Northern Ireland Audit Office

Invest to Save funding in Northern Ireland

REPORT BY THE COMPTROLLER AND AUDITOR GENERAL
1 December 2015

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K J Donnelly — Northern Ireland Audit Office

Comptroller and Auditor General — 1 December 2015

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Abbreviations

C&AG	Comptroller and Auditor General
CCMS	Council for Catholic Maintained Schools
DARD	Department of Agriculture and Rural Development
DCAL	Department for Culture, Arts and Leisure
DE	Department of Education
DEL	Department for Employment and Learning
DETI	Department of Enterprise, Trade and Investment
DFP	Department of Finance and Personnel
DHSSPS	Department of Health, Social Services and Public Safety
DOE	Department of the Environment
DOJ	Department of Justice
DRD	Department for Regional Development
DSD	Department for Social Development
ELB	Education and Library Board
ESA	Education and Skills Authority
EC	European Commission
EU	European Union
HSC	Health and Social Care
I2S	Invest to Save Fund (Wales)
Ilex	Ilex Urban Regeneration Company Limited
ICP	Integrated Care Partnerships
LPIS	Land Parcel Improvement System
LPS	Land & Property Services
NPC	Net Present Cost
NIAO	Northern Ireland Audit Office
NICS	Northern Ireland Civil Service
OFMDFM	Office of the First Minister and Deputy First Minister
PfG	Programme for Government
RPA	Review of Public Administration
SIB	Strategic Investment Board
TYC	Transforming Your Care
VER	Voluntary Early Release
VR	Voluntary Redundancy

Executive Summary

Executive Summary

Key Facts and Figures:

- **Invest to Save funding in Northern Ireland was an Executive led initiative originating as part of the Review of 2010-11 Spending Plans;**
- **£311 million "ring-fenced" Invest to Save funding was finally made available to government departments over the period 2010-15 to spend on Invest to Save projects;**
- **Of this, only £254 million has been spent on Invest to Save projects;**
- **£52 million Invest to Save funding was reallocated by the Department of Health, Social Services and Public Safety (DHSSPS) to other "high priority areas" within its department;**
- **Almost a third of successful Invest to Save projects allocated funding did not anticipate and/or quantify savings over the 2011-15 budget period;**
- **31 projects received Invest to Save funding;**
- **Almost two thirds of Invest to Save funding (£206 million) was finally allocated to two departments – the Department for Regional Development (DRD) and the Department of Health, Social Services and Public Safety (DHSSPS);**
- **The DRD's Roads Structural Maintenance programme received £108 million - 35 per cent of Invest to Save funding allocated**

1. Invest to Save funding in Northern Ireland was an Executive led initiative. A key part of the Executive's 2010-11 Review of Spending Plans[1] was a recognition that there was a need to go further to prepare for continued constraints in public expenditure in the coming years and in order to ensure that local public finances remained on a sustainable position. In some cases the delivery of savings requires upfront investment to fund for example, the costs of restructuring or technological improvements. In December 2009 the Executive agreed that an Invest to Save fund should be established in Northern Ireland aimed at providing enhanced support to departments on the upfront costs of making efficiency savings for 2010-11 and beyond. Invest to Save projects were part of wider discussions within the Executive on the setting and agreeing of budgets over the period 2010-15. The subsequent allocation of ring-fenced funding to projects across the three separate schemes was subject to approval by the Executive[2].

1 In the summer of 2009 the Finance Minister initiated a review of the 2010-11 spending plans of departments in light of changing circumstances and the emerging pressures facing the Executive for the 2010-11 financial year. The revised 2010-11 spending plans for NI departments were agreed by the Executive and the Assembly in April 2010.

2 Ring-fenced areas are those in which the budget allocation cannot be used for any other purpose than that for which approval was initially granted. These allocations cannot be moved to other projects or mainstream funding, they should be returned to the DFP for reallocation by the Executive in the event they are not deployed as intended.

2. The Department of Finance and Personnel (DFP) was responsible for developing and administering Invest to Save funding including making recommendations to the Finance Minister on the allocation of the funds to projects across the three separate Invest to Save schemes. An initial Invest to Save fund, worth £26 million, was established in 2010-11. This was extended through the establishment of two further Invest to Save schemes which initially aimed to make available an additional £330 million over the four year Budget period 2011-15. However, reduced requirements through budgetary process meant that in the end a total of £311 million Invest to Save funding was finally allocated to departments over the period 2010-15. Of this, departments have spent £254 million on 31 projects, up to March 2015. Whilst all Government departments benefited from Invest to Save funding, two departments, the Department for Regional Development (DRD) and the Department of Health, Social Services and Public Safety (DHSSPS) were finally allocated almost two thirds (66 per cent) of available Invest to Save funding. The DRD's Roads Structural Maintenance programme alone received £108 million making up 35 per cent of Invest to Save funds finally allocated.

3. The Public Accounts Committee has previously reported[3] and highlighted the importance of tracking and monitoring ring-fenced funding. Invest to Save allocations were made by the DFP on a ring-fenced basis and should not have been used for any other purpose. However, we found that £52 million (representing 17 per cent of available Invest to Save funding) over 2011-15 was reallocated by the DHSSPS to other "high priority areas" within its department. The DHSSPS told us that its approach was based on its interpretation of DFP's *In-Year Monitoring Guidance* for the periods 2011-12 to 2014-15, and that this funding provided assistance in addressing front line financial pressures within the health and social care system.

4. While there were minor differences in the criteria for selecting projects for Invest to Save support across the three schemes, the key criteria for each focussed on the delivery of savings within the Budget period. We found the documentation supporting the process, including the basis for selection of projects to be funded, was not always clear. In addition the application of the funding criteria through the assessments of bids was inconsistent, with often conflicting reasons for rejecting and recommending schemes. This may reflect that Invest to Save funding and projects were often part of wider budgetary discussions within the Executive.

5. In Northern Ireland the definition of Invest to Save and the scope for proposals was broad. Whilst this may have led to more applications coming forward (at least in the initial scheme in 2010-11), in our view it has not provided the same direction or focus as it did in similar schemes that have operated in England and Wales. We found it difficult in some cases to identify the boundaries

3 Report on the Transfer of Former Military and Security Sites to the Northern Ireland Executive and Ilex Accounts 2010 – 2011

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between Invest to Save funding and conventional funding; and whether such funding could, or should have been secured through the conventional bidding process. This is particularly evident in the case of the £108 million funding provided for the DRD's Roads Structural Maintenance programme which received 35 per cent of available Invest to Save funding allocated. The DRD told us that it competitively bid for Invest to Save and conventional funds and that the Invest to Save criteria and approval process was managed by the DFP with bids recommended to the Executive for approval. It also stated that timely investment in structural maintenance represents better value for money than reactive maintenance[4].

6. Despite the primary focus of Invest to Save funding in Northern Ireland being on realising monetary savings over the budget period, no specific savings targets were set for each of the schemes as a whole or for individual projects allocated funding. In addition, we found little monitoring or reporting of Invest to Save funding performance in terms of outcomes, benefits or savings delivered, at project and Departmental level, centrally to the DFP, or directly to the Assembly. As part of a questionnaire we asked departments to provide some indication of savings. Whilst the information provided was inconsistent across projects, based on figures provided, departments have estimated cumulative savings in excess of £150 million up to 2015[5].

7. In the absence of central monitoring, validation or reporting on savings and outcomes against the aims and objectives of Invest to Save funding it is difficult to assess whether it's effectiveness has been maximised. That said, for some Invest to Save projects the funding has delivered significant savings and benefits. For example, a number of staff efficiency Invest to Save projects funded have delivered significant savings and the Department of Agriculture and Rural Development (DARD) EU Audit Compliance Programme funding, including Land Parcel Improvement System (LPIS), has led to that department avoiding significant additional costs from EU fines.

8. Given the high profile of the Invest to Save funding it was important that implementation and outcomes were effectively monitored and reported. It was also important that lessons learned were evidenced and reported on to the Assembly to illustrate how well Invest to Save was working. However there was no reporting to the Assembly on Invest to Save – either by individual departments or centrally. In the absence of this there is a risk that funding is not directed to the projects intended or that better ways of delivering public services may not be implemented because the lessons learned were not widely communicated.

4 "A Review of the Structural Maintenance funding requirements for the Roads Service" (September 2009) indicated that for each £1 spent at the correct point in the carriageway condition cycle, some £4 of costs could be avoided later.

5 Savings information provided by departments was not validated or audited by NIAO as part of this review.

9. We also found little evidence to show that the potential opportunity that Invest to Save provided to encourage risk-taking or innovation was taken. For example by considering: taking advantage of new technology to identify alternative, more effective ways to deliver services; cross departmental/agency working; more productive ways of working, and better working practices.

10. Recent drives for efficiency in the delivery of public services have required a radical re-think of the delivery of public services, including the introduction of a number of "change" initiatives. For example, the 2015-16 Budget set aside £30 million for an Executive Change Fund aimed at encouraging projects that are reform orientated and innovate, focused on early prevention or involved cross-Departmental collaboration[6]. Whilst the features of these projects will not mirror the objectives or outworking of the Invest to Save schemes to date, such initiatives will be delivered through driving efficiency through upfront investment and are expected to generate savings in the longer term. It is important therefore that lessons from the delivery of Invest to Save are considered.

11. Feedback from our survey of departments and lessons from similar schemes in England and Wales suggests that there are lessons for any similar funding arrangements or initiatives such as the Executive's Change Fund. The recommendations in this report are directed at schemes and programmes aimed at delivering long term efficiencies from upfront investment. The DFP noted that assessing Northern Ireland performance against Invest to Save schemes from other countries does not factor in political differences in implementation and that it is more difficult to implement an Invest to Save scheme in a jurisdiction with a mandatory coalition with differing policy aims than it is in a jurisdiction where there is a much stronger degree of collegiate cooperation and cohesion on policy matters. In this context, the department highlighted that the political framework and context is inherently more complicated for the Northern Ireland Executive.

6 Budget 2015-16 Northern Ireland Executive: 19 January 2015

Executive Summary

Recommendations

For programmes of upfront investment aimed at delivering long-term efficiencies and savings we recommend that:

- Ahead of establishing programmes, an open and transparent accountability framework should be put in place. This should include clear rationale, SMART[7] outcome-based objectives, and selection criteria supporting the delivery of objectives of the scheme.
- Sufficient notification of the availability of funding should be provided to allow detailed proposals to be produced and more realistic timescales for receipt of completed applications set to ensure the widest possible breadth of projects are put forward.
- Consideration should be given to extending timescales for the delivery of savings as this may help identify more projects to match the criteria.
- Programmes should include a communications plan to ensure that information, advice and guidance is widely available and that departments are clear on the objectives and selection criteria.
- Programmes should include a detailed assessment of costs and benefits against pre-defined criteria and provide feedback on unsuccessful bids.
- Programmes should include oversight and monitoring arrangements to ensure successful delivery both at a project level and centrally.
- Programmes should provide a greater focus on achievement with performance measurement metrics and consistent reporting mechanisms put in place to regularly inform and report back to the Assembly on outcomes and savings achieved.
- Programmes and projects within them should be subject to evaluation and a strategy for disseminating lessons learned and good practice developed. This strategy should inform future spending rounds.

7 Specific, Measurable, Achievable, Relevant and Time-dependant

Part One:
Background and information

Part One:
Background and information

Background to Invest to Save funding in Northern Ireland

1.1 In December 2009, as part of its 2010-11 Review of Spending Plans[8], the Executive agreed that an Invest to Save fund should be established in Northern Ireland. The initial scheme, worth £26 million in 2010-11, aimed to provide enhanced support to departments in respect of the upfront costs of making efficiency savings for 2010-11 and beyond. The Department of Finance and Personnel (DFP) wrote to Departmental Finance Directors seeking Invest to Save proposals from departments for the 2010-11 financial year. Those proposals were considered by the DFP in terms of their deliverability, additionality[9] and value for money and incorporated into revised Departmental Spending Plans[10].

1.2 Following the initial 2010-11 scheme, as part of the 2011-15 Budget[11] the Executive approved the establishment of a second Invest to Save funding scheme which sought to provide an additional £300 million over the four year budget period 2011-15. This was

Figure 1: The Executive planned to make available Invest to Save funding of £356 million over three schemes from 2010 to 2015

	Overview		£ million
2010-11 Scheme 1	The initial £26 million pilot scheme was established to provide enhanced support to departments in achieving savings. 60 projects applied for funding with 14 being successful.	**Appendix 1**	£26
2011-15 Scheme 2	As part of the 2011-15 Budget the Executive approved the establishment of a new scheme providing £300 million over four years. 48 projects applied for funding with 13 being successful.	**Appendix 2**	£300
2012-13 Scheme 3	A supplementary £30 million scheme was run. 11 projects applied for funding with 4 being successful.	**Appendix 3**	£30

Source: NIAO

8 In the summer of 2009 the Finance Minister initiated a review of the 2010-11 spending plans of departments in light of changing circumstances and the emerging pressures facing the Executive for the 2010-11 financial year. The revised 2010-11 spending plans for NI departments were agreed by the Executive and the Assembly in April 2010.

9 Additionality concerns included whether a department should be able to deliver a project within flexibilities if a sufficiently high priority. An intervention is "additional" if it would not have occurred otherwise. A project is regarded as fully additional if, without intervention, it would not happen at all. Additionality may be partial e.g. if an activity is undertaken on a larger scale, or earlier, or to a higher standard, or within a policy target area, as a result of public sector intervention.

10 Revised 2010-11 Spending Plans for NI Departments: April 2012

11 The final Budget was announced on 4 March 2011

later supplemented by a third £30 million scheme in 2012-13 (**Figure 1**). These funds were to be allocated to departments on a 'ring-fenced' basis i.e. they could not be used for any other purpose by departments, and if not deployed as intended then they were to be returned to the DFP for reallocation elsewhere.

The DFP was responsible for the development and administration of Invest to Save funding

1.3 Although the expectation was that many of the proposals would relate to costs associated with the restructuring or scaling back of services DFP did not work to a specific definition of Invest to Save in Northern Ireland. Whilst the aims and objectives were not as broad as in England and Wales (**Figure 3**) the primary focus was clearly on delivering genuine additional monetary savings. A key point was that funding would be used to provide support to departments in respect of the upfront costs of making efficiency savings over the 2011-15 budget period[12]. This was reflected in the criteria for selecting projects for support from Invest to Save funding (**Appendix 4**).

1.4 Responsibility for the development and administration of the three Invest to Save schemes rested with the DFP who managed the allocation of funding through the standard departmental budget bidding process. Whilst the format of submissions for Invest to Save funding from departments differed from that required for the normal bidding process, the funding mechanism for Invest to Save projects was similar to that for standard budget bids. The final allocation of the funds to projects was subject to approval by the Executive as part of wider budget agreements from 2010 to 2015.

1.5 As noted in paragraph 1.3 the criteria for selecting projects for Invest to Save funding support focussed on the costs and savings to be delivered within the budget period. Whilst available funding was targeted at current expenditure, there was scope for departments to put forward proposals involving capital investment. Although there were minor differences between the three schemes (**Appendix 4**), the key criteria applied for each scheme focused on the delivery of savings. This was reflected in the pro forma Invest to Save bid application forms for each project which required details in three areas:

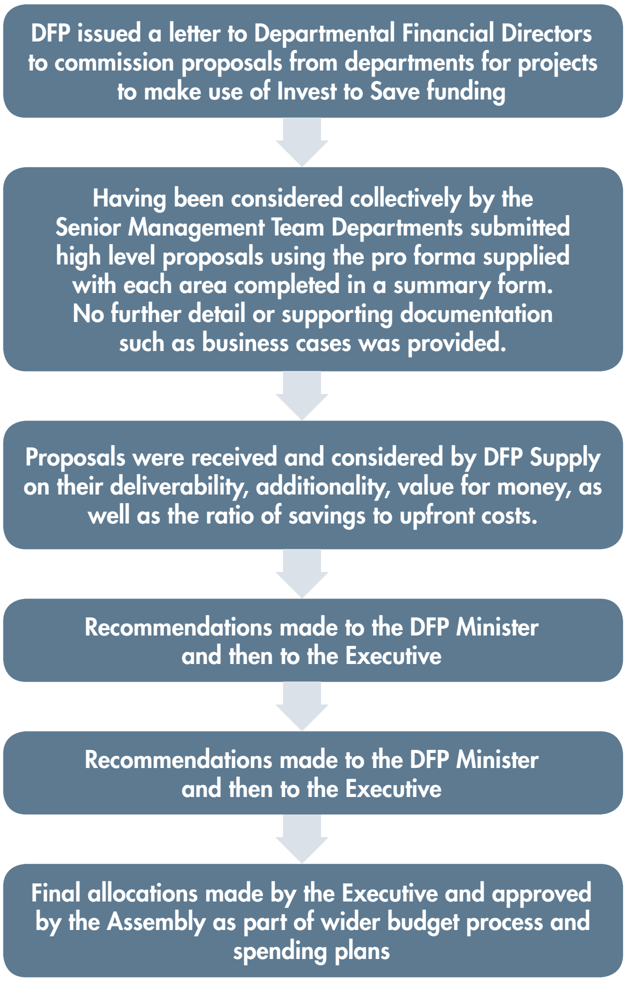
- How Invest to Save funding will be used?;
- How savings will be made?; and
- Any risks to the delivery of project and savings?

1.6 A high level summary of the process from commissioning projects to final allocation of funding to departments is provided at **Figure 2**.

12 Letters from DFP to Financial Directors: Dec 2009, Feb 2011

Part One:
Background and information

Figure 2: Overview of Invest to Save schemes' bidding and funding allocation process



Source: NIAO based on review of questionnaire returns

Invest to Save funding schemes have operated in England and Wales

1.7 The terminology "Invest to Save" may imply that it is essentially about saving money but the spirit of Invest to Save funding is much broader. Experience in England and Wales has shown that Invest to Save funding has potential in stimulating innovation in service delivery and supporting cross cutting initiatives by encouraging and identifying new joined-up approaches to delivery of services. Invest to Save funding can also encourage and promote managed risk-taking by encouraging the public sector to be less risk-averse and more open to taking risks where the potential benefits of piloting a new approach are significant. An overview of the key features of the schemes operating in Northern Ireland, England and Wales is provided at **Figure 3**.

1.8 In England the Invest to Save Budget, administered by HM Treasury and the Cabinet Office, ran from 1999 to 2010. It arose from the Government's concern that new approaches which had good potential to help improve services were not being adopted because they were perceived by civil servants to be too inherently risky. Therefore, in stating the criteria for the scheme, the focus was very clearly directed towards identifying new joined-up approaches to delivery, and encouraging joined-up government, risk-taking and innovation[13]. Over a period of 11 years there were nine successive Invest to Save Budget resource allocation rounds, with over £460 million invested in around 480 projects. Projects ranged in size and scope from a few thousand pounds to millions of pounds. HM Treasury's Invest to Save Budget Unit, along with the appropriate departmental project sponsor, monitored and assessed projects to ensure that they were on track to meet their objectives.

13 Modern Public Services for Britain – Investing in Reform (CM4011), 1998

Figure 3: Invest to Save funding schemes in Northern Ireland, England and Wales

	England	Wales	Northern Ireland
Summary of the funding scheme	The Invest to Save Budget was a joint initiative between HM Treasury and Cabinet Office set up in 1998-99, and closed in 2010.	The Invest to Save (I2S) Fund was established in 2009, and is ongoing. To ensure the Fund is sustainable and available for new projects in the future investments made from the Fund are fully repayable, interest-free, with flexibility on the payback period.	An Invest to Save pilot scheme in 2010-11 followed by two further schemes over 2011-15 budget period.
Aims and Objectives	• Improve services; • Efficiency gains; • Partnership working; • Innovation; and • Sustainability	• Deliver improved public services in line with the Welsh Government's public service efficiency and wider improvement agenda; • Transform the operational efficiency of public services and generate significant cash releasing efficiency savings; • Encourage stronger collaboration across organisations and administrative boundaries where this leads to measurable benefits in public service delivery; and • Promote dissemination of lessons learnt and best practice arising from projects.	To reduce future costs in the context of a tightening budget environment, even beyond the Budget period.

Part One:
Background and information

	England	Wales	Northern Ireland
Criteria	• Increasing the extent of joint working between different parts of the government; • Identifying innovative ways of delivering services; • Improving the quality of public services and/or reducing their cost; • Would the project go ahead without Invest to Save Budget funding?; • Projects expected to outperform minimum six per cent rate of return; and • The partnership must come up with at least 25 per cent of the total cost of the project.	• Bids welcome from Welsh Government funded public service organisations. Partnerships may also include voluntary and community groups and other bodies. Bids from other strategic partnerships can be considered; • Collaborative bids involving more than one Welsh Government funded body are encouraged; • Contributions of up to 75 per cent of eligible implementation project costs are available; and • From Round 3 of funding the minimum threshold was £100,000 and from Round 4 this increased to £200,000.	• Savings; • Impact on Programme for Government (PfG); • Deliverability of savings; • Although the available funding is in respect of current expenditure, there is scope for departments to put forward proposals involving capital investment.

Source: NIAO review

1.9 The Welsh Government established its Invest to Save (I2S) Fund in 2009 to target strategic projects that: create significant cash-releasing savings; deliver citizen-focused services; and support key aspects of the Welsh Government's public service efficiency and wider improvement agenda. Investments made from the I2S Fund are fully repayable, interest-free, with flexibility on the payback period. This ensures that the I2S Fund is sustainable and available for new projects in the future. The I2S Fund targets projects that utilise proven approaches, where success in delivering significant benefits previously is evidenced. To date there have been nine rounds of funding with over 100 projects having received investment totalling almost £120 million. An evaluation of the I2S Fund operated by the Welsh Government was published in May 2014[14]. Indicatively, for completed projects the evaluation estimates around £3 of gross cash releasing[15] benefits for each £1 of I2S Fund resource invested.

Scope of the report

1.10 This report examines the mechanisms put in place for the delivery of Invest to Save funding schemes in Northern Ireland but does not examine in detail individual projects funded. Savings estimates provided by departments are included. Specifically the report:

- Examines the operation of Invest to Save funding in Northern Ireland (**Part 2**); and
- Identifies lessons emerging from the Invest to Save schemes and makes recommendations for future schemes aimed at delivering long term efficiencies from upfront investment (**Part 3**).

Methodology

1.11 We used a combination of quantitative and qualitative methods including:

- Conducting interviews with relevant staff in the DFP and other Central Government departments;
- Reviewing documentation supporting the Invest to Save funding schemes;
- Carrying out a desk review of other Invest to Save funds operating in England and Wales; and
- Issuing a pro forma questionnaire to all departments on the operation and management of Invest to Save funding and projects, including the provision of any savings estimated.

14 An Independent Evaluation of the Invest to Save Fund: SQW Ltd; Welsh Government Social Research, 2014

15 Efficiency savings can either be cash releasing or non-cash releasing. Cash releasing efficiency savings result in the cost of the service provided being reduced, and increase budgetary flexibility by releasing near-cash resources that can, if desired, be redeployed to meet other pressures. Non-cash releasing efficiency savings occur when more activity is provided but the cost of delivering the service remains the same e.g. a reduction in average lengths of stay resulting in more patients being treated.

Part Two:
The operation of Invest to Save funding in Northern Ireland

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The operation of Invest to Save funding in Northern Ireland

The delivery of efficiency savings often requires upfront investment

2.1 The Review of 2010-11 Spending Plans was initiated in the summer of 2009 in response to changing circumstances and the emerging pressures facing Government departments (paragraph 1.1). There was recognition that there was a need to go further to prepare for the continued constraints in public expenditure in the coming years and to ensure that local public finances remained on a sustainable position. In some cases the delivery of savings requires upfront investment, for example, to fund the costs of restructuring or technological improvements.

2.2 As a result an initial Invest to Save fund, worth £26 million, was established in 2010-11. It aimed at providing enhanced support to departments in respect of the upfront costs of making efficiency savings for 2010-11 and beyond. This was extended through the establishment of two further Invest to Save schemes which made available an additional £330 million over the four year budget period 2011-15 (paragraph 1.2). A summary of the features of each of the three Invest to Save schemes in Northern Ireland are set out in **Appendix 4** and more details on each one are provided in **Appendices 1 to 3**.

Since 2010, departments have spent £254 million of Invest to Save funding on 31 projects

2.3 The decision to establish ring-fenced Invest to Save funding in Northern Ireland and the subsequent allocation of the funds to projects across three separate schemes was subject to approval by the Executive as part of wider budget agreements from 2010 to 2015[16]. The Department of Finance and Personnel (DFP) was responsible for developing and administering Invest to Save funding including making recommendations to the Finance Minister on the allocation of the funds. Initial plans were that funding of £356 million would be available over the three separate schemes up to 31 March 2015. However, as part of normal budget and monitoring arrangements this was reduced and a total of £311 million was finally allocated to be spent on projects over the period. Of this, £254 million has been spent by Government departments on 31 Invest to Save projects (**Figure 4**). More details on each of the three Invest to Save schemes including projects, allocations, outturn and savings are provided at **Appendices 1, 2, and 3**.

16 Ring-fenced areas are those in which the budget allocation cannot be used for any other purpose than that for which approval was initially granted. These allocations cannot be moved to other projects or mainstream funding, they should be returned to the DFP for reallocation by the Executive in the event they are not deployed as intended.

Figure 4: Summary of Invest to Save schemes' funding movements over the period 2010-15

Invest to Save Scheme	Invest to Save funding initially planned £ million	Revised Budgetary Amount * £ million	Final Outturn on Invest to Save projects ** £ million	Invest to Save Underspend £ million
2010-11 Scheme 1 (Appendix 1)	26	21	20 14 projects funded	<1
2011-15 Scheme 2 (Appendix 2)	300	266	210 13 projects funded	56
2012-13 Scheme 3 (Appendix 3)	30	24	24 4 projects funded	-
	356	**311**	**254**	

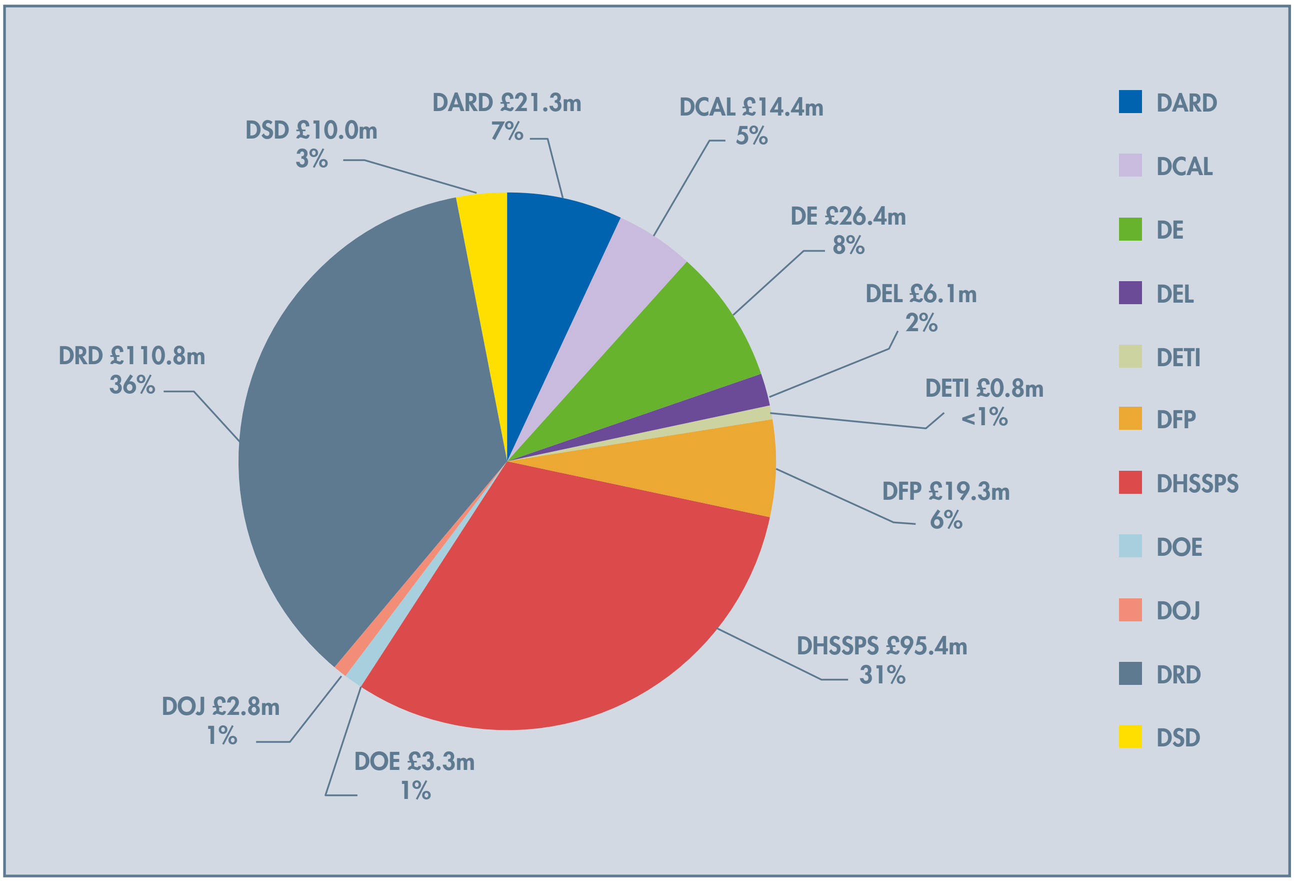
* Initial plans for Invest to Save funding over the period was reduced by £45 million to £311 million due to budget re-alignment and reduced requirements identified as part of the Monitoring process. These were re-allocated and used to fund mainstream pressures.

** Against the revised budgetary amount of £311 million Invest to Save funding the final Outturn expenditure was £254 million reflecting an "under spend" of approximately £56 million. £52 million of this related to the DHSSPS who reallocated these ring-fenced Invest to Save funds to other mainstream areas within the department.

2.4 A summary of the £311 million Invest to Save funding finally allocated to projects across departments from 2010 to 2015 is shown in **Figure 5**. Almost two thirds of available funding was allocated to two departments – the Department for Regional Development (DRD) and the Department of Health, Social Services and Public Safety (DHSSPS).

Part Two:
The operation of Invest to Save funding in Northern Ireland

Figure 5: £311 million Invest to Save funding was allocated across departments over the period 2010 to 2015 - £ million and percentage



Source: NIAO based on DFP and department returns

2.5 Five projects made up 73 per cent of the investment in Invest to Save funding. **Figure 6** provides a summary of these key projects. More details of the background, progress and reported costs and savings of these are provided as **Case Examples** in **Appendix 5**.

Figure 6: Key projects allocated Invest to Save funding over the period 2010 to 2015

Project	Funding allocated	Summary of Project
DRD Roads Structural Maintenance programme *Case Example 1 Appendix 5*	£108 million	£107.8 million Invest to Save funding was provided to the Roads Structural Maintenance programme from 2011-15: representing an average 20 per cent of the overall Structural Maintenance budget over the period. No savings were identified in the bid submission. However, the DRD presented the case that Structural Maintenance is an ongoing activity, with the Invest to Save funded element being only part of the wider programme, and that timely investment in structural maintenance represents better value for money than reactive maintenance.
DARD European Union (EU) Audit Compliance Programme including Land Parcel Improvement System (LPIS) *Case Example 2 Appendix 5*	£20 million	£20.2 million Invest to Save funding was provided over three years (2010-13) on implementing the EU Audit Compliance Programme. This was a key initiative to enhance the controls required to ensure the correct spend of EU subsidies and to improve compliance. The Land Parcel Identification System (LPIS) project was a key component of this (accounting for 75 percent of funding). DARD estimates that in the period to 2015, £41.2 million of EU fines have been avoided for three of the years in question (averaging £13.7 million per annum) and significant costs will continue to be avoided as a result of this investment in future years.
DFP Land & Property Service (LPS) *Case Example 3 Appendix 5*	£10 million	£10 million Invest to Save funding was provided over two years in order to increase the funding available to LPS. This allowed LPS to allocate staff resources to priority work to drive achievement of corporate targets, including increasing rate collection levels. Measures included: diverting staff to the Rating of Empty Homes Project; ongoing cleansing of a significant number of rate accounts through recruitment of additional permanent/casual staff and extensive overtime working. This has contributed to an improvement in rate collection.

Part Two:
The operation of Invest to Save funding in Northern Ireland

Project	Funding allocated	Summary of Project
DHSSPS Transforming Your Care (TYC) and other Health and Social Care (HSC) savings initiatives *Case Example 4 Appendix 5*	£19 million	£19 million Invest to Save funding was provided for TYC and other HSC savings initiatives in 2012-13 which was allocated to the Health and Social Care Board, charged with the implementation of a broad range of TYC related actions. The funding supported the delivery of four key elements: Integrated Care Partnerships; Service Changes; Voluntary Redundancy/ Voluntary Early Release; and Implementation Support. Estimated cumulative savings over the 2011-15 budget period are £25.2 million. Annual ongoing savings are estimated at £15.2 million.
DHSSPS HSC Reform and Modernisation programme *Case Example 5 Appendix 5*	£70 million	Invest to Save funding was sought to support the delivery of the HSC Reform and Modernisation programme which included restructuring. As part of this the DHSSPS anticipated making in the region of 4,000 redundancies. In total £69.8 million Invest to Save funding was allocated to HSC Reform and Modernisation programme across the 2011-15 budget period in anticipation of an estimated £113 million savings over the same period. Actual outturn on the project over the period was £17.3 million. Estimated cumulative savings over the 2011-15 budget period are £28.4 million. Annual ongoing savings are estimated at £11.2 million.
Note: The savings figures provided by departments have not been audited by NIAO		

Source: NIAO based on DFP and department returns

The process of selecting projects to receive Invest to Save funding support in accordance with the criteria set was not always clear

2.6 For the Invest to Save Scheme 1 (2010-11) and Scheme 3 (2012-13) the DFP assessed bids for Invest to Save funding considering aspects such as value for money, deliverability and additionality[17] before making recommendations to the DFP Minister. The DFP told us that for Scheme 2 (2011-15) it was presented with a list of projects that were drawn up following Executive consideration and DFP then went to departments for justification. The final allocation of the funding was subject to approval by the Executive as part of wider budget agreements from 2010 to 2015.

2.7 We were provided with evidence of the evaluation and assessment of projects across the three Invest to Save schemes. However the evidencing of strict adherence to pre-defined criteria and the ranking of projects to be supported was not always clear to us. The DFP told us that this was due to the process being

17 Additionality concerns included whether a department should be able to deliver the project within flexibilities if a sufficiently high priority.

part of the wider budget agreement process and decisions were made on the basis of Ministerial decisions and DFP Supply's discussions with departments[18].

2.8 Our review of the documentation held by DFP supporting the process for the assessment of bids showed that many proposed projects from departments were rejected for a number of reasons such as:

- no savings or cash releasing[19] savings identified in the submission;
- merely looking to improve service delivery;
- savings identified were already included in departmental Savings Delivery Plan;
- additionality concerns;
- simply a bid for additional funding as opposed to an Invest to Save project;
- not considered to be real Invest to Save candidates;
- organisation had a poor track record in delivering projects on time and within budget and had been poor at bidding for funds and then utilising these funds.

However, we found projects that were recommended and allocated Invest to Save funding despite having similar characteristics.

2.9 One of the most common reasons given for rejecting bids was "additionality concerns". This is where the DFP believed that the bidding department could achieve the project within its regular course of business and without additional Invest to Save funding. However, additionality was not on the list of criteria detailed in the Invest to Save schemes (**Appendix 4**), and also this reason for rejection was not, in our opinion, applied consistently.

Projects were allocated Invest to Save funding despite not having identified or quantified any related savings

2.10 In addition, we found projects that were allocated Invest to Save funding despite not having identified or quantified any related savings over the budget period in their application. For example:

- DRD: Roads Structural Maintenance

  No specific savings were quantified when funding was applied but it is recognised that timely investment in structural maintenance represents better value for money than reactive maintenance;

18 "Supply" refers to the process by which the Assembly approves the supply of money to government departments to spend on services to the public. It is the role of DFP Supply to optimise the allocation of money to each Department and programmes within Departments in accordance with the priorities set out in the Programme for Government, to promote high standards of financial practice and to ensure that spending by departments is securing value for money.

19 Efficiency savings can either be cash releasing or non-cash releasing. Cash releasing efficiency savings result in the cost of the service provided being reduced, and increase budgetary flexibility by releasing near-cash resources that can, if desired, be redeployed to meet other pressures. Non-cash releasing efficiency savings occur when more activity is provided but the cost of delivering the service remains the same e.g. a reduction in average lengths of stay resulting in more patients being treated.

Part Two:
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- DARD: NI Food Animal Information Service and System

  No specific savings identified;

- DCAL: Sport Programme

  Long-term health promotion programme which will not realise savings over the budget period;

- DEL: Assured Skills Programme

  No cost savings as a consequence of this programme. The programme involves promoting Foreign Direct Investment jobs, which when created deliver economic value to the NI economy;

- DFP: NI Direct

  No savings but related to improved service delivery to the public;

- DSD and Ilex Urban Regeneration Company Limited (Ilex): City of Culture programme

  Cost savings not expected but the City of Culture programme was expected to deliver a range of economic and social benefits by 2020;

- DCAL: Electronic Libraries for Northern Ireland Replacement Project

  No savings, but helped facilitate maintenance of front line services following staff reductions.

Whilst not disputing the benefits of projects or the need for funding, in our view it is questionable whether in some cases, such as the Structural Maintenance and City of Culture projects, that this was simply a bid for additional funding as opposed to an Invest to Save project.

Almost a fifth of Invest to Save funding was used to fund Voluntary Exit and Voluntary Redundancy schemes

2.11 Invest to Save funding of £57.5 million has been used to fund six Voluntary Exit and Voluntary Redundancy schemes across a number of departments (representing over 18 per cent of Invest to Save funding allocated). Staff efficiency schemes such as these are one area that has identified tangible savings as set out in **Figure 7**. More details on background, progress and savings on each of these schemes are set out in **Case Examples 5 to 9** in **Appendix 5.**

Figure 7: Staff Efficiency schemes funded by Invest to Save

	Invest to Save Project	Invest to Save Actual Outturn	Savings claimed*
Department of Health, Social Services and Public Safety (DHSSPS)	Transforming Your Care (TYC) and other HSC savings initiatives - Voluntary Redundancy and Voluntary Early Release *Case Example 4 Appendix 5*	£10.2 million	£8.5 million over the budget period 2011-15. £4.5 million annual savings
Department of Health, Social Services and Public Safety (DHSSPS)	HSC - Reform and Modernisation Programme *Case Example 5 Appendix 5*	£17.3 million	£28.4 million over the budget period 2011-15. £11.2 million annual savings
Department for Culture Arts and Leisure (DCAL)	Libraries NI Redundancies - restructuring *Case Example 6 Appendix 5*	£1.4 million	£0.7 million annual savings
Department of the Environment (DOE)	Voluntary Early Retirement scheme - Planning Staff *Case Example 7 Appendix 5*	£2.2 million	£0.6 million annual savings
Department of Education (DE)	Redundancy payments – Education and Skills Authority (ESA) related consolidation of administration *Case Example 8 Appendix 5*	£6.4 million	£13.7 million over the budget period 2011-15 £3.4 million annual savings
Department of Education (DE)	Teaching Redundancy Implementation Costs *Case Example 9 Appendix 5*	£20.0 million	£47.4 million savings over the budget period 2011-15

*Savings provided by departments have not been audited

Source: NIAO based on information provided by departments

Part Two:
The operation of Invest to Save funding in Northern Ireland

There have been challenges in implementing some projects and some allocated funding was returned to the DFP

2.12 There have been challenges for some departments in implementing projects as quickly as originally planned, and in a number of projects departments have reviewed the allocation of the funding and the implementation of projects. This is not uncommon in Invest to Save funding schemes in other administrations, and in Northern Ireland can be seen mainly in relation to two projects:

- The Department for Employment and Learning successfully bid for £12 million Invest to Save funding for its "Assured Skills" project. £5 million was actually incurred over the period. Assured Skills is a demand led programme aimed at supporting inward investment by delivering a range of activities and interventions to guarantee companies that Northern Ireland has the ability to satisfy their future skills and experience needs. The original budget of £3 million per annum was based on assumptions about the nature of training support required along with predictions of cost. However, projects are built around the needs of a new company and the underlying cause of the level of underspends, which took place especially in the early years of the programme, are demand led. From 1 April 2015, the Assured Skills programme has been mainstreamed as programme expenditure;

- The Department of Enterprise, Trade and Investment (DETI) and Invest NI's "Nitrates Directive" project was allocated £20 million Invest to Save funding over the 2011-15 Budget period to provide support to address the poultry litter issue[20]. In the event no proposals were submitted that were in a position to avail of support so the actual expenditure incurred over the period was only £0.8 million in bringing forward a new scheme to address the Nitrates Directive issue. The scheme involves Capital funding to provide either loans or equity to the solution provider. It is anticipated that support under the scheme will proceed in 2015-16 using Financial Transactions Capital funding[21].

The DHSSPS reallocated £52 million of ring-fenced Invest to Save funding to other areas within the department

2.13 **Figure 4** (paragraph 2.3) shows that £311 million ring-fenced Invest to Save funding was available with a final outturn of £254 million. It is important that Invest to Save funding was spent as intended and that any funding not spent was not lost to the Executive. The DFP told us that unspent Invest to Save funding should have been surrendered

20 Legislation contained within the Nitrates Action Programme (Northern Ireland) 2010 and the Water Framework Directive will restrict the current practice of land spreading the poultry waste stream. This bid was to support investment in a project to build a waste to energy power station utilising the waste stream from the Northern Ireland Poultry Sector.

21 Financial Transactions Capital is sometimes referred to as 'policy lending' as it involves a loan to, or equity investment in, a private entity for capital projects which contribute to the government's policy objectives. It is different from 'conventional' capital as it is a loan rather than expenditure, and it is the private sector rather than the public sector which ultimately owns the asset.

by departments in the Monitoring rounds and available for reallocation by the Executive.

2.14 The main area of unused Invest to Save funding was in the DHSSPS which reallocated £52 million to other areas within the department. The DHSSPS was allocated £70 million towards Health and Social Care (HSC) Reform and Modernisation over the four years from 2011 to 2015. However, it was only able to use £17.3 million on this Invest to Save project over the period; with the funding being spent on voluntary redundancies operated and managed at an individual Trust level (**Figure 8**). The DHSSPS explained that the scale of the financial pressures, especially in the last two years of the budget period, required all areas of spend needing to be re-examined including HSC Reform and Modernisation. As a result the Invest to Save outturn figures were a lot lower than initially planned and allocated. The DHSSPS did not notify the DFP of this and took the view that this "ringfenced" Invest to Save funding did not need to be returned to the DFP. The DHSSPS told us that this was based on their interpretation of the DFP's *"In Year Monitoring Guidance"*[22] which gave the DHSSPS full budget flexibilities, but which did not explicitly caveat or limit the application of that flexibility. It explained that instead, any reduced Invest to Save requirements, £52 million over 2011-15, was reallocated to other high priority areas within the department to address financial pressures.

2.15 This view is not shared by the DFP. Its view is that the "full flexibility" only extended to mainstream funding. We agree. In-Year Monitoring guidance specifically made reference to Invest to Save allocations: *"These allocations are on a ring-fenced basis and cannot be used for any other purpose....these allocations cannot be moved to other projects or mainstream funding"*. In addition the Executive's published Budget 2011-15 also stated that *"... These funds have been allocated to departments on a 'ring-fenced' basis i.e. they cannot be used for any other purpose by departments"*. The DFP has now updated its In-Year Monitoring Guidelines for 2015-16 to clarify the extent to which the DHSSPS flexibilities apply in relation to ring-fenced budget allocations.

Figure 8: DHSSPS Invest to Save funding allocated and expenditure levels for HSC Reform and Modernisation programme from 2011-15

	Invest to Save Funding Allocated £ million	Invest to Save Actual Outturn £ million
2011-12	12.2	8.0
2012-13	7.2	5.8
2013-14	26.2	2.4
2014-15	24.2	1.1
TOTAL	**69.8**	**17.3**

Source: NIAO based on DHSSPS returns

22 In-Year Monitoring of Public Expenditure 2014-15 Guidelines: Public Spending Directorate Department of Finance and Personnel 31 March 2014

Part Two:
The operation of Invest to Save funding in Northern Ireland

Savings or benefits from some projects can be difficult to identify

2.16 One of the clear objectives for all Invest to Save schemes is the delivery of savings, particularly cash releasing savings[23]. Invest to Save funds should be used where there is robust evidence of savings resulting from the investment, and not where this is a need for extra funding. While some projects, such as the City of Culture project (**Appendix 2**) may have been a priority project in need of funding, no related savings were identified and, on that basis, it is not clear to us how it met the criteria of an Invest to Save project (**Appendix 4**). The DFP told us that it was an Executive decision to support the City of Culture bid in the 2011-2015 Invest to Save scheme. The DFP's assessment was that this was not an Invest to Save bid but a Ministerial Commitment.

2.17 It is important that an assessment of benefits and savings that can be attributed to Invest to Save funding was identified and evaluated. This can provide a challenge for some departments because projects may be part of a larger programme or Invest to Save funding or may be one of several factors contributing to the benefit. For example, £108 million Invest to Save funding was provided over the 2011-15 budget period to the DRD for Roads Structural Maintenance (**Case Example 1** at **Appendix 5**), which accounted for between 14 and 44 percent of the annual Structural Maintenance budget over the period. The DRD's successful bid did not identify savings at the outset. Whilst there may be benefits and savings from the investment, those related specifically to Invest to Save are difficult to identify as Structural Maintenance is an ongoing activity within the DRD with the Invest to Save funded element being only part of the wider project. In some cases projects may not be fully funded by Invest to Save which also complicates linking savings. For example the DCAL Electronic Libraries for Northern Ireland replacement project received approximately a third of its funding from Invest to Save, and the DOE's Roe Valley project received less than a third of funding from Invest to Save (**Appendix 2**).

2.18 Invest to Save projects should show a clear link between the investment made and savings generated. For example **Case Example 2** at **Appendix 5** outlines the Invest to Save funding allocated to the wider EU Audit Compliance Programme including Land Parcel Improvement System (LPIS) project. The DARD estimates that in the period to 2015, £41.2 million of EU fines have been avoided for three of the years in question (averaging £13.7 million per annum) and significant costs will continue to be avoided as a result of this investment in future years.

2.19 In addition **Case Example 4** at **Appendix 5** shows that in 2012-13 the DHSSPS bid for £19 million Invest to Save funding aimed at supporting the delivery of a number of key elements of

23 Efficiency savings can either be cash releasing or non-cash releasing. Cash releasing efficiency savings result in the cost of the service provided being reduced. Non-cash releasing efficiency savings occur when more activity is provided but the cost of delivering the service remains the same. An example of this could be a reduction in average lengths of stay, which resulted in more patients being treated.

Transforming Your Care (TYC) alongside other Health and Social Care (HSC) savings initiatives:

- Integrated Care Partnerships;
- Service Changes;
- Voluntary Redundancy/Voluntary Early Release; and
- Implementation Support.

The HSC Board is charged with the implementation of a broad range of TYC-related actions. The DHSSPS told us that the delivery of the changes emerging from TYC is ongoing with a 3-5 year timescale envisaged and that the 2012-13 Invest to Save monies were a vital element in supporting the initial implementation of the new model of service. The Department has identified annual savings and benefits of approximately £15.2 million funded through the Invest to Save scheme[24].

24 The savings figures provided by departments have not been audited by NIAO

Part Three:
There are lessons for future schemes aimed at delivering long term efficiencies from upfront investment

Part Three:
There are lessons for future schemes aimed at delivering long term efficiencies from upfront investment

3.1 Recent drives for efficiency in the delivery of public services have required a radical re-think of the delivery of public services. This will include the introduction of "change" initiatives and the 2015-16 Budget[25] has set aside £30 million for an Executive Change Fund. The aim of this Fund is to encourage departments to bid for projects that were reform orientated and innovate, focused on early prevention, or involved cross-Departmental collaboration. Whilst the features of these projects will not mirror the objectives or outworking of the Invest to Save schemes to date, such initiatives will be delivered through driving efficiency through upfront investment. It is important, therefore that lessons from the delivery of the Invest to Save schemes to date are considered in any future initiatives or upfront investment schemes.

Our questionnaire to departments found that the Invest to Save schemes were a good way to target dedicated funds to high priority projects

3.2 As part of our review we issued a questionnaire (**Appendix 6**) to each department seeking their views on the Invest to Save funding process across three areas:

- The application process;
- Monitoring and reporting arrangements; and
- General comments on Invest to Save. For example: the guidance provided, criteria applied, timescale, feedback.

3.3 All departments responded to our questionnaire. Departments considered that Invest to Save funding was a relatively straightforward way to target dedicated funds to high priority projects. Departments reported that the process used to identify potential projects suitable for Invest to Save funding aligned closely to the normal process for the preparation of bids for funding. In addition, departments reported that the processes in place to monitor expenditure on Invest to Save projects aligned closely to the monitoring processes for other departmental funding, including ringfenced budgets. Although many issues raised were project-specific, we identified common themes which we have summarised in **Figure 9**.

25 Budget 2015-16 Northern Ireland Executive: 19 January 2015

Figure 9: Common themes from departmental responses to our questionnaire

- There was limited turnaround time for departments to consider bids approved for submission to the DFP. Sufficient notification of the availability of Invest to Save funding should be provided to allow detailed proposals to be produced and more realistic timescales for receipt of completed applications should be set to ensure the widest possible breadth of projects are put forward.
- The time-bound nature of Invest to Save funding can create uncertainty over the funding for the project in future years and may impact on future year departmental requirements following the cessation of Invest to Save funding.
- If the timescales for the savings could be extended this may help identify further Invest to Save projects to match the criteria. Otherwise projects which would generate savings in the future but not in the timescale requested have not been put forward.
- Greater flexibility for Invest to Save funding is often needed given the complex and interdependent nature of many issues which need to be addressed to allow for the procurement, implementation, and delivery cycle especially on large capital projects and major programmes.
- To avoid nugatory work there needs to be a well defined criteria on what constitutes an Invest to Save proposal. More detailed information on proposals accepted and those not recommended would be helpful including reasons being provided for unsuccessful applications.
- To allow learning to be shared, advice on requirements for successful applications should be provided and standard project evaluation should be shared with others.

Source: NIAO questionnaire

Information, advice and guidance available to departments on Invest to Save was limited

3.4 In Northern Ireland, departments were formally notified about the Invest to Save schemes through a commissioning letter from the DFP to Finance Directors. However, as noted in paragraph 1.3, Northern Ireland did not work to a precise definition of an Invest to Save project and departments were asked to complete a standard pro forma document for each proposal in order to allow assessment by the DFP. Asides from the letter, little further information, advice and guidance was provided to departments (**Appendix 4**). However, as outlined within the commissioning letter, Finance Directors were encouraged to raise any queries on Invest to Save with the DFP and, as is normal practice for any budget exercise, the DFP told us that there was regular engagement between Finance Directors and Supply Officers on Invest to Save spending proposals.

Part Three:
There are lessons for future schemes aimed at delivering long term efficiencies from upfront investment

3.5 We examined the types of information and advice made available for similar schemes operating in England and Wales and found that dedicated websites for Invest to Save schemes in England and Wales provided departments with advice and guidance on the scheme. Supporting this in England and Wales, key documents were also made available on how individual applications would be assessed, and comprehensive bidding guidance was made available including a summary of the main conditions of funding. For example, in England the Invest to Save Budget issued a comprehensive 16-point checklist of information required to be considered for funding. The provision of such information not only offered clarity to departments on the information to support bids, but also provided a robust and transparent framework for the assessment and approval or rejection of bids for funding.

3.6 In the Invest to Save schemes managed by the DFP, minimal information was included on the pro formas submitted by departments. Submissions made were at a high level with each area completed in a summary form with little detail or supporting documentation or evidence provided to support how costs and savings were identified and quantified. Formal explanations or feedback on unsuccessful bids was not provided to departments. This is in contrast to England and Wales which inform unsuccessful bids of the reasons why they were not selected in order to better inform departments for future submissions. As set out in paragraph 3.4, the DFP told us that there was regular engagement between Finance Directors and Supply Officers on Invest to Save spending proposals.

In order to ensure the best projects are put forward time is needed to develop and prepare bids

3.7 Identifying suitable projects which are innovative and have good potential to improve service delivery requires careful consideration and research. Timescales, particularly for the first Invest to Save scheme in 2010-11, to develop and submit expressions of interest and prepare applications were challenging. There was a relatively short lead time from when projects would be identified and funding approved, and the subsequent financial year in which the money had to be spent. As a result, organisations had limited time to come up with proposals. Such short timescales can result in the risk of funds being used quickly rather than most effectively and can limit the focus on measured risk–taking initiatives. In our view this may also have been a factor that contributed to the directing of Invest to Save funding to more pre-existing mainstream projects, such as Roads Maintenance, rather than ones which were cutting edge, innovative or which considered aspects such as joint working. Projects were generally – though not exclusively – lower risk and less innovative than might have been expected which suggests a low risk appetite and risk aversion in the choice of projects.

3.8 In addition we found that many longer term projects including those of a capital nature requiring them to award contracts, purchase goods and services, and commission other work were not put forward. Although the commissioning letter did not specifically exclude capital projects our Property Asset Management[26] study reported how organisations did not apply for Invest to Save funding for capital projects given timescales. For example, the DFP's Properties Division told us that it did not submit proposals for Invest to Save funds, and that for accommodation schemes, even if all planning and design work was in place and agreed with the department in question, procurement and implementation would not be possible in the timescale and in line with criteria for the current initiative.

Performance management and reporting of outcomes, and the dissemination of lessons learned from Invest to Save projects is limited

3.9 Good practice requires that all projects, programmes and policies are evaluated by the relevant spending department[27]. The DFP Supply[28] regularly engages with departments on Invest to Save projects and we found evidence of the DFP monitoring some projects, such as the EU Audit Compliance Programme including Land Parcel Improvement System (LPIS) project. However we found little monitoring or reporting, either at a scheme level or individual project level, of Invest to Save performance in terms of outcomes, benefits or savings delivered, by departments or centrally to the DFP or directly to the Assembly. Monitoring and reporting arrangements were the same as for other departmental ring-fenced funding and focused on outturn expenditure rather than project implementation outcomes or achievements. This reflects the fact that Invest to Save was treated as part of the normal bidding process.

3.10 The full impact of Invest to Save on savings realised has not been monitored, validated or reported on and therefore cannot be easily determined. As a result, whilst it has delivered savings and been successful to a degree it is difficult to assess fully whether the effectiveness of Invest to Save funding has been maximised. As part of our questionnaire we asked departments to provide some indication of savings. The information provided was inconsistent across projects and departments with some savings presented as cumulative values

26 NIAO: Property Asset Management report 13 November 2012

27 Relevant good practice includes Managing Public Money (NI) and the Northern Ireland Guide to Expenditure Appraisal and Evaluation

28 "Supply" refers to the process by which the Assembly approves the supply of money to government departments to spend on services to the public. It is the role of DFP Supply to optimise the allocation of money to each department and programmes within departments in accordance with the priorities set out in the Programme for Government, to promote high standards of financial practice and to ensure that spending by departments is securing value for money.

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or annual recurring savings. Based on figures provided, departments have estimated cumulative savings in excess of £150 million up to 2015[29].

3.11 Most Invest to Save funded projects are small in comparison with departments' total spending and therefore tend to receive less attention than departments' larger programmes. However, the aim of and the potential return from such projects in terms of realising savings and benefits through, for example, how to deliver better services, should be significant and should justify closer management oversight to increase their chances of success. We acknowledge that identifying the savings and benefits which can be attributed to Invest to Save supported projects can be difficult because it is not always easy to quantify cash savings in firm monetary value terms, and some projects may be part of a larger programme or the funding may be one of several factors contributing to the benefit. However measuring the impact of projects – financial and otherwise - is important to ensure that the intended benefits are being achieved, and to assess any impact on the level or quality of services of the actions taken to achieve cash releasing savings.

3.12 There were no evaluations completed on the success or lessons learned from the initial Invest to Save scheme to inform the later larger schemes. This is in contrast to the systems operated in England and Wales where internal and external evaluations are carried out at various points over the programme, with lessons drawn together and built upon for the subsequent round of funding. In addition, in England and Wales the operation of their Invest to Save schemes were reported through annual reports, focusing on outcomes including savings or benefits achieved.

3.13 There is a risk that the overall Invest to Save schemes and individual projects funded are not actually achieving the financial and service benefits as intended and therefore its potential to encourage and shape transformation and innovation across public services is not being maximised. The extent to which Invest to Save projects are evaluated and reported is variable. The outcomes and achievements of Invest to Save projects need to be evaluated and more widely reported. Such projects should be subject to sound project management and some form of evaluation with the results widely communicated. Otherwise, there is a risk that better ways of delivering public services may not be widely implemented because the lessons learned were not widely communicated.

There are lessons to be learned from England and Wales about upfront investment programmes such as Invest to Save

3.14 The terminology "Invest to Save" may imply that the programme is essentially about saving money. However as experience of Invest to Save funding

29 Savings information provided by departments were not validated or audited by NIAO as part of this review.

in other administrations demonstrates the spirit of Invest to Save is much broader and encompasses aspects such as innovation or developing new approaches which have good potential to improve services, outcomes for citizens and generate savings. There is an acceptance that upfront investment may be necessary to provide such a stimulus and this was the aim and focus of Invest to Save schemes in England and Wales. Their experience shows the huge potential Invest to Save funding has in:

- stimulating innovation in service delivery;
- cross cutting initiatives by encouraging and identifying new, joined-up approaches to delivery;
- encouraging managed risk taking so the public sector is less risk averse and more open to taking risks where the potential benefits of piloting a new approach were significant;
- generating savings;
- providing stimulus for Reform;
- developing new approaches to improve services; and ultimately
- improving outcomes for citizens.

3.15 There are lessons to be learned from Invest to Save schemes in other administrations for any similar type funding or initiatives such as the Executive Change Fund. It is important that:

- an open and transparent accountability framework should be in place;
- the scheme should be clearly defined and have a clear focus e.g. encouraging or promoting risk taking, innovation, and cross-departmental working, delivering savings;
- clear selection criteria supporting the focus of the scheme should be set and applied consistently;
- SMART[30] outcome based objectives should be detailed and agreed;
- a detailed assessment of costs and benefits should be carried out;
- scheme and project oversight and monitoring arrangements should be in place to ensure successful delivery;
- all projects should be subject to sound project management;
- there should be a greater focus on achievement with reporting mechanisms in place to regularly report back on outcomes and savings achieved;
- schemes and projects should be subject to some form of evaluation to ensure lessons learned and to ensure good practice is mainstreamed where appropriate;

30 Specific, Measurable, Achievable, Relevant and Time-dependent

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There are lessons for future schemes aimed at delivering long term efficiencies from upfront investment

- a strategy for disseminating lessons learned more widely should be in place;
- ex post evaluation[31] of the schemes should be carried out to inform future spending rounds;
- managers responsible for change or innovative or cross cutting projects should be provided with support and it is made simpler for those involved in successful projects to be consulted to share both good practice and knowledge of risks requiring careful management.

3.16 The DFP noted that assessing Northern Ireland performance against Invest to Save schemes from other countries does not factor in political differences in implementation and that it is more difficult to implement an Invest to Save scheme in a jurisdiction with a mandatory coalition with differing policy aims than it is in a jurisdiction where there is a much stronger degree of collegiate cooperation and cohesion on policy matters. In this context, the department highlighted that the political framework and context is inherently more complicated for the Northern Ireland Executive.

31 Ex post evaluation is an activity which examines the outturn of a project, programme or policy, and is designed to ensure that the lessons learned are fed back into the decision making process.

Appendices

Appendix 1:
Summary of 2010-11 Invest to Save scheme

In December 2009 the DFP wrote to Departmental Finance Directors to commission Invest to Save proposals from departments to deliver additional savings both in 2010-11 and in the next three years to 2014.

There was an assessment of the 60 departmental bids received in respect of the 2010-11 Invest to Save scheme following which the DFP selected 14 for funding. 46 bids were unsuccessful and were not approved for funding.

The initial funding allocation of £26.1 million to individual projects are set out below and include projects to support the restructuring of administration in the Education sector and libraries as well as enhanced measurement systems to reduce the risk of EU financial penalties in Agriculture. Invest to Save funding also supported the use of modern technologies in hospitals as well as reducing ongoing energy costs in public transport.

Of the £26.1million Invest to Save funding initially allocated 18 per cent (£4.7 million) was returned to the DFP as part of Monitoring exercises. This was mainly due to the DHSSPS returning over 40 per cent (£4.4 million) of the Invest to Save funds allocated to them. There was no assessment or a formal evaluation carried out of the 2010-11 scheme funds before the 2011-15 Budget process commenced.

	Savings anticipated in application over 2010-2014	Savings claimed to 2014-15[a]	Funding initially allocated[b] £ million	Actual Outturn £ million
DARD				
EU Audit Compliance Programme including Land Parcel Improvement System project (LPIS)[c]	No specific savings	Whilst no specific savings were achieved in the period to 2015, £41.2 million of EU fines have been avoided for three of the years in question (averaging £13.7 million per annum)	4.8	3.4
DCAL				
Review of Public Administration (RPA) redundancies in Libraries NI	£2.0 million	£2.8 million (£700,000 per annum)	1.4	1.4
DE				
Education and Skills Authority (ESA) Implementation Costs	£8.2 million	£13.7 million (£3.4 million per annum)	6.4	6.4

	Savings anticipated in application over 2010-2014	Savings claimed to 2014-15[a]	Funding initially allocated[b] £ million	Actual Outturn £ million
DRD				
Enterprise Locomotive Modernisation	£784,000	Estimated £224,000 per annum No savings prior to 2013-14 due to delays	1.4	1.4
Replacement of florescent lighting at Translink sites	£525,000	Estimated £150,000 per annum	0.5	0.5
Upgrade of Class 3000 Trains Lighting System	£109,000	Estimated £31,000 per annum	0.1	0.1
Street Lighting Lantern Replacement	£600,000	Estimated £200,000 per annum	1.0	1.0
DHSSPS				
Braun Infusion Pumps	£600,000 (£150,000 per annum)	Estimated £250,000 per annum	0.4	0.4
E-rostering	£7.3 million	Some benefits realised but not quantified	2.5	0.9
Eating Disorders	£3.5 million	Project not carried forward and funding returned	0.8	0
Closure of Spruce Villa (Psychiatric Intensive Care Unit) at Tyrone & Fermanagh Hospital	£3.2 million (£800,000 per annum)	Estimated £800,000 per annum	1.0	1.0
Changes to telephony	£3.6 million	Some benefits realised but not quantified	1.9	1.3
Digital Dictation	£4.7 million	Some benefits realised but not quantified	3.7	2.5
Northern Ireland Picture Archiving and Communications System project	£1.0 million	Funding returned	0.2	0
TOTAL			**26.1**	**20.3**

[a] Savings provided by departments have not been audited

[b] Funding initially allocated to projects may have been subject to change as part of In-Year Monitoring rounds. The total final funding allocated to this Invest to Save scheme was £21 million.

[c] EU Audit Compliance Programme including Land Parcel Improvement System (LPIS) project was allocated a further £18.5 million Invest to Save funding over the next two years (2011-12 and 2012-13) of which £16.8 million was spent

Appendix 2:
Summary of 2011-15 Invest to Save scheme

Following on from the initial £26 million 2010-11 Invest to Save scheme as part of the draft Budget in 2010-11 the Executive agreed to pursue a similar initiative to provide support to departments in respect of the upfront costs of making efficiency savings for the budget period 2011-15. The final 2011-15 Budget allocated £300 million (£75 million per annum) to fund such projects with scope for further funding[32]. The funds were to be allocated to departments on a 'ring-fenced' basis i.e. they cannot be used for any other purpose by departments. If these resources were not deployed as intended then they were to be returned to DFP for reallocation elsewhere.

The 2011-15 budget period Invest to Save scheme process was slightly different in nature from the 2010-11 scheme. The DFP issued a commissioning letter in January 2011 calling for proposals to be submitted to DFP Supply based on the same criteria and pro formas as in 2010-11. Almost 50 submissions were made for funding totalling £425 million. These were considered by individual Supply Officers, considered further as a Group with recommendations then being made to the Finance Minister.

Invest to Save applications were discussed in Ministerial bilaterals and at the Executive. Decisions were taken by Ministers in the context of the overall 2011-15 Budget process, with the final decisions on the funding allocated to a number of projects across the four years made by the Executive as part of the revised Budget on the basis of recommendations from the Finance Minister.

Original estimates were that £300 million Invest to Save funding would be available for this scheme. Over 10 per cent (£34 million) was returned as part of Monitoring exercises over the budget period. The main projects were the DETI and Invest NI's Nitrates Directive project which returned £19 million and the DEL's Assured Skills project which returned £5.9 million. As a result £266 million was finally allocated across 13 projects. It is estimated that almost £56 million (over 20 per cent) of this Invest to Save funding was not used. Of this the DHSSPS reallocated over £52 million of their ring-fenced[33] Invest to Save funding to other "high priority areas" in the department. A summary of the 2011-15 Invest to Save funding scheme projects are:

32 Draft Budget 2011-15 (15 December 2010) and final Budget 2011-15 (7 December 2011)

33 Ring-fenced areas are those in which the budget allocation cannot be used for any other purpose than that for which approval was initially granted. These allocations cannot be moved to other projects or mainstream funding. They should be returned to the DFP for reallocation by the Executive in the event they are not deployed as intended.

	Savings anticipated over 2011-15 budget period	Savings claimed to 2014-15[a]	Funding initially allocated[b] £ million	Actual Outturn £ million
DARD				
EU Audit Compliance Programme including Land Parcel Improvement System (LPIS) project (spent over two years in addition to 2010-11 expenditure of £3.4 million)	No specific savings	Whilst no specific savings were achieved in the period to 2015, £41.2 million of EU fines have been avoided for three of the years in question (averaging £13.7 million per annum).	18.5	16.8
NI Food, Animal Info Service & System (spent over two years)	No specific savings	No specific savings	6.2	0.4
DCAL				
Community Sport Programme (spent over three years)	Projected savings will not be realised within this timeframe	No specific savings within timeframe	8.0	7.6
The Electronic Libraries for Northern Ireland project Replacement (spent over two years)	None specified as to reduce the impact of front line community library services	No specific savings. This project has helped to facilitate maintenance of front line services following staffing reductions.	5.0	4.3
DE				
Education Workforce Redundancy Costs (spent over two years)	£95 million	£47.4 million	20.0	20.0
DEL				
Assured Skills (spent over four years)	No cost savings with this programme	No specific cost savings with this programme. The programme involves promoting Foreign Direct Investment jobs which when created deliver economic value to the NI economy.	12.0	5.2

Appendix 2:
Summary of 2011-15 Invest to Save scheme

	Savings anticipated over 2011-15 budget period	Savings claimed to 2014-15[a]	Funding initially allocated[b] £ million	Actual Outturn £ million
DFP				
NI Direct (spent over three years)	No cash savings as to do with improved accessibility for citizens	No specific savings	11.2	[c]9.1
Land & Property Services - Rating (spent over two years)	£80 million	The purpose of this funding was to enable the collection of regional and district rates to be maximised. It does not represent a distinct project, but rather increases the overall funding available to LPS for this purpose.	10.0	10.5
DHSSPS				
Health and Social Care (HSC) Reform and Modernisation programme (spent over four years)	£113 million	£28.4 million over the budget period 2011-15 £11.2 million annual savings	69.8	17.3
DOE				
Roe Valley Hydro Electric (spent over two years)	Application carried forward from previous year	Anticipated savings have not yet been realised due to delays in procurement which have caused completion date slippage.	1.5	0.8
DRD				
Structural Maintenance (spent over four years)	Savings cannot be quantified	Savings cannot be quantified without an extensive longitudinal study.	107.8	107.8
DSD/Ilex				
City of Culture (spent over two years)	No savings identified	No specific savings. However the City of Culture programme was expected to deliver a range of economic and social benefits by 2020.	10.0	[d]9.4

	Savings anticipated over 2011-15 budget period	Savings claimed to 2014-15[a]	Funding initially allocated[b] £ million	Actual Outturn £ million
DETI / Invest NI				
Nitrates Directive (spent over two years)	Not provided	No specific savings	20.0	[e]0.8
TOTAL			**300.0**	**210.0**

[a]Savings provided by departments have not been audited

[b]Funding initially allocated to projects may have been subject to change as part of In-Year Monitoring rounds. The total final funding allocated to this Invest to Save scheme was £266 million.

[c]This includes £344,000 of a budget transfer allocated by DFP NI Direct to OFMDFM to cover support for the Central Editorial Team. Provisional Outturn was £303,000.

[d]Approximately £850,000 funding was reallocated to the DRD to improve the city's public realm and parking to accommodate the increase in visitors and improve the tourism offering during the City of Culture celebrations.

[e]This includes £146,000 of a budget transfer allocated by the OFMDFM to cover the Strategic Investment Board (SIB) staff salary costs for project management support provided to DETI on the procurement of this project. Provisional Outturn was £199,000.

Appendix 3:
Summary of 2012-13 Invest to Save scheme

To supplement the Invest to Save funding allocations made in 2011 a third scheme was run in 2012-13 to allocate a further budgetary amount. In June 2012 a letter was issued from the DFP commissioning projects as part of June Monitoring, to implement a £30 million Invest to Save scheme in 2012-13 which would have brought Invest to Save funding in that year to over £100 million. 11 bids for a total of almost £43 million were submitted.

Four projects were selected under the 2012-13 Invest to Save scheme with funds of £23.6 million finally allocated under October 2012 Monitoring.

	Savings anticipated over 2011-15 budget period	Savings claimed to 2014-15[a]	Funding Allocated £ million	Actual Outturn £ million
DHSSPS				
Transforming Your Care & Other HSC savings initiatives	Annual anticipated savings of £25.8 million by 2014-15	Estimated cumulative savings over the 2011-15 budget period are £25.2 million Annual ongoing savings £15.2 million	19.0	19.0
DOE				
Voluntary Early Retirement scheme – Planning Service	Net savings of £2.9 million up to 2019-20	£580,000 saving in first year and £550,000 per annum onwards	2.1	2.2
DOJ				
Consolidation of Contract Management and CCTV facilities	Not completed	Savings not yet been delivered due to slippages	1.9	2.7
E-hoops programme	Not completed	Non-cash releasing savings	0.6	0.1
TOTAL			**23.6**	**24.0**

[a]Savings provided by departments have not been audited

Appendix 4:
Summary of three Northern Ireland Invest to Save schemes including criteria

Summary of three Northern Ireland Invest to Save schemes including criteria			
	2010-11	**2011-15**	**2012-13**
Commissioning letter	December 2009	January 2011	January 2012
Scope	Restricted to the additional savings to be made in 2010-11, as well as in preparation for the next Budget period.	2011-15 budget period	The main aim of the Invest to Save scheme is to realise monetary savings over the remainder of this Spending Review period and into the next.
Type of funding available	Although the available funding is in respect of current expenditure, there was scope for departments to put forward proposals involving capital investment, or revise the existing allocations to reflect a change in expenditure category.	As 2010-11	As 2010-11
Key Drivers	Each proposal will be assessed not only on the ratio of upfront cost to the net present value of future savings, but also on deliverability.	As 2010-11. Although the expectation is that many of the proposals may relate to costs associated with the restructuring or scaling back of services, as with the 2010-11 proposals, the Scheme is not working to a specific definition of "Invest to Save". Instead, the key point is that there should be genuine additional savings with upfront costs kept to the minimum necessary.	The proposals were assessed according to a number of criteria, with the most important being the Net Present Cost (NPC). In summary, the following criteria was used to rank the departmental Invest to Save proposals.

Appendix 4:
Summary of three Northern Ireland Invest to Save schemes including criteria

Summary of three Northern Ireland Invest to Save schemes including criteria			
	2010-11	**2011-15**	**2012-13**
Criteria	1. **Cost and Savings** over the four years and in particular 2010-11 (Net Present Cost) 2. **Use of Invest to Save Funding** - what the ITS funding will used for in terms of redundancy, relocation costs etc. Will there be any recurrent costs? 3. **How will savings be made?** Provide details of the specific costs which will be reduced as a consequence of the ITS project? 4. **Risks to the delivery of savings**	1. **Cost and Savings** over the 2011-15 period (Net Present Cost) 2. **Use of Invest to Save Funding** – what the ITS funding will be used for in terms of rationalisation, programme closure, relocation costs etc. Will there be any recurrent costs? 3. **How will savings be made?** Provide details of the specific costs which will be reduced as a consequence of the ITS project? 4. **Risks to the delivery of savings**	1. **Net Present Cost** The most important criterion is the NPC - calculated as the upfront costs relative to the discounted savings to be realised over the next seven years (2012 - 2020). 2. **Delivery of Savings** 3. **Deliverability within 2012-13** 4. **Impact on Programme for Government (PfG)** 5. **Scalability** 6. **Equality Impacts**

Appendix 5:
Invest to Save project Case Examples

Case Example 1:	**DRD: Roads Structural Maintenance**
Case Example 2:	**DARD: EU Audit Compliance Programme's Land Parcel Identification System (LPIS) project**
Case Example 3:	**DFP: Land & Property Services – Rating**
Case Example 4:	**DHSSPS: Transforming Your Care (TYC) and other Health and Social Care (HSC) savings initiatives**
Case Example 5:	**DHSSPS: Health and Social Care (HSC) Reform and Modernisation programme**
Case Example 6:	**DCAL: Libraries NI redundancy**
Case Example 7:	**DOE: Planning Service Voluntary Early Retirement scheme**
Case Example 8:	**DE: Redundancy – Education and Skills Authority (ESA) related consolidation of administration**
Case Example 9:	**DE: Teaching Redundancy costs**

Appendix 5:
Invest to Save project Case Examples

Case Example 1: Department for Regional Development (DRD): Roads Structural Maintenance

A brief background of the project and its objectives

The Department told us that in 2009 it commissioned a review which recommended that the overall annual Structural Maintenance budget be increased to £108 million at 2009 prices[34]. The Invest to Save funding of £108 million over 2011-15 provided a ring fenced source of funding for Structural Maintenance. The table below illustrates the importance of the Invest to Save element providing on average over 20 per cent of the overall Structural Maintenance budget. The objective was that high levels of sustained investment in Structural Maintenance over a number of years should see a reduction in the funding required for patching.

Structural Maintenance includes:

- **resurfacing / strengthening** – to give a strong, even, skid resistant surface;
- **surface dressing** – seals the surface and restores friction; and
- **structural drainage** – protects foundations.

Split of total Structural Maintenance budget

	2010-11 £ million	2011-12 £ million	2012-13 £ million	2013-14 £ million	2014-15 £ million
Capital (Preventative)	59	89	82	105	82
Resource (Emergency and Reactive patching)	28	32	26	25	16
Total	**87**	**120**	**109**	**130**	**98**
Invest to Save Funding Element	*0*	*26*	*16*	*29*	*37*
	0%	*21%*	*14%*	*23%*	*38%*

34 *"A Review of the Structural Maintenance Funding Requirements for the Roads Service" (DRD September 2009)*

How the project was delivered and progress to date

All of the £108 million funding that was made available through Invest to Save was spent as intended. The Structural Maintenance opening budget (which included the Invest to Save elements) required considerable additional in-year funding to be provided through the in-year Monitoring process and also internal reallocations from within the Department – (£32 million in 2011-12; £64 million in 2012-13; £70 million in 2013-14; and £42 million in 2014-15).

Cost and Savings anticipated and realised in the Invest to Save application

No specific savings were identified at the outset. The DRD presented the case that Structural Maintenance is an ongoing activity with the Invest to Save funded element being only part of the wider project. The DRD view is that the Invest to Save funding provides a certainty of investment in Structural Maintenance which represents better value for money than short-term investment in patching (reactive maintenance).

The department told us that for direct savings to be quantified there would need to be an extensive longitudinal study examining the consequences and costs on non-intervention and that it was not practical to undertake this on a project by project basis. The department estimates that investment in Structural Maintenance produces future savings of up to four times the cost. While small savings in patching have been achieved to date this has more to do with the significant scale of in-year funding rather than Invest to Save which only accounted for relatively small proportions of the total outturns. For larger savings to be made the department told us that there needs to be several years of structural maintenance funding at levels equivalent to those identified through the independently established Structural Maintenance funding plan - £133 million at 2012 prices.

Source: Department for Regional Development

Appendix 5:
Invest to Save project Case Examples

Case Example 2: Department of Agriculture and Rural Development (DARD): EU Audit Compliance Programme's Land Parcel Identification System (LPIS) project

Background to the project and its objectives

The European Commission (EC) conducts periodic audits to ascertain whether DARD, as the paying agency, is complying with the EC regulatory requirements for the administration of the Single Farm Payment scheme and related area aids schemes delivered under the NI Rural Development Programme. Since 2006 audits by the EC and the European Court of Auditors indicated that financial corrections were being applied to the Department due to control weaknesses including the Mapping Systems used to record and determine the area of land eligible for payment of grant aid.

As a consequence, each year from 2005 the EC has either applied or proposed, financial corrections. The confirmed cost of disallowance to date is £78.7 million.

The EU Audit Compliance Programme which formally closed on 13 March 2015 has been a key initiative to enhance the controls required to ensure the correct spend of EU subsidies. The Land Parcel Identification System (LPIS) project is a key component of this, aiming to contribute to improve compliance with EU regulations.

In January 2011 DFP approved the LPIS Business Case which outlined the necessary actions to be undertaken to improve compliance and to reduce the EU disallowance. These centered on improving mapping data on all land parcels within Northern Ireland in relation to: positional improvement, boundary amendments and ineligible area capture; as well as improved aerial photography. In August 2013 DFP approved an Addendum to the original Business Case as project costs had increased from the original £26.7 million to £33.3 million to the end of 2014-15.

How the project was delivered and progress to date

£23.3 million of Invest to Save funding was initially allocated to the wider EU Audit Compliance Programme between 2010-11 and 2012-13. Of this allocation £20.2 million was spent. The LPIS project formed a significant part of the overall programme accounting for over £15.2 million (75 percent) of the Invest to Save funding spent up to March 2013. The LPIS project work continued using other DARD and Executive secured funds of approximately £6.4 million and the total final outturn on the project was £21.6 million.

The main phase of the LPIS project commenced during February 2011 and was completed in November 2014. The work was undertaken in partnership with Land and Property Services. Whilst DARD would have endeavoured to correct its mapping anyway, without the additional injection of funding for the project the controls would have taken longer to improve with the consequence of disallowance at best continuing at five per cent (approximately £15 million) for longer, or even increasing in future years.

In 2010, DARD performed a risk assessment in the field to provide evidence of the level of error attributed to continuing weaknesses in the Land Parcel Identification System for the 2009 year and mitigate the risk of increased EU disallowance. The EC agreed with DARD's assessment of 5.19 per cent and applied a disallowance at this level – approximately £15 million. DARD then undertook further risk assessments for the 2010, 2011 and 2012 scheme year which found risk reducing year on year to two per cent in 2012 – an estimated £6.3 million disallowance.

The position was discussed at a bi-lateral meeting in March 2013 between EC and DARD officials where the improvements in LPIS and their impact on the risk to the Fund were highlighted. Independent assurance has also been provided by the legality and regularity audits in 2011 and 2012. The Commission proposed that the financial correction for the area based schemes in years 2010, 2011 and 2012 will, following action taken by DARD, amount to €2.6 million. This compares with €50.7 million disallowance for the previous three scheme years. This represents a major change and the Commission has recognised the reliability of the Department's controls who have avoided flat rate disallowances. DARD did not challenge the outcome and the decision was formalised at Agricultural Funds Committee on 20 May 2015.

Invest to Save funding and associated estimated costs avoided

DARD estimates that the implementation of the wider EU Audit Compliance Programme, of which LPIS was the key component, will also result in the avoidance of EU fines in the future. Whilst we do not know with certainty by how much the disallowance would have actually increased if the LPIS work had not been progressed and the wider EU Audit Compliance Programme were not completed, it is likely that any disallowances would be significantly greater than the average £15 million per year up to that point. The Department estimates that in the period to 2015, £41.2 million of EU fines have been avoided for three of the years in question (averaging £13.7 million per annum) and significant costs will continue to be avoided as a result of this investment in future years.

Source: Department of Agriculture and Rural Development

Appendix 5:
Invest to Save project Case Examples

Case Example 3: Department of Finance and Personnel (DFP): Land & Property Services - Rating

A brief background of the project and its objectives

The Land & Property Services (LPS) baseline had been under funded prior to the 2011-15 Budget, and the £5 million Invest to Save funding in 2011-12 and 2012-13 enabled the baseline to be set at a reasonable level. This increased the overall funding available to LPS which enabled the collection of regional and district rates to be increased. The objective was to improve collection performance and maintain downward pressure on rating arrears levels. Invest to Save funding ceased at 31 March 2013 but an additional £5 million has been provided to LPS in 2013-14 and 2014-15 through the delivery of additional savings within DFP.

How the project was delivered and progress to date

This allowed LPS to allocate staff resource to priority work to enable the organisation to drive achievement of corporate targets, including increasing rate collection levels. The funding allowed a large number of staff to be diverted to the Rating of Empty Homes Project which identified owners of approximately 50,000 vacant residential properties and the subsequent issue of associated rates bills. The number of properties now where the owner is unknown, sits at just over 2,000. It also facilitated ongoing cleansing of a significant number of rate accounts through recruitment of additional permanent/casual staff and extensive overtime working.

Cost and Savings anticipated and realised in the Invest to Save application

It was estimated that the additional £5 million funding would deliver at least an additional £20 million of rates collected from the 2010-11 target of £980 million. The impact of the additional funding on improving rate collection and stabilising of debt is illustrated in the following table:

Year	Cash Collected £ million	Debt written off £ million	Debt Figure (at 31st March) £ million
2010-11	1,045	15.2	155.6
2011-12	1,084	21.8	160.8*
2012-13	1,126	29.1	168.3*
2013-14	1,159	31.6	162.3

*Rating of Empty Homes debt included.

Source: Department of Finance and Personnel - Land & Property Services

Case Example 4: Department of Health, Social Services and Public Safety (DHSSPS):

Transforming Your Care (TYC) and other Health and Social Care (HSC) savings initiatives

Background to the project and its objectives

The 'Transforming Your Care' – A Review of Health and Social Care in Northern Ireland (TYC) was published in December 2011.

In 2012-13 DHSSPS bid for £19 million Invest to Save funding aimed at supporting the delivery of a number of key elements of TYC alongside HSC savings initiatives. Support was sought in respect of four elements:

- Integrated Care Partnerships (ICPs) £2.8 million;
- Service Changes £4.6 million;
- Voluntary Redundancy/Voluntary Early Release £8.4 million; and
- Implementation Support £3.2 million.

How the project was delivered and progress to date

Delivery of the changes emerging from TYC is ongoing with a 3-5 year timescale envisaged. The 2012-13 Invest to Save monies were a vital element in supporting the initial implementation of the new model of service. In respect of the Invest to Save funded elements, £19 million was provided to the Health and Social Care Board which is charged with the implementation of a broad range of TYC-related actions. The department approved virement of funds across the four areas within the overall financial envelope of £19 million. Delivery of the Invest to Save funded areas are outlined below.

Integrated Care Partnerships (ICPs):

- £2.8 million Invest to Save funding was allocated to secure General Practitioner participation in ICPs and the development of an ICP action plan, and to develop policy and guidance and implementation to allow the recruitment of ICP Business and Clinical Support Teams in 2012-13. Both of these elements were crucial to securing early stakeholder engagement in the ICPs. £2.0 million was spent and 17 ICPs are now established across Northern Ireland. The department explained that whilst there is empirical evidence of better integrated working between the organisations involved, given the medium term nature of the investment no specific savings have been quantified to date.

Appendix 5:
Invest to Save project Case Examples

- The monies were invested to secure full engagement of representatives from all areas of health and social care provision. There is evidence of enhanced local integration of services along with the development of, and approval of proposals for enhancements of services to meet local needs. Work is continuing to secure full roll out of care pathways and to identify and risk stratify those patients deemed 'at risk' and in need of proactive care management.

Service Changes:

- £4.6 million Invest to Save funding was allocated in support of a number of key service change projects including strengthened Percutaneous Coronary Intervention services; support for Stroke service change; and work to build up a Reablement approach to community care.
- £3.7 million was spent on these areas and other service changes continue, enabling delivery of the new model of care which is organised around the individual. An estimated £7.4 million of annual savings have been identified.

Voluntary Redundancy (VR) / Voluntary Early Release (VER):

- £8.4 million Invest to Save funding was allocated to provide staff with the opportunity to avail of VR/VER opportunities.
- DHSSPS approved virement of £1.9 million into VR/VER and £10.2 million was spent enabling 164 Wholetime Eqivalent Staff to leave the service under TYC and other HSC Reforms with estimated annual on-going savings of £4.5 million.

Implementation Support:

- £3.2 million Invest to Save funding was allocated and fully used to support implementation of the overall TYC programme. It enabled project management support for Local Commissioning Groups and Trusts to implement service change; overarching programme support to the HSC Board and TYC Transformation Programme Board, specialist expert advice and staff substitution to support design and planning of TYC service reforms. It has also supported the development of Information Technology enablers. Annual ongoing savings are estimated to be £3.3 million.

Source: Department for Health, Social Services and Public Safety

Case Example 5: Department of Health, Social Services and Public Safety (DHSSPS):

HSC Reform and Modernisation programme

Background to the project and its objectives

DHSSPS anticipated making in the region of 4,000 redundancies in order to live within current budget proposals as part of 2010-11 financial planning. The Invest to Save proposal was to support approximately 1,700 of those redundancies and assumed that the redundancies were compulsory. It was also assumed that if a voluntary scheme could be delivered, this funding would support approximately 1,200 redundancies.

The redundancies would support the delivery of restructuring, which has the potential to bring further cash and non-cash releasing savings in addition to the salary cost savings from redundancies.

How the project was delivered and progress to date

DHSSPS identified the staffing numbers required within the community, primary care and hospital sectors to inform future re-skilling requirements. HSC Trusts then commenced a process of liaising with staff to identify those individuals, whose roles could be affected and who might therefore wish to avail of VR/VER. Individual personal terms were then agreed with staff allowed to consider their options.

It total £69.2 million Invest to Save funding was allocated to HSC Reform and Modernisation programme across the 2011-15 budget period in anticipation of an estimated £113 million savings over the same period.

However the Invest to Save outturn over the period was only £17.3 million (over £50 million less than allocated). See table overleaf.

DHSSPS explained that the scale of the financial pressures especially in the last two years of the budget period required all areas of spend needing to be re-examined, including Reform and Modernisation, in line with budget flexibilities and the need for resources to be focussed on front line services. Consequently expenditure was not incurred in this area to the same level as was intended when the budget was agreed in March 2011 and that the scale of redundancies were not as originally planned.

The “ring fenced” Invest to Save funding was not returned to DFP given DHSSPS budget flexibilities (see paragraphs 2.13 to 2.15)

Appendix 5:
Invest to Save project Case Examples

	Invest to Save Allocation £ million	Anticipated Savings £ million	Invest to Save Outturn £ million	Savings* £ million
2011/12	£12.2		£8.0	£2.0
2012/13	£7.2	£15.2	£5.8	£5.5
2013/14	£26.2	£31.2	£2.4	£9.7
2014/15	£24.2	£67.1	£1.1	£11.2
	£69.8	***£113.5***	***£17.3***	***£28.4***

*Savings provided by departments have not been audited

Source: Department of Health, Social Services and Public Safety

Case Example 6: Department for Culture, Arts and Leisure (DCAL): Libraries NI redundancy

Background to the project and its objectives

Libraries NI was established on 1st April 2009 and sought Invest to Save funding in the 2010-11 scheme to help set up the new organisation structure. Libraries NI needed the funding to allow it to carry out redundancies at senior, middle and junior management posts. The Invest to Save funding enabled them to progress the redundancies at a quicker pace than they would have done through its existing budget.

How the project was delivered and progress to date

It was initially estimated 20 posts would be made redundant during the 2010-11 year with annual savings of between £0.3 million and £0.6 million. The redundancy exercise in 2010-11 cost £1.5 million with £1.4 million Invest to Save funding and the remaining supplied by Libraries NI.

This exercise resulted in 24 redundancies from senior, middle and junior management and the department estimate approximate savings of £2.8 million over the 2011-15 budget period - £0.7 million per annum.

The estimated payback period is approximately two years.

Source: Department for Culture, Arts and Leisure

Case Example 7: Department of the Environment (DOE): Planning Service Voluntary Early Retirement scheme

Background to the project and its objectives

As part of the 2011-15 Invest to Save funding scheme Planning Service applied for £7.7 million to fund a redundancy scheme. This was not successful. In June 2012 as part of the June Monitoring exercise a £30 million "Invest to Save" scheme was commissioned and Planning Service applied for £2.1 million to cover costs of a Voluntary Early Retirement (VER) scheme for Planners. This allowed for a decrease in the total number of Planners employed by NICS with savings in salaries recognised in future years.

How the project was delivered and progress to date

The anticipated savings of the VER scheme were £2.9 million after 7 years based on 40 staff taking up the scheme. The VER scheme was implemented and concluded in 2012-13 at a cost of £2.2 million, fully covered by Invest to Save funding, and with the early retirement of 40 staff.

The department estimates savings to date in salaries of £580,000 in 2013-14 and £550,000 forecast in 2014-15 with recurrent savings in future years.

The estimated payback period is approximately five years.

Source: Department of the Environment

Appendix 5:
Invest to Save project Case Examples

Case Example 8: Department of Education (DE): Redundancy – ESA related consolidation of administration

Background to the project and its objectives

In Budget 2007 funding of £50 million was secured to meet the costs associated with the implementation of the new Education and Skills Authority (ESA) to enable the delivery of efficiency savings through reduced bureaucracy and streamlining of administration services in education. This was subject to delays but the need for funding on an Invest to Save basis was felt critical to enable the associated efficiencies to be delivered.

Following the outcome of the Chancellor's Spending Review in October 2010, in anticipation of the likely constraints in the education budget in the period ahead, the Minister developed an accelerated targeted programme of cost reductions in 2010-11 with a focus on reducing management and administration costs, seeking efficiencies in support services and protecting frontline services as far as possible.

To facilitate this, Invest to Save funding was sought to part fund a voluntary severance programme for the Review of Public Administration affected education sector Arms Length Bodies with each of the organisations invited to bring forward proposals for cost reductions in management and administration, and professional development and support services.

Each organisation was responsible for managing the voluntary severance process at an individual level. The criteria included demonstrating value for money, a payback period of no more than 3.25 years, a reduction in staffing budgets and a corresponding reduction in the full time equivalent staff numbers.

Education Skills Authority Implementation Team carried out a quality assurance role on behalf of the department before final approval by the Department. Organisations were then permitted to make offers of voluntary severance.

Invest to Save funding and associated savings

In 2010 the department applied for £8 million Invest to Save funding anticipating £8.3 million savings by 2013-14. Funding of £6.4 million was provided in 2010-11. Without this funding the scheme would have progressed but not to the same extent. Invest to Save funding accounted for approximately one third of the redundancy scheme in 2010-11. A separate £13 million bid submitted for Teachers' Premature Retirement Compensation was not funded.

Annual savings in relation to the Invest to Save funded redundancies are estimated at approximately £3.4 million and by the end of budget period 2014-15 savings of £13.7 million are claimed. The estimated payback period is approximately two years. The Department's voluntary severance programme was continued in 2011-12, 2012-13 and 2013-14.

Source: Department of Education

Case Example 9: Department of Education (DE): Teaching Redundancy costs

Background to the project and its objectives

Invest to Save funding was sought to support the Department in managing a Strategic Cost Reduction Process. The aims being to assist schools reduce and contain their cost base through a reduction in full-time equivalent (FTE) teaching staff numbers. School based redundancies were also envisaged to help support the rationalisation of the schools estate and, in some instances, to secure necessary improvements in educational provision in schools and beyond. From 2011-12, redundancies have been funded centrally by the Department.

The funding secured was to contribute to the cost of the redundancy compensation payments for teaching posts. Savings were based on the following assumptions:

- Redundant posts would not be replaced;
- Enhanced redundancy compensation would be needed to incentivise volunteers to come forward in the volume required to meet necessary savings

How the project was delivered and progress to date

The criteria included demonstrating that applications demonstrated value for money, a payback period of no more than 2 years, a reduction in staffing budgets and a reduction in the full time equivalent staff numbers. All proposals required sign off by the Employing/Funding Authority.

The role of the Department was to scrutinise the applications and carry out a quality assurance role to ensure that all criteria were met before final approval was provided.

The statutory redundancy compensation for teachers is "up to 30 weeks", dependent upon length of service. The terms of compensation are at the discretion of the "appropriate person", which is the Employing Authority, which for the majority of schools, was the former relevant Education and Library Board* (ELB) / Council for Catholic Maintained Schools (CCMS). In 2011-12, employers agreed to offer twice the statutory redundancy compensation (that is, up to 60 weeks actual salary), which saw 337 teaching posts redundant. In 2012-13, the Minister set aside funding to enable employers to agree to offer three times the statutory compensation payment (that is, up to 90 weeks actual salary). The purpose of this was to encourage more volunteers for redundancy to come forward in order to assist schools reduce their cost base. This saw 663 teaching posts redundant in 2012-13. The terms for 2013-14 were the same as 2012-13. The level of compensation in 2014-15 was "up to 60 weeks", which saw 91 teaching posts redundant in August 2014.

Appendix 5:
Invest to Save project Case Examples

Invest to Save funding and associated savings

As part of the 2011-15 Invest to Save scheme the department bid for £60 million (£15 million for each year) and anticipated savings of £95 million over 4 year 2011-15 budget period.

£20 million Invest to Save funding was provided towards this programme split equally over 2011-12 and 2012-13.

Whilst the programme would have continued without the Invest to Save funding it is unlikely to have been to the same extent or without making further reductions in other priority education services. In relation to the Invest to Save funded element the department estimated savings of £47.4 million over the budget period 2011-15. The estimated payback period is approximately two years.

* On 1 April 2015 the Education Authority became operational and took over all of the roles and responsibilities of the former ELBs in Northern Ireland

Source: Department of Education

Appendix 6:
NIAO Invest to Save fund high level Questionnaire issued to all departments

We would be grateful if you would complete the short questionnaire below on the Invest to Save funding process and supply any relevant supporting documentation.

The aim is to provide us with some high level information on the Invest to Save fund and the specific projects within the Department.

With regards to the projects that were successful in receiving Invest to Save funding, based on information provided by DFP, we have attached separately a summary of projects and planned and actual expenditure to date.

We would be grateful if you could review for completeness and accuracy and update where needed.

In addition please fill in some high level information in the room provided such as:

- Would the project have gone ahead without Invest to Save funding;
- How much was the total Invest to Save funding requested;
- Percentage of project funding that is Invest to Save funding;
- Has the project been completed or when expected?; and
- Has there been any evaluation or measurement of the benefits and/or savings to date or expected?

Briefly outline the process undertaken by the Department to identify potential projects to apply for Invest to Save funding.

Please write comments in box below.

Appendix 6:
NIAO Invest to Save Fund High Level Questionnaire issued to all departments

Briefly outline the monitoring and reporting arrangements in place with regards to Invest to Save projects.

Please include if these are the same or differ from normal monitoring and reporting arrangements in place for example in relation to projects and/or ring-fenced funding?

Please write comments in box below.

Based on your organisation's experience any general comments you may have on the Invest to Save application process would be appreciated. For example: on the bidding process, guidance provided, criteria applied, timescale, feedback etc

Please write comments in box below.

Based on your organisation's experience do you have any comments on how the overall Invest to Save funding process could be improved in the future, any barriers, and/or any best practice or lessons learned that could be shared?

Please write comments in box below.

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Improving Pupil Attendance: Follow-Up Report	25 February 2014
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