Service and Magistrates' Courts Committees in the pilot area of Sussex. Also a CD-ROM documenting project findings, business maps, analysis and source materials.

Expected

Increased amount of joint working between the three organisations. Although the initial connection between the police and the Courts was not secure, by Autumn 2002 the Criminal Justice IT Unit was beginning to roll out secure e-mail on a national basis.

Data Exchange and Sharing between the Forensic Science Service (FSS) and the Police (Case study 4)

An abortive project which sought to use information technology to exchange forensic science information between the Forensic Science Service and police forces in Leicestershire, Northamptonshire, Staffordshire and Warwickshire.

Initial bid was £0.25 million

Expected

Abortive work done on the project highlighted the need for better information exchange between the FSS and its police customers and the project was quickly curtailed. The FSS hopes that, by the end of 2002, the planned benefits from the ISB project will be available as a result of enhancements made to its regular information systems.

Joint Approach to Money Laundering (Case Study 5)

A project to allow for better sharing of information relating to suspicious money transactions. It aims to develop electronic means for bodies to make financial disclosures to the National Criminal Intelligence Service. It will also give agencies information so that they can carry out their own investigations.

Total	3.7
ISB	2.8
Partners	0.9

Expected

This joint approach should increase the number of financial disclosures and identify professional institutions who do not comply with money laundering regulations. Administrative efficiency savings may be in the region of £1 million per year. There is also scope for better identification of benefit fraud and tax avoidance, which may allow savings of several million pounds per year.

Purpose	Cost (£m)		Benefit
City of Bradford Metropolitan District Council: Bradford Partnership for joined up working (Case study 6)			
The project is a pilot 'one-stop-shop' to give citizens of Bradford access to the City of Bradford Metropolitan District Council's and the Inland Revenue's services as well as information on job availability and benefits from the Department for Work and Pensions.	Total ISB Partners	3.15 2.1 1.05	**Realised** To improve public access to services Bradford MDC and their partners have developed a one-stop-shop that is opening in spring 2003. **Expected** If successful, the one-stop-shop is to be rolled out throughout Bradford.
London Borough of Lewisham: Life Events Access Project (Case study 7)			
The project is a pilot to give citizens access to services via a Web site arranged around eleven life events such as seeking employment or dealing with death, giving access to the relevant service providers' (central or local government and the voluntary sector) web sites via hyperlinks.	Total ISB Partners	2.0 1.2 0.8	**Realised** A web site based around life events and a process mapping toolkit helping to link over 600 processes needed to deliver a range of public services. The latter is in use in 350, out of 388, English local authorities. **Expected** The web site is due to go live in autumn 2002 (over a year later than planned), giving the public better access to services.
Norwich City Council: Norwich Connect (Case study 8)			
A project piloting increased access to the Council's services via an Internet portal arranged around life events, provision of electronic access kiosks and two one-stop-shops in relatively deprived areas.	Total ISB Partners	0.16 0.04 0.12	**Realised** Norwich have developed a strategy for making services more accessible including a portal on their website, two one-stop-shops in deprived areas and extra electronic access kiosks (making available a computer and a telephone). **Expected** Norwich plan to realise these improvements to public services by implementing their strategy later in 2002.
Office of the Deputy Prime Minister: Promoting Electronic Government (Case study 9)			
A project to develop a self-assessment toolkit for local authorities to assess their progress in developing electronically available services to help meet the Prime Minister's target of all government services being available online by 2005.	Total ISB Partners	0.8 0.6 0.2	**Realised** Promoting Electronic Government produced by May 2002 the planned benchmarking toolkit, good practice case studies and guidance on procurement. Early results indicated that 80 per cent of the target group of English local authorities had registered on the website and 51 per cent had accessed the highest level package. More complete evaluation of the impact is planned late in 2002 when the material has been available for several months.
Vehicle Inspectorate: SOLUS (Case study 10)			
A project to link the IT systems of the Vehicle Inspectorate and the Magistrates Courts to register and transmit the details of prosecution cases involving unsafe and polluting vehicles in order to increase efficiency and help prevent cases failing through being time expired.	Total ISB Partners	0.13 0.092 0.038	**Realised** The Vehicle Inspectorate have developed an electronic case recording and controlling system (SOLUS), which has been used to transmit case documents on line to the Procurator Fiscal's system in Scotland. (The system is not electronically transmitting cases to the Magistrates' Courts because their system to receive them is not yet available.) **Expected** When the Magistrates Courts' IT system comes online SOLUS is expected to transmit dangerous and polluting vehicle prosecution cases electronically thereby saving about £60,000 per year in costs and preventing about 120 cases a year being lost because they are out of time for bringing prosecution to court.

Source: NAO review of ten ISB projects

executive summary

Key findings

Appraisal - whether the criteria for selecting projects for support from ISB were properly adhered to.

4   The criteria for selecting projects for support from the ISB are deliberately very broad to encourage a wide range of ideas to come forward. Projects should:

   i   be founded on a partnership;

   ii   be innovative in concept;

   iii   provide additionality - the project would not have gone ahead if ISB funding had not been provided; and

   iv   deliver measurable benefits to service users and taxpayers. We found:

5   **On selection** - The 260 projects funded up to round 3 were selected from some 1,000 expressions of interest and 400 formal bids. Projects vary in size - 27 are over £2 million; 61 between £1-2 million but the average cost is £924,000. At £80 million the largest project is the Department for Work and Pensions' ONE project to enable people to claim benefits from a single contact point. Since the ISB programme started the quality of business cases justifying projects has improved but there are still weaknesses in the assessment of risk such as if the take up of a new service by the public is lower than expected how the impact of this might affect the viability of a project. Departments considered that tight timescales particularly in round 1 to develop and submit expressions of interest and work up applications and business cases had led to more mainstream projects being put forward than ones which were more innovative in developing and testing new ideas. Although departments had the opportunity to identify innovative projects between rounds they tended to wait until the rounds were announced before identifying suitable projects. Many projects put forward by departments tended to be more mainstream than 'cutting-edge'. As insufficient good quality projects were proposed nearly £20 million was not allocated in round 3 and rolled forward to 2002-03. In round 4 nearly £15 million was not allocated and rolled forward to 2003-04.

6   **On partnership working** - the projects selected for ISB support and all the projects we examined had a strong element of bodies working together which provides opportunities for future collaborative working. It is as yet too early to assess whether these partnerships are sustainable after ISB support has ceased but project managers were generally optimistic about the potential for future collaborative working.

7   **On expected returns** - Just over a third of projects are intended to achieve efficiency gains and two-thirds improvements in service delivery. The expected benefits to costs on ISB projects is, on average, in the order of 2:1. A different approach is taken by some research and development companies who are prepared to fund high risk venture capital projects for an expected return as high as 8:1 or even 12:1.

8   **On the allocation of ISB support** - Much of the spending is to support key government programmes, such as increasing public access to services, tackling social exclusion and improving educational opportunities for young people. While half of the projects focus on improving the effectiveness of existing services, less than one in five is about achieving quicker service response times, reducing the cost of delivery or developing a better understanding of what citizens want from public services.
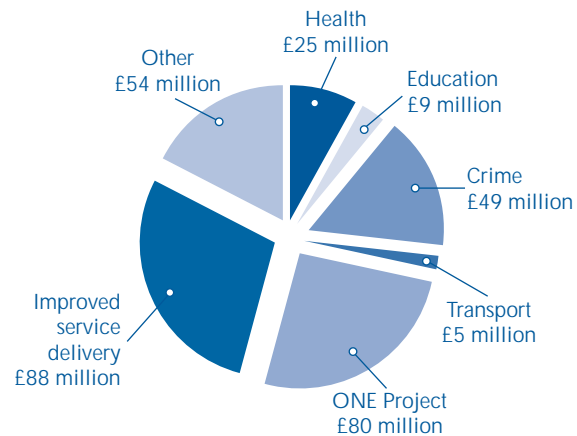
Management - whether the use of ISB funds was adequately monitored

9   **On the management of the programme - As ISB is a form of venture capital, not all projects are expected to succeed.** If a project does not yield the benefits expected this is not necessarily a failure provided that lessons are drawn and disseminated. For example, the abortive project on data sharing between the Forensic Science Service and the Police (Case Study 4) illustrates how effective risk assessment can limit nugatory expenditure, and even prompt alternative means of achieving a project's planned objectives. Most projects have, however, proceeded. The independent evaluations commissioned by the Treasury suggest that lessons about the management of the programme in earlier rounds have not yet been fully taken on board by departments such as the need for all those involved with a project to have the same agreed objectives.

10 **On risk - There are risks associated with innovative projects and with bodies working together for the first time.** One of the main risks associated with the projects stems not from their innovative nature but from departments' limited monitoring and reporting of what has been achieved and the absence of mechanisms for routinely disseminating lessons learnt on innovative ways of working and better service delivery methods that have the potential for wider adoption across government. Although the Treasury has disseminated lessons learnt through conferences and the ISB website this is dependent upon the feedback it receives on the performance of ISB projects.

11 **On evaluating the added value of ISB projects - For earlier projects evaluative criteria to assess the extent to which they achieved their intended outcomes were not routinely set at the time funding was approved**, although this has improved with more recent projects. Guidance on project evaluations is set out in the bidding guidance, the ISB website and more generally in the Treasury guidance on Appraisal and Evaluation ('The Green Book'). While defining a project's intended outcome too narrowly can reduce managers' scope to be innovative some evaluative criteria are needed to determine whether the cost of each project is justified in terms of the benefits it is likely to achieve and whether the project, if successful, is likely to have good potential to be more widely implemented by other organisations.

Performance - whether ISB supported projects have achieved tangible outputs and improved performance and efficiency gains, and whether lessons learnt have been disseminated widely

12 **On achievement** - Only 40 (15 per cent) of the 260 projects supported in the first three rounds of the ISB programme were completed by July 2002. It is therefore not yet possible to assess fully what the ISB programme has achieved. Initial results show that:

- Benefits most typically include improving the public's access to information (the Department for Work and Pension's ONE pilot project has made it possible for job seekers to access information on a whole range of job vacancies through one point of contact); better co-ordination of service provision, for example working towards bringing together the emergency call handling services of the Ambulance Service, Police and Fire Brigade in Cleveland; and intervening earlier to tackle issues more effectively, for example a Prisoners' Passport project on Teeside where prisoners are offered advice on jobs, housing, health and benefits in the months before their release to help reduce re-offending.

- Twenty-eight per cent (£88 million) of the £310 million spent so far has been allocated to projects to deliver improvements in health, education, transport and tackling crime.

3   **Allocation of ISB Funding Rounds 1-4**

Health
£25 million

Other
£54 million

Education
£9 million

Crime
£49 million

Transport
£5 million

ONE Project
£80 million

Improved
service
delivery
£88 million

Rounds 1 - 4

Shows that around £88 million (28 per cent) out of £310 million has been allocated to projects which are directly aimed at improving services in the four key areas of crime, health and education and transport.

Source: ISB Statistics

■ A further 28 per cent has been allocated to delivering local improvements in public service delivery mainly through better use of IT.

■ Twenty-six per cent (£79.5 million) has supported a single project - the Department for Work and Pension's One project which pilots a one-stop-shop making it possible for people to claim benefits and receive employment advice from a single location.

■ Projects have fostered more working together by public sector organisations at a local level. As yet there is, however, less evidence of what programmes have achieved in terms of more tangible and sustainable improvements in services partly because many projects are at the early stages of implementation. Many have also been delayed with consequential under spending of funds, for example, of £12 million allocated by the Department for Transport, Local Government and the Regions[1] to local authorities in 2000-01, some £8.5 million (70 per cent) was unspent. In 2001-02, £4.8 million (28 per cent) of £17.2 million allocated was unspent.

■ At June 2002, 19 projects had had a formal evaluation. These were variable in the extent of their analysis partly reflecting the size and value of the project. Seven of the evaluations contained a basic review of project expenditure while 12 provided quantitative and qualitative analysis of what projects were achieving.

13   **On wider take up of innovative solutions and sustainability** - The most successful ISB projects are those whose benefits:

i   continue once funding has ceased; and

ii   are mainstreamed and rolled out across government.

The ISB will fund up to 75 per cent of the cost of a project which otherwise would not have gone ahead. Apart from the Department for Work and Pensions' ONE project how projects will continue once funding has ceased has often not clearly been thought through. Over the course of the first three rounds of ISB funding the percentage of projects reported as likely to be more widely adopted after funding has increased from 42 to 60 per cent. Nevertheless more developed ways of sharing the benefits and lessons learned from ISB projects are needed so that a wider range of public service providers are aware of them and encouraged to adopt them.

1   *Responsibility for Local Government has now transferred to the Office of the Deputy Prime Minister.*

Key Conclusions

14 The ISB has had some notable success in promoting wider recognition by departments and agencies of the importance of innovation in improving public services. There is also some evidence of greater understanding of the risks associated with innovation and ISB projects have brought together bodies to work more closely together. Uncertainty remains, however, as to what ISB projects have achieved in terms of sustainable longer term improvements in service delivery and operational efficiency because many projects have yet to be completed.

15 The ISB is the equivalent of private sector venture capital where experience suggests that to be successful some management flexibility and risk taking is needed. A willingness to be innovative is, however, more likely to become widespread if public sector organisations have confidence that the risks associated with innovation are managed in a way that the chances of projects being successful are increased. Our findings suggest that for ISB projects departments need to improve their risk management in four respects.

16 **More targeting of ISB support**. Departments have concentrated their efforts on identifying projects to get the ISB programme off the ground. This has resulted in somewhat of a scatter gun effect with a large number of projects being supported. While this means that the potential for innovation is widely spread there is a risk that financial support is so widely dispersed that its impact is reduced. The chances of promoting successful innovation are likely to increase if the ISB targeted its support on a smaller number of key areas which have most potential to benefit from innovation. These might include different ways of making services more accessible and convenient for the public to use, making it possible for people to apply for and receive public services online, and improving the speed of delivery.

17 **Better project oversight and monitoring**. Most ISB funded projects are small in comparison with departments' total spending. Projects therefore tend to receive less attention than departments' larger programmes. As, however, the potential return from ISB projects in terms of how to deliver better services should be significant this should justify closer management oversight to increase their chances of success. Departmental management need to involve themselves more in reviewing the progress of ISB projects, assessing what is, or what is not contributing to their success and considering the sustainability of project benefits.

18 **More focus on achievement**. The extent to which the results of ISB projects are evaluated is variable. There is a risk therefore that better ways of delivering public services may not be widely implemented. Conversely a new approach which initially seemed to have good potential but which was subsequently not realised may be tried elsewhere thus wasting public money because the lessons learned were not widely communicated. The achievements of ISB projects need to be evaluated and more widely reported.

19 **Greater attention to the sustainability of benefits**. Careful consideration is needed as to who should be responsible for the implementation of new ways of delivering a service which an ISB project has demonstrated to be practicable. For example, the management of the service could rest with the lead organisation which received ISB support and developed the initial idea but the private sector may have the necessary skills in product development and marketing to ensure successful implementation.

executive summary

Recommendations

20 On the basis of these conclusions we make four main recommendations intended to help departments promote the realisation of the benefits of innovation.

1 **Focusing ISB support more on tackling the key barriers to improving public services.** The Department for Work and Pensions' One project is unique in ISB terms as it addresses a major barrier to service improvement - the inconvenience and difficulties which people experience in claiming benefits. Other ISB projects have tended to be not so well thought through or have either been more mainstream than "cutting edge" projects sometimes previously relegated to lower priority or projects considered by departments to be simply good ideas. As a consequence financial support can be piecemeal and uncoordinated thus reducing its impact. **Departments should focus more on identifying the barriers to improved service delivery and ensure that the projects they propose for ISB support are better targeted to identify how these barriers can be tackled in new and innovative ways.**

2 **Providing more support for managers responsible for innovative projects.** All ISB projects should be subject to sound project management but realising the benefits of innovation also requires managers to be flexible and receptive to new ways of delivering services. Where a service has been delivered in the same way for many years a significant barrier may be a reluctance to change. Managers are more likely to be prepared to adopt new innovative approaches if they have more exposure to different practices that have been proven to work. **One way of achieving this would be to circulate the results of ISB projects more systematically, ensure that they are easily accessible as well as making it simpler for those involved in successful projects to be consulted to share both good practice and knowledge of risks requiring careful management.**

3   **Better assessment of costs and benefits.** Identifying the benefits which can be attributed to ISB support can be difficult because some projects may be part of a larger programme or ISB funding may be one of several factors contributing to the benefit. It is nevertheless important that an assessment of benefits, together with the extent to which they represent innovation that can be more widely applied, is made. **As with any venture capital, the rate of return achieved in terms of the actual or expected benefits for the level of investment should be calculated and made available for each ISB project. In this way other public sector organisations can form a better judgement as to whether projects are worth implementing more widely.**

4   **Ensuring the sustainability of benefits.** The benefits of the Department for Work and Pensions' ONE project are likely to have a longer lasting impact through the influence the project has had on the design of Jobcentre Plus. For other ISB projects there is less evidence that sufficient consideration is given to the sustainability of benefits and innovation once ISB funding ceases. All successful projects should have well thought through plans for ensuring that the improvements in service delivery which they have achieved will continue. **This should include how new approaches successfully piloted can be more widely implemented and who should be responsible for this; identifying possible sources of future funding; and how best to deal with any barriers that exist which could prevent the wider realisation of project benefits.**

Annex A

Key questions for departments to ask when taking forward innovative projects

Successful innovation involves three key stages

Stage 1: Identification of the key areas where innovation is needed - Improving public services is very much about looking afresh at long established ways of doing things or tackling deep seated problems. In particular, it means (i) considering how the service could be improved through the eyes of the key users; (ii) having identified potential improvements determining the barriers which have to be overcome to deliver the improvements; and (iii) considering how other organisations in a range of sectors have tackled such barriers. Innovation can contribute to each of these stages. For example, in the case of (i) thinking about how the service improvements achieved by major retailers will have influenced the public's expectations of the service they receive from a public sector organisation.

Key Questions for departments to ask:

i   Has the service currently being delivered been assessed from a range of different stakeholder perspectives - users of services, suppliers, those delivering the service to consider how it might be improved?

ii   Has the service been compared with other public, private and voluntary sector methods of service delivery to consider how existing ways of working might be done differently?

iii   Are those responsible for delivery encouraged to think the "unthinkable" and challenge long held views about what can be done and what cannot?

iv   Are reliable ways in place to keep up to date with latest developments in technology?

v   Is sufficient time allowed for key staff to brainstorm and think through potential development opportunities?

vi   Is there a research and development programme and how well is this targeted on improving key services and operational efficiency?

vii   Is there sufficient senior leadership and support for innovation and are staff aware of this?

viii   Is promoting and supporting innovation an element of the organisation risk management strategy?

Stage 2: The promotion of innovation - this covers the ways in which innovation can be fostered and helped for example by setting aside specific funds to support innovative projects (ISB), by accepting that some projects may fail or be less successful but this in itself can lead to positive lessons, by encouraging staff at all levels to try something new, by providing support and advice to those managing innovative projects.

Key Questions

i   Is there a clear business case for the investment in innovation (What is the expected rate of return from the investment, including potential benefits from wider adoption of the idea if it is successful)?

ii   Are those innovating clear about what they are expected to deliver?

iii   Is it clear what form the innovation takes (new process, new way of working, new service, new way of procurement, innovative project management etc)?

iv   Are mechanisms in place which support innovation (financial and other incentives and a non-blame culture)?

v   Is the innovation project well managed (Has sufficient flexibility been given to enable the ideas to flourish while ensuring the work remains on track, is it clear who is responsible for taking forward the innovative idea, is the innovation measured against a baseline)?

vi   Have the risks associated with innovative projects been managed?

Stage 3: Dissemination of lessons learnt - this covers the collection and spreading of lessons learnt about the innovation to other parts of government. It also covers good practice on how to promote and manage innovative projects and ideas so that they deliver the expected benefits in terms of improvements in public services and efficiency.

Key Questions

i   Are mechanisms in place to spread good practice about successfully managing innovative projects?

ii   Are arrangements in place to disseminate good practice from innovative projects to other parts of government so they do not reinvent the wheel?

iii   Is information shared across government on the key areas where innovation is needed?

iv   Are there clear responsibilities for identifying key areas where innovation is needed and co-ordinating the effort and results from investment in these areas?

v   Is there a marketing strategy to ensure that solutions proven to work do not 'wither on the vine' and that the benefits across government from the investment are maximised?

vi   Is there a comprehensive and systematic collection of proven innovative projects which have successfully improved services and efficiency?