

Decision Maker: Executive

Date: 14th January 2015

Decision Type: Non-Urgent Executive Non-Key

Title: INVEST TO SAVE

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Chief Officer: Director of Finance

Ward: All

1. Reason for report

At the September meeting of the Executive, the Resources Portfolio Holder asked for a report on progress on Invest to Save schemes, including amounts paid back to date. Following reports to individual PDS Committees to cover the relevant portfolios, this report provides an overall summary on schemes and progress.

2. **RECOMMENDATION(S)**

The Executive 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: Invest to Save Fund, former PCT NHS funds
 4. Total current budget for this head: £17.3m Invest to Save Fund
 5. Source of funding: Invest to Save Fund, former PCT NHS funds
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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 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 was discussed briefly at the Executive meeting on 10th September 2014 when the Resources Portfolio Holder asked for a report on progress on Invest to Save measures. At the same meeting, the Renewal and Recreation Portfolio Holder suggested that any Invest to Save commentary identify how much has been paid back. Following reports to individual PDS Committees to cover the relevant portfolios, this report provides an overall summary on schemes and progress.

Invest to Save Fund

3.2 In October 2011, the Council approved the establishment of an earmarked reserve of £14.1m, The Invest to Save Fund, to fund various investment initiatives that can provide real longer-term financial and service benefits. 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 provides “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. Progress on schemes approved to date is provided below.

3.2.1 Trial of Revised Green Garden and Textile Collection Service (£220k) – an allocation of £220k from the Invest to Save reserve was approved by the Executive in December 2011 to fund the introduction of a trial of a revised green garden waste and textile collection service. The trial scheme was introduced to supplement the 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. £140k of this was repaid to the Fund in the same year from underspends on the Environment Portfolio budget and the remaining £80k was repaid in 2012/13. An update was reported to the Environment PDS Committee on 23rd September 2014. Briefly, the trial was successful and was introduced borough-wide in June 2012. It was originally estimated that the scheme would achieve a revenue saving of £178k pa, but, for a number of reasons, this was not achieved. However, a net surplus of £27k was achieved in 2012/13, followed by £67k in 2013/14 and a net surplus of £125k is currently forecast in 2014/15.

3.2.2 Street Lighting (£8,507k) – in November 2012, the Executive approved a drawdown of £8,507k to fund the replacement of 7,902 lighting columns and 11,902 inefficient street lighting lanterns, together with the implementation of a central management system (CMS). The table below summarises the current position with regard to the progress of this project:

| Progress | Replacement Lantern Numbers | Replacement Column Numbers | Cost £'000 |
|---------------------------------------|--|---|-----------------------|
| Actual completed replacements to date | 5,760 | 4,463 | 4,354 |
| In progress replacements to date | 1,039 | 1,039 | 906 |
| Future replacements | 3,949 | 1,246 | 2,042 |
| | 10,748 | 6,748 | 7,302 |

Energy savings of £48k have been achieved to date and an amount of £1.717m has been repaid to the Invest to Save Fund, with a further £1.066m projected to be repaid during the current year. The total amount repaid by the end of 2014/15 is therefore expected to be £2.738m, which is on target.

Following recent structural testing results, it is now only necessary to replace 6,748 columns. At the October meeting of the Executive, it was agreed that the remaining £1.2m could be used to replace the 1,154 lanterns, to enable the original target of 11,902 lanterns to be installed and to

replace a further 2,475 lanterns. This would result in additional energy savings of £46k per annum. At this stage, annual savings of £562k are expected from 2020/21 after allowing for the non-availability of savings from the carbon tax and the additional energy savings from the extra lanterns. This is in line with the original anticipated annual savings of £558k.

3.2.3 Bellegrove – reducing temporary housing accommodation (£400k) – in January 2013, the Executive agreed an advance of £400k to fund the refurbishment of Bellegrove for use as temporary accommodation. The works were carried out in 2013/14 and the refurbishment provided 34 units for people requiring temporary accommodation. In a report to the Care Services PDS Committee on 11th November 2014, Members were informed that a total of £492k has been spent, which, by the end of 2014/15, will have been fully repaid to the Invest to Save Fund. The scheme has reduced the number of people being placed in more expensive accommodation, which has led to savings of £86k in 2013/14 and £297k (full year projected saving in 2014/15). It was originally estimated that the scheme would generate a revenue saving of £246k pa, so the savings target has been surpassed and the cumulative savings will have exceeded the total investment by 2015/16.

3.2.4 Training statemented pupils to travel independently (total £460k) – in April 2013, the Executive approved an advance of £100k from the Invest to Save Fund, the outcome of which was reported to the Executive on 16th July 2014 when a further advance of £360k over three years was also approved. The July report informed Members that the initial advance of £100k had enabled the procurement of a travel training programme to train 28 pupils to gain the skills and confidence to become independent travellers and public transport users, thereby reducing dependency on transport assistance provided by the Council. Originally it was anticipated that a full year saving of £40k would be achieved and that a further report would be put forward seeking approval to reinvest three years of this saving (£120k) for further pupil training. Members were informed in July that an actual saving of £23k had been made in 2013/14 and that an estimated saving of £142k would be made in 2014/15, meaning that the initial investment of £100,000 would be more than repaid by the end of this financial year.

Approval was requested in July to a further advance of £60k per annum over three years, but, following further consideration at the meeting, an advance of £120k per annum over three years was agreed and progress will be reported in due course.

3.2.5 One-off costs of transferring the Customer Service Centre to Liberata (£330k) – in September 2013, the Executive approved an advance of £330k from the Invest to Save Fund. This comprised £85k to replace the automated telephony system and £245k to set up and maintain an online customer portal to drive self-service and channel shift savings. At that time, on-going savings of between £125k and £200k were anticipated. An update report is included on the agenda of the Executive & Resources PDS Committee meeting on 7th January 2015. Briefly, this gives details of how the money has been spent (replacing the telephony system in the contact centre, moving the staff onto the Liberata network and hardware, plus the portal set up costs) and gives progress on savings (the work is on-going; £9k realised to date and further savings to be identified once the scheme is complete).

Other schemes of an invest to save nature

3.3 Various other Education and Care Services Department invest to save / contain schemes have been approved by the Executive from former PCT NHS funds with the aim of alleviating current and future budget pressures. A detailed update on these was reported to the Care Services PDS Committee on 11th November 2014. They are briefly summarised below.

Dementia (invest to save) – approved in September 2011 to alleviate future budget pressures in older peoples services. £334k spend projected by the end of 2014/15 against a total of £434k in the original business case; total savings projected at £522k by the end of 2014/15 (full year

effect £237k) against a total of £1,157k (full year effect £515k) in the business case. Work is continuing to develop the dementia strategy with key partners across all sectors.

Physical Disability and Sensory Impairment (invest to save) - approved in October 2011 to alleviate future budget pressures. £175k spend projected by the end of 2014/15 against a total of £536k in the original business case; total savings projected at £100k by the end of 2014/15 (full year effect £66k) against a total of £840k (full year effect £345k) in the business case. Work is continuing to review care packages to reduce costs and to explore alternative housing / support models.

Children’s Social Care (invest to contain) - approved in June 2012 as part of an initiative to contain the projected overspend on the placement budget, which was estimated to reach £1.3m by 2016/17. £75k spend projected by the end of 2014/15 against a total of £93k in the original business case. Overspend reduced from £269k in 2012/13 to an underspend of £18k in 2013/14 and a current projected overspend of £43k in 2014/15.

Older Peoples Day Opportunity Services (invest to save) - approved in February 2013 to deliver greater choice and control to individuals by ceasing block contracts with providers and making Personal Budgets/ Direct Payments the mechanism to fund the support provided by the Council to eligible individuals. £870k spend projected by the end of 2014/15 against a total of £876k in the original business case; total savings projected at £522k by 2015/16 against a total of £558k in the business case. In November, the Executive approved an Innovation and Development Fund of £260k to continue this work.

Supporting Young People with Special Educational Needs and Disabilities to Prepare for Adult Life (invest to save / contain) – statement of intent and investment approved in July 2013 to increase young people’s levels of independence before leaving formal education. £154k spend projected by the end of 2014/15 against a total of £221k in the original business case; total savings projected at £193k by the end of 2014/15 against a total of £175k in the business case.

Post-Completion Reports

3.4 In May 2012, the Executive emphasised the requirement for post-completion reports showing outcomes and savings that had been made on Invest to Save schemes to be submitted to PDS Committees. 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 within 12 months of the date of practical scheme completion. It was agreed 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. A post-completion report on the green garden waste scheme has been submitted and reports on the other schemes will be submitted 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 the body of the report. Savings on some of the more recently approved Invest to Save schemes will accrue in future years or on completion.

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| Non-Applicable Sections: | Legal and Personnel Implications |
| Background Documents: (Access via Contact Officer) | |