

PART 1 - PUBLIC

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**Decision Maker:** Improvement & Efficiency Sub-Committee

**Date:** 19th February 2013

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

**Title:** INVEST TO SAVE

**Contact Officer:** Martin Reeves, Principal Accountant (Technical & Control)  
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**Chief Officer:** Director of Resources

**Ward:** All

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1. Reason for report

At the May meeting of the Executive, it was agreed that this Sub-Committee should monitor the Invest to Save scheme and should receive details in the form of a spreadsheet listing all the approved schemes and progress with savings achieved. This report includes a spreadsheet updating Members on schemes and progress.

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2. **RECOMMENDATION(S)**

**The Sub-Committee is asked to note and comment on the report.**

### Corporate Policy

1. Policy Status: Existing policy. Monitoring and review is part of the planning and review process for all services. Invest to Save is an established and key part of the financial process.
  2. BBB Priority: Excellent Council.
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### Financial

1. Cost of proposal: Estimated cost N/A
  2. Ongoing costs: N/A.
  3. Budget head/performance centre: Capital Programme, LPSA/LAA Reward Grant, Invest to Save Fund
  4. Total current budget for this head: £5.7m LPSA Reward Grant; £2.3m LAA Reward Grant; £14.1m Invest to Save Fund
  5. Source of funding: LPSA/LAA Reward Grant Reserve and Invest to Save Fund
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### Staff

1. Number of staff (current and additional): n/a
  2. If from existing staff resources, number of staff hours: n/a
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### Legal

1. Legal Requirement: Non-statutory - Government guidance.
  2. Call-in: Call-in is not applicable.
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### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A
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### Ward Councillor Views

1. Have Ward Councillors been asked for comments? No.
2. Summary of Ward Councillors comments: N/A

### **3. COMMENTARY**

#### **General**

3.1 Invest to Save schemes were discussed at the Executive in May 2012 and this Sub-Committee was given delegated authority to determine schemes requiring an advance of up to £200k from the Invest to Save Fund, subject to a total expenditure cap of £1m and a maximum of 10 schemes. The Executive agreed that the Sub-Committee should monitor all Invest to Save schemes and should receive details in the form of a spreadsheet listing all the approved schemes and progress with savings achieved. This report includes a spreadsheet updating Members on schemes and progress.

#### **Capital bidding process**

3.2 Invest to Save was introduced in 2003/04, when a formal capital scheme bidding process was agreed by the Executive with the aim of delivering key service priorities as part of the 2004/05 budget and of budgets in subsequent years. Since 2004, the annual capital review has specifically encouraged bids of an Invest to Save nature and all bids had to include a robust business plan and satisfy criteria agreed by the Executive. A number of bids have come forward since the introduction of the scheme and these are included in Appendix 1.

#### **LPSA/LAA Reward Grant**

3.3 In 2005/06 and 2006/07, the Council received Reward Grant totalling £5.7m from the government in recognition of the achievement of targets set in the Council Local Public Service Agreement, signed in January 2002. In 2010/11, a further £2.3m was received from the government as Local Area Agreement Reward Grant. In the years following receipt of these grants, a number of schemes have received Executive approval and these are also included in Appendix 1.

#### **Invest to Save Fund**

3.4 In October 2011, the Council approved the establishment of an earmarked reserve of £14.1m, The Invest to Save Fund, to support invest to save initiatives. In February 2012, the Executive agreed that the one-off Council Tax Freeze grant receivable in 2012/13 (£3,304k) should be added to the Invest to Save Fund, bringing the total Fund up to £17,304k. The Fund will provide “loans” for initiatives with any savings taking into account an element for repaying the Fund, whilst generating further savings that can be factored into future years’ budgets. Schemes put forward to date are also included in Appendix 1 and more detail is provided below.

Trial of Revised Green Garden and Textile Collection Service (£220k) – this scheme was approved by the Executive in December 2011. The trial scheme was introduced to supplement the current green garden waste sticker service and to finalise options for textile collections in the Borough. An advance of £220k was made from the Fund in 2011/12 and £140k was repaid to the Fund in the same year from underspends on the Environment Portfolio budget. The remaining £80k will be repaid in 2012/13 and it is estimated that the scheme will achieve a revenue saving of £178k pa.

Street Lighting (£8,507k) – in November 2012, the Executive approved a drawdown of £8,507k to fund the replacement of life expired lighting columns, the replacement of 4,000 inefficient street lighting lanterns and the implementation of a central management system. At this stage, it appears likely that the advance will be required in broadly equal instalments in 2013/14 and 2014/15 and it is estimated that there will be an annual revenue saving of £558k from 2020/21.

Bellegrove – reducing temporary housing accommodation (£400k) – in January, the Executive agreed an advance of £400k to fund the refurbishment of Bellegrove to bring it up to a suitable

standard for letting. The works will be carried out in 2013/14 and it is estimated that the scheme will generate a revenue saving of £246k pa as a result of a reduction in the use of bed and breakfast placements.

**Post-Completion Reports**

3.5 The Executive also requested in May 2012 that post-completion reports showing outcomes and savings that had been made on Invest to Save schemes be submitted to this Sub-Committee. Post-completion review reports have been part of the capital monitoring and review process for many years and reports on completed capital schemes are required to be submitted to the relevant Policy Development and Scrutiny Committee and now also to this Sub-Committee within 12 months of the date of practical scheme completion. It is suggested that the same timescale and reporting requirements be placed on post completion reports for Invest to Save schemes that are currently in progress and for future schemes. Three Invest to Save schemes are currently in progress, the trial of the green garden/textile collection service, the street lighting replacement scheme and the Bellegrave scheme to reduce temporary housing costs, and post completion reports will be submitted on these in due course.

**4. POLICY IMPLICATIONS**

4.1 Monitoring and review is part of the planning and review process for all services. Invest to Save is an established and key part of the financial process.

**5. FINANCIAL IMPLICATIONS**

5.1 These are included in Appendix 1. Savings on some of the more recently approved Invest to Save schemes will accrue in future years or on completion.

<b>Non-Applicable Sections:</b>	Legal and Personnel Implications
Background Documents: (Access via Contact Officer)	

## APPENDIX 1

The table below provides an analysis of invest to save schemes approved to date through the annual capital review process, those funded by the LPSA reward grant and through the Invest to Save Fund. The revenue saving shown is the full-year saving and the payback period, in many cases, reflects the fact that the savings were phased incrementally over a number of years.

Invest to Save Scheme	Date of Executive approval	Total Cost		Full Year Annual Revenue Saving		Payback Period
		Original Business Case	Actual	Original Business Case	Actual	
		£000	£000	£000	£000	
<b>CAPITAL PROGRAMME SCHEMES</b>						
SEN Reprovision (Riverside Special School)	Oct-05	5274	4251	2000	2263	4
Library Technology Systems Upgrade	05/02/07	200	200	18	26	7.7
Carbon Management programme (Note 1)	04/02/2008 06/10/2008	250	250	n/a	186	*
SQL Cluster Projects	04/02/08	160	153	30	30	5.3
Server Virtualisation	04/02/08	300	300	130	130	3.5
Joint Web Platform	02/02/09	142	142	20	20	7
<b>LPSA REWARD GRANT</b>						
Adult Placement Scheme & Independence of People with Learning Difficulties	14/11/05 & 09/01/06	1092	1092	1381	1381	3
Environmental improvements (Note 2)	09/01/06	250	250	*	*	*
BEECHE Centre, High Elms & Care Leavers into Employment (Note 3)	09/01/06	560	560	*	*	*
Common Housing Allocation System & Choice-Based Lettings	19/06/06 & 23/07/07	143	143	18	18	8
Library Self-Service & RFID Technology	19/06/06	360	360	90	91	5
Customer Access Programme	06/11/06	607	607	175	175	3.5
One Way Programme	19/05/08	966	762	249	240	3.2
Waste Collection Trial Extensions & Waste Pilot Scheme	16/06/08 & 02/02/09 & 01/09/10	1458	1458	180	180	8.1
<b>INVEST TO SAVE FUND</b>						
Trial of Revised Green Garden & Textile Collection Service (Note 4)	14/12/11	220	220	178	n/a	*
Street Lighting (Note 5)	28/11/12	8507	n/a	558	n/a	8
Bellegrove – reduce temporary housing costs (Note 6)	09/01/13	400	n/a	246	n/a	2
<b>Total</b>		<b>20889</b>	<b>10748</b>	<b>5273</b>	<b>4740</b>	

Note (1) - the Executive approved capital funding of £250k to provide match funding for external grant support (total approved expenditure £500k with £250k being externally funded). At the time this funding was approved, it was not

possible to quantify the revenue savings that would be achieved as expenditure is subject to the Carbon Management Programme Board's approval of individual projects, following submission of a formal business case. The costs of individual projects are recovered from savings achieved and re-invested in other projects creating a self-sustaining fund. To date, a total of £670k has been spent on 9 individual projects resulting in estimated full year savings of £186k. At the end of the fund's life, the initial investment will be repaid in full.

Note (2): The original bid referred to efficiency savings that would be realised in Street Services and Cleansing budgets in the future that were difficult to quantify although it is likely some savings were achieved.

Note (3): The original bid referred to cashable savings of £39k in the delivery of services to Care Leavers and an anticipated reduction in energy costs which could not be quantified. It is unlikely that these savings were realised.

Note (4): This scheme is on-going and an advance of £220k was made from the Invest to Save Fund in 2011/12. Repayment of £140k was made in 2011/12 from underspends from elsewhere within the Environment Portfolio and the balance of £80k will be repaid in 2012/13 upon completion of the trial. The amount of revenue savings is dependent on the number of customers taking up the service which is not yet known.

Note (5): The Executive initially approved a draw down of £7,942k from the Invest to Save Fund on the understanding that a further report would be submitted back to the Executive in the autumn on the outcome of the tendering process and the financial implications. Four options were presented to the Executive on 28<sup>th</sup> November 2012 and approval was given to a revised drawdown of £8,507k. It is estimated that there will be a total saving of £182k over the 8 year period of the scheme, after allowing for repayment of the Invest to Save funding (including interest) and an estimated ongoing annual revenue saving of £558k from 2020/21.

Note (6): The Executive approved a drawdown of £400k from the Invest to Save Fund to fund the refurbishment of Bellegrove. The funding will bring the property up to a suitable letting standard and will save temporary housing costs estimated at £246k pa.