

Decision Maker: Improvement and Efficiency Sub-Committee

Date: 18th April 2012

Decision Type: Non-Urgent Non-Executive Non-Key

Title: **INVEST TO SAVE**

Contact Officer: Chris Spellman, Assistant Director, Organisational Improvement
Tel: 020 8461 7942 E-mail: chris.spellman@bromley.gov.uk

Chief Officer: Doug Patterson, Chief Executive

Ward: Borough-wide

1. Reason for report

To inform Members of the proposals in relation to the management of Invest to Save Proposals in future

2. **RECOMMENDATION(S)**

Members request from delegated authority from the Executive to determine Invest To Save bids requiring up to £200k in Capital

Corporate Policy

1. Policy Status: Existing policy.
 2. BBB Priority: Excellent Council.
-

Financial

1. Cost of proposal: N/A
 2. Ongoing costs: N/A.
 3. Budget head/performance centre: Chris Spellman
 4. Total current budget for this head: £328k
 5. Source of funding: Existing revenue budgets
-

Staff

1. Number of staff (current and additional): 5
 2. If from existing staff resources, number of staff hours:
-

Legal

1. Legal Requirement: Non-statutory - Government guidance.
 2. Call-in: Call-in is applicable
-

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Dependent on Member Decision Making. Potentially all customers
-

Ward Councillor Views

1. Have Ward Councillors been asked for comments? N/A.
2. Summary of Ward Councillors comments: N/A

3. COMMENTARY

- 3.1 In order to address the significant “budget gap” in future years reflecting reductions in government funding and various cost pressures, the organisation is seeking to support through capital those initiatives which will reduce ongoing revenue requirements. This is in addition to the ongoing Capital Programme.
- 3.2 In recent years the number, scale and scope of the schemes coming forward has been disappointing. This may reflect partly the considerable changes that services have been going through in order to adjust to the impact of the Comprehensive Spending Review but also the process and lead time to access funding may have discouraged some managers from developing proposals.
- 3.3 It is essential that over the next 12-24 months we stimulate a flow of new and robust bids and where appropriate release funds to initiate these projects quickly. Without this investment and the savings and service benefits that flow from it we may be forced to drastically reduce the range and level of services we offer to public.
- 3.4 In acknowledgement of Member support for invest to save bids Members have earmarked a reserve of £17m specifically for invest to save projects. This represents a “loans fund” with the expectation that any savings made will exceed the repayment of the investment monies and contribute to an improved financial and service position for the Council.
- 3.5 Formerly, invest to save bids were handled as part of the normal Capital Programme cycle or on a piecemeal basis. This was beneficial for management of the Capital Programme and for medium term financial stability but the number of bids submitted was minimal. Given the significant budget gap we face in 2 years’ time we need to develop a system that actively encourages more invest to save bids. We need a process which can be triggered as and when an invest to save business case is ready and enable support to be available to ensure successful outcomes.
- 3.6 The business case for new invest to save schemes will be evaluated with the same rigour as before by Officers and Members and we propose that greater tracking of savings and benefits be introduced via the Improvement and Efficiency Sub Committee.
- 3.7 It is also proposed that the I&E sub committee request that authority to decide on business cases up to £200k be delegated from the Executive to I&E sub committee. This will facilitate a more efficient decision making process, releasing capital for investment more quickly where the case is made.
- 3.8 All bids requesting more than £10K investment will be reviewed by a new Officer Investment Panel with oversight from the Chairman of I&E Sub. This panel will provide robust quality assurance through appropriate levels of both challenge and support prior to releasing business cases for Chief Officer and/or Member consideration.
- 3.9 The table below sets out a suggested pathway through which it is proposed bids will be processed based on the level of investment requested:

Investment Requested	Initial Scrutiny & Support	Endorsement	Final Approval	Monitoring/reporting on outcomes
£10K or less	AD Organisational Improvement	Finance Director	C/Exec	I&E Sub
+ £10K - £200k	Investment Panel	Director & Finance Director	I&E Sub	I&E Sub
Above £200k	Investment Panel	Director & Finance Director C/Exec	Exec	I&E Sub

- 3.10 In order to ensure savings are delivered monitoring will also be incorporated into our current revenue budget control process and promised savings included in future budgets in line with the approved business case.
- 3.11 It is proposed that the manager responsible should monitor the delivery of their savings through their existing arrangements with Finance and that progress is included in the regular budget monitoring reports already made to DMTs and Members.
- 3.12 There will be no change to the fundamental requirements of an Invest to Save bid. Schemes need to demonstrate quantifiable net financial savings to the Council in the longer term and make progress towards achieving the Council's priorities.
- 3.13 A key requirement in ensuring effective use of resources through Invest to Save projects is the need to explicitly identify which areas of the Council's objectives the projects will support and how savings will be realised.
- 3.14 Specifically the scheme must demonstrate that it:
- Provides net financial savings to the Council;
 - Provides additional progress towards meeting the Council's top priorities;
 - Has a reasonable pay-back period;
 - No further or alternative external funding is available;
 - Clear identification of accountable officer, performance outcomes and monitoring arrangements to enable corrective action to be taken where required;
 - Contributes towards additional performance or improvement or stabilises current problem areas; (this does not preclude the requirement to realise cashable savings)
 - Evidence from other similar schemes/practices, where possible, to be considered and alternative options to be evaluated and dismissed.

4 Policy Implications

- 4.1 The invest to save process has been established to support Council priorities and the Building a Better Bromley objective of being an Excellent Council

5 Financial Implications

- 5.1 As outlined in the report the release of funding over £10k will involve scrutiny by the officer investment panel and Members through the I&E Sub Committee and/or Executive.
- 5.2 Projected savings will be included within future budgets and monitored and reported via the regular quarterly budget monitoring process.

6 Legal Implications

- 6.1 Legal implications will vary of a case by case basis and be reported to Members as part of the business case presentation to release funding.