EXPLANATORY MEMORANDUM TO

THE PERSONAL EQUITY PLAN (AMENDMENT) REGULATIONS 2007

2007 No. 2120

1. This Explanatory Memorandum has been prepared by HM Revenue and Customs and is laid before the House of Commons by command of Her Majesty.

2. Description

These Regulations amend the Personal Equity Plan Regulations 1989 (S.I. 1989/469) to provide that on the 6th April 2008 all Personal Equity Plans (PEPs) will become stocks and shares Individual Savings Accounts (ISAs).

3. Matters of special interest to the Select Committee on Statutory Instruments

None

4. Legislative background

4.1 These regulations are being made under powers conferred by sections 694 to 696 and 701(1) of the Income Tax (Trading and Other Income) Act 2005 and section 151 of the Taxation of Chargeable Gains Act 1992. The regulations are being made under the negative resolution procedure.

4.2 The government conducted an internal review of Individual Savings Accounts (ISAs) in 2006, and the proposed reforms were set out at the Pre-Budget Report 2006 in the document: "Individual Savings Accounts: proposed reforms". The reforms included transforming all Personal Equity Plans into stocks and shares ISAs. This legislation implements this particular measure.

5. Territorial extent and Application

This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

7.1 Personal Equity Plans (PEPs) were introduced in 1989 as a way of enabling saving in stocks and shares without being subject to tax on any income or gains on those savings. PEPs were closed to new subscriptions in 1999 and replaced by Individual Savings Accounts (ISAs), a tax-advantaged savings account.

7.2 The Government conducted an internal review of ISAs in 2006. Following the review HM Treasury consulted with the ISA industry in the document published at the Pre-Budget Report 2006 “Individual Savings Accounts: Proposed Changes”. It included a proposal that all PEPs became stocks and shares ISAs from a given date.

7.3 This legislation gives effect to that proposal. It states that from the 6th April 2008 all PEPs will be stocks and shares ISAs, and revokes the remainder of the PEP regulations.

7.4 The rules for qualifying investments in PEPs and ISAs are substantially the same, but the Individual Savings Account (Amendment) Regulations 2007 (SI 2007/2119) include provision that investments held within a former PEP which would not otherwise be qualifying investments in an ISA may continue to be held.

7.5 The responses to the HM Treasury consultation were positive, and a summary is published in the Regulatory Impact Assessment that accompanies this document.

7.6 HMRC will issue revised guidance to ISA managers to reflect the updated rules.

8. Impact

8.1 A Regulatory Impact Assessment has been prepared by HM Treasury and is attached.

8.2 The impact on the public sector is negligible.

9. Contact

9.1 Anna Caffyn at HM Revenue and Customs, tel: 020 7147 2855 or email Anna.Caffyn@hmrc.gsi.gov.uk .

ISA Reforms: Final Risk Impact Assessment

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Foreword by the Chief Secretary to the Treasury

The ISB was launched back in 1998 with the first Comprehensive Spending Review to act as a venture capital fund for government, releasing innovation and building up an enterprising, efficient way of delivering public services. The fund intended to bring together partnerships from across central and local government, including frontline staff and third sector organisations delivering services to local communities, and provide the space for new ideas to be tested and to inform improvements to public service delivery and reform.

Almost a decade after the introduction of the ISB, the time is right to review the fund to consider whether it has been a successful mechanism for supporting innovation in public service delivery and to identify what has been learned from the projects within the ISB portfolio.

To date, the ISB has funded over 487 partnership projects worth nearly £460 million and the review includes some of the many success stories from projects that the ISB has supported. However, the ISB's long-term value is in the impact of its successes, and failures, on a wider scale. The review brings together the



t these lessons can be used to encourage cross government in the future.

ANDY BURNHAM MP

Chief Secretary to the Treasury

Executive Summary

Purpose and context of review

a) The overall aim of the ISB is to achieve long-term efficiencies in the delivery of public services through encouraging and enabling public sector organisations to be innovative, take risks and work together in partnership. The ISB has been running for nearly ten years and projects have delivered tangible results and continue to do so as more projects reach their conclusion. This review of the programme is intended to enable conclusions to be drawn on the added value brought about by the ISB in the actual and future delivery of public services.

b) ISB project types vary from pilots, to localised projects and those that have gone through the feasibility study stage but which still have some way to go before full implementation. Earlier funding rounds focused largely on supporting e-government and process redesign to better enable joined up working. Following the 2004 Spending Review, the ISB continued to fund innovation and partnership working, but with a new emphasis on local projects, focusing on local partnerships that strengthen local communities, and with the third sector[1] playing a substantially more prominent role in the design and delivery of services. This was in recognition of the innovative and flexible approach to service delivery increasingly championed by the sector. To reflect this change it was re-branded as the Invest to Save Budget – Inclusive Communities[2].

c) The aim of the review is to assess whether the ISB, up until the 9th annual resource allocation round, has delivered against its key criteria of encouraging partnership working, enabling innovation and delivering long-term efficiencies in public service delivery and to what extent the pilot projects funded by the ISB have been rolled out more widely.

d) The review has attempted to evaluate the difference the ISB has made in the following areas:

- What lessons have been learned from encouraging innovation, risk and joint working within the public sector;
- Whether these lessons have enabled the identification of effective models of service delivery;
- How far these delivery models have been disseminated and more widely adopted;
- Whether the long-term efficiencies in public service delivery and the value for money (VFM) of projects funded by ISB have been successfully identified.

e) The review is divided into two distinct themes:

[1] The Government defines the third sector as non-governmental organisations which are value-driven and which principally reinvest their surpluses to further social, environmental or cultural objectives. It includes voluntary and community organisations, charities, social enterprises, cooperatives and mutuals.

[2] Initially the ISB was a UK-wide scheme. Since the devolution arrangements became operational in 1999, a proportion of the funding has been allocated to the devolved administrations using the Barnet Formula.

1. The ISB as an effective mechanism for investing in public service innovation. The Review looks at whether the ISB model is an exemplar grant funding scheme and identifies the positives and negatives of the processes in place and how effective they have been in gathering the lessons learned.

2. Analysis of the lessons learned for public service delivery and evidence of the value for money/efficiencies generated. This considers:

- The ISB portfolio in terms of how innovation has benefited which services/policy areas
- How far successful approaches have been mainstreamed
- An assessment of the value for money of the scheme
- What lessons have been learned in relation to partnership working
- The extent to which the ISB has promoted more calculated risk taking in Government

f) There have been two previous independent reviews of the ISB[3] and the findings from these are summarised at Annex A. For this review, evidence has been gathered from project evaluation reports, a survey of project managers and a series of interviews with the government departments that have sponsored ISB projects. Evaluation reports for completed projects are available on the ISB website[4]. A paper covering details of all the ISB third sector-led projects is also available on this site[5].

SUMMARY OF KEY FINDINGS

ISB success stories

g) ISB deserves credit for launching projects that have gone on to have a significant impact, for example:

- ONE – piloted a new approach to claiming benefit through requiring claimants to consider their work potential before making a claim. It enabled 70,000 people to find work in one year and heavily influenced the design and roll out of Jobcentre Plus.
- The National Land Information Service – an online system that provides electronic access to land and property information in order to speed up conveyancing. Solicitors report search requests two to five times faster than conventional methods.
- info4local - one-stop gateway which enables local authorities to access the information they need from across government and includes an email alert service which takes information straight to people's desks.
- ORBIT – provided a common computerised bureau service for order processing across government that was rolled out in conjunction with the Government Procurement Card and has resulted in savings of 70% of processing costs per transaction.

[3] The first review of the ISB was commissioned in 2000 and undertaken by SQW Ltd. The National Audit Office (NAO) undertook a review of the fund in November 2002.

[4] www.isb.gov.uk

[5] Invest to Save Budget: Third Sector Projects. HM Treasury. June 2006

- Database for Water and Effluent Service (Watermark Project) provided a benchmark for comparing the efficiency of building facilities and identified potential savings for government of £140 million annually.
- JIGSAW - brought together government services in rural Wales under a network of existing accessible local offices and established an effective "one stop" service. The project has modernised and improved services provided to farmers and those living in rural Wales.
- E-Trade Exchange for Disposals - "MoD Bay" provided an e-trade exchange for the disposal and recycling of MoD surplus equipment to other sectors.

Cross-cutting impact

h) These examples prove the value of such a venture capital fund for the public sector that sits at the centre of government. The ISB has provided an opportunity to test new ways of working in partnership and delivering public services where there are multi-agency or cross-departmental interests. It is unlikely that these projects would have received funding from mainstream departmental budgets yet many have resulted in the proactive mainstreaming of some successful projects, particularly shared IT systems/processes, provided valuable good practice on joining up services and increased the effectiveness of service delivery through working in partnership.

New partnerships

i) The ISB can claim substantial success in providing the space for partnerships of statutory and non-statutory organisations to support new approaches to service delivery that involve a degree of risk. This has been enabled through the structure, process and management of the fund: an open bidding process, flexible funding arrangements, a focus on partnership and sharing risk; the role of senior officials in government departments acting as sponsors to provide advice and support but also to gather and embed learning into policy and service design.

Supporting innovation

j) The ISB has tended to fund projects that are an incremental form of innovation in that a clear majority are focused on improving the delivery of existing services for frontline staff and service users. It has been valuable in providing opportunities to frontline service delivery agents, from the statutory and third sectors, to test new approaches to delivery and to inform wider policy development and service design at a strategic level within central government.

Long-term impact

k) The ISB has provided useful seed corn funding to get some successful and innovative schemes of the ground. However, the scheme has been less successful at capturing the learning and disseminating this. The scheme is reliant on the commitment to individual projects at different levels of government. As a result, this commitment has not been consistent across ISB projects and suggests a more robust mechanism is needed to pursue and embed successful innovation more effectively across public sector bodies. Another key barrier to attaining sustainability is access to continuation funding. A majority of projects, particularly those which are led by Third Sector Organisations (TSOs), face uncertainty in terms of securing long-term funding.

l) The key findings from evaluations and surveys of project managers against the key principles of the funding stream are set out below.

Partnership	
Enablers	**Barriers**
Seed corn funding needed to spend time developing partnerships that can support a new approach, i.e. joining up services	High staff turnover can weaken the partnership
Use of Service Level Agreements or	In general, lack of funding, particularly

concordats which clarify each organisation's role and responsibilities	for community-based organisations, to cover time spent in partnership meetings.
Clear and comprehensive communications strategies	Inadequate communication with the frontline/other community based services around purpose of service and/or how they refer or signpost clients to it
Representatives with the appropriate knowledge and expertise on the partnership	Inadequate understanding/engagement of existing service provision within a community
Use of independent chairs and or advisory groups can assist in resolving conflict and achieving consensus across organisations	
Creation of strategic and operational steering groups to oversee different aspects of the project	
Effective information sharing across organisations	Statutory bodies continue to work with silo-mentality and maintain their focus on specific client groups and services rather than joining up provision or supporting a more holistic approach to clients' problems.

Risk	
Strong partnership approach to managing risk	Statutory bodies continuing to be risk-averse
Senior commitment to project and approach piloted	Legal implications of joining up services, i.e. data protection
Coordination and management of investment at the strategic level, i.e. the centre of government	Staff turnover/recruitment delays
Frontline commitment to approach	Lack of consensus across partners on direction of project/service
Flexibility in funding arrangements to incorporate slippage/change	Lack of commitment at senior/departmental level
	Lack of commitment on frontline
	Negative press and public reaction

Sustainability/Mainstreaming	
Exit strategies allow forward planning	Lack of funding opportunities to upscale successful pilots
Robust benchmarking and continuous evaluation so that successes/failures can be captured early	Lack of resources to disseminate lessons learned and successful approaches adequately
Important to have access to 'pump-priming' investment in order to recruit and train staff and develop appropriate partnership structures	Policy/organisational changes
Senior/departmental commitment	Value of services not widely appreciated: some services considered 'niche', or not value for money as a result
Inclusion on strategic oversight bodies: policy development and service design	

2) ISB AS A FUNDING MODEL FOR PUBLIC SERVICE INNOVATION

Introduction

a) The Invest to Save Budget (ISB) was launched following the 1998 Comprehensive Spending Review with an initial budget of £230 million. This was followed by further allocations of £155 million in the 2000 Spending Review, £70 million in the 2002 Spending Review and £90 million in the 2004 Spending Review. The aim of the ISB was to improve public service delivery through the development of partnership working and the fostering of new and innovative approaches to the delivery of services.

b) The ISB started out as a joint Treasury and Cabinet Office initiative, although in later years evolved to become a Treasury maintained initiative. The fund provides support for projects which increase the extent of joint working between different parts of government and reduce the cost of delivering the services and/or improve the quality and effectiveness of services delivered to the public. ISB project types vary from pilots, to localised projects and those that have gone through the feasibility study stage but which still have some way to go before full implementation.

c) Following the 2004 Spending Review, the ISB continued to fund innovation and partnership working, but with a new emphasis on local projects, focusing on local partnerships that strengthen local communities, and with the third sector playing a substantially more prominent role in the design and delivery of services. This was in recognition of the innovative and flexible approach to service delivery increasingly championed by the sector. To reflect this change it was re-branded as the Invest to Save Budget – Inclusive Communities.

Mechanism for funding innovation

d) In terms of a mechanism for funding innovation, the ISB is a grant-funding stream that intends to support innovative ideas, approaches and projects to become viable. The ISB also goes some way towards creating a mechanism for incubating and prototyping innovation in the public sector. The ISB conforms to a good incubator, in that it provides 'money, advice and general support, and freedom from excessive external pressure and rules.'[6]

e) Innovation is supported through the bidding and application process: broad priorities are specified but the types of approach or service are not subscribed. All projects are expected to explore new territory, either in the shape of new partnerships, services, processes or clients and to be clear about the risks involved in taking such an approach. A majority of the projects within the ISB portfolio could be described as crosscutting and usually represent several statutory organisations working in partnership across their respective remits to pilot a new service or approach to delivery.

f) A grant-funding stream that sits and is administered at the centre of government provides useful strategic endorsement of the approaches that are piloted, as well as ongoing oversight of the projects, all of which must have sponsors within the relevant policy divisions of central government departments. The latter play an important role in capturing the value of, or mainstreaming, successful innovation where appropriate. In terms of cash flow, because ISB funding is ring fenced within the central Reserve, allocated funds are not vulnerable to budgetary pressures within departments. ISB is also supportive of innovation because it allows the funding to be used flexibly, with full End Year Flexibility (EYF), so projects can better incorporate slippage as a result of recruitment delays etc.

"Projects are proud to receive ISB funding – the fact that the project approved by the Treasury gives it more weight particularly when it comes to rolling the project out more widely". (feedback from a third sector organisation at the ISB conference June 2006)

[6] Innovation in the Public Sector – Geoff Mulgan and David Albury. October 2003.

g) In terms of its management and administration processes, the ISB is a good example of best practice in grant funding, particularly in relation to the third sector. With reference to the principles set out within official Treasury guidance on the appropriate funding of the third sector[7], the ISB scores highly with regard to providing a fair and stable funding relationship with a proportionate approach to risk management, monitoring and audit embedded within the process.

How ISB scores against the principles set out in the Treasury's Guidance to funders and purchasers

Stability in the funding relationship

- Projects receive funding for up to three years
- Where objectives have not been met within this time, or slippage has occurred, funding can be carried over to accommodate this.

Balance of risk and timing of payments

- Timing of payments is agreed between departments and organisations at the beginning of the project

Fairer funding and proportionate risk management

- Projects are encouraged to cost their bids as realistically as possible (bidders are asked to provide fully costed options for projects going forward on a smaller scale, where possible).
- Applicants are asked to provide a full economic appraisal of their proposal which assists in making informed decisions about the cost effectiveness of proposals against their stated objectives/anticipated outcomes.
- Funding is not outcome based. Projects must set out clearly how they aim to meet their stated objectives, the risks involved and their approach to collating and disseminating the learning from their approach.

Reducing the burden of bureaucracy

- Light-touch monitoring: six monthly progress reports
- Evaluation report at the end of the project

h) Capturing and incorporating innovation does require a scaling up of successful projects in order that its value is incorporated into the design of public services. The ISB was set up to enable the lessons learned from projects to be captured through the monitoring and evaluation process and the structure of accountability in place, particularly the involvement of senior sponsors in the relevant policy directorates across departments. The online ISB database also provides an accessible source of learning from the various approaches that have been piloted.

i) Previous reviews of the ISB undertaken in 2000 and 2002[8] found some success in promoting the wider recognition by departments and agencies of the importance of innovation as

[7] Improving financial relationships with the third sector: Guidance to funders and purchasers. HM Treasury. May 2006.

[8] The first review of the ISB was commissioned in 2000 and undertaken by SQW. The National Audit Office (NAO) undertook a review of the fund in November 2002.

part of the process of improving public services. They also found some evidence of a greater understanding of the risks associated with innovation and the value of partnership working[9]. Weaknesses were identified in relation to the programme's success in gathering evidence from evaluation and sustaining the benefits of successful approaches.

Application process

j) The short and simple first stage of the two-stage application process, along with the provision of feedback at an early stage, saves time and allows organisations to manage resources more efficiently. Projects are asked to set out their methodology for quantifying the cost benefits of their approach at the beginning of the project. Unlike other funds, the ISB does not have constantly moving targets when it comes to evaluations and reporting and therefore does not shift expectations and requirements or change methodologies.

k) There is usually an open, competitive two stage bidding round starting with the expression of interest (EOI) stage. This is simple, less time consuming and saves organisations the expense of preparing a full bid at the outset. These are assessed and EOIs that do not meet the set criteria are not taken forward. Those successful at the EOI stage are invited to submit a full and detailed bid.

l) The level of information sought is the same across the board regardless of size of funding required or type of organisation applying for funding. All bids must provide 25 per cent match funding to ensure commitment of partners to the bid and increase the likelihood of sustaining successful projects.

m) Bids are judged on a number of criteria, for example:

- Each project should provide an innovative means of improving service delivery in the sectors involved (though not necessarily a means which has not been tried elsewhere, ISB seeks to fund projects that provide new solutions or services)
- Every project should be quantifiably more efficient in terms of processes and costs than existing methods, and or can demonstrate through qualitative measures, an increase in effectiveness;
- Each project should demonstrate that it is additional to those activities which the Government should be funding out of existing budgets;
- Each project should show evidence of partnership working across public, private or third sector organisations to ensure that the value of differences of approach, or organisational culture, can impact on delivery.

n) Bids are assessed by relevant central government policy departments and the ISB Unit within the Treasury and then passed to an independent ISB committee for their approval. A final package of recommended 'winning' bids is then sent to the Chief Secretary to the Treasury for approval.

	ISB Bidding Process
Description	Detail
Expression of Interest (EOI) Period	Organisations are invited to submit expressions of interest to the relevant government department . Departments then submit the most innovative, crosscutting proposals to HMT.

[9] The Invest to Save Budget. Report by the Comptroller and Auditor General. HC 50 Session 2002-3003: 22 November 2002. National Audit Office.

Expression of Interest Assessment Period	Expressions of Interest are assessed by HM Treasury and Cabinet Office in consultation with relevant government departments.
Decision on Expression of Interest	ISB Committee sits to consider assessments and compile final package of projects who will be invited to submit full bids. Chief Secretary of the Treasury approves final package.
Formal Bid Process	Projects notified of assessment results. Formal bids invited.
Formal Bid Assessment Period	Bids are assessed by HM Treasury and Cabinet Office in consultation with relevant government departments.
Decision on Successful Bids	ISB Committee sits to consider assessments and compile final package of projects. Chief Secretary of the Treasury approves final package.
Projects Notified of Results	Projects notified of assessment results.
Final Results Announced	ISB committee sits to decide on winning package. Sign off by CST. Announcement of winning bids.

o) A slightly different process was introduced for the 9th bidding round. There was less resource to allocate in this round than in previous ISB rounds, making it essential that the remaining resources were targeted to meet the needs and priorities of local communities. Local Strategic Partnerships were invited to endorse one business case per local authority area. All bids were required to fit with locally agreed priorities and involve and evidence partnership with the third sector. Submitted applications were then assessed by the relevant government department and HM Treasury's ISB Unit.

p) Where bidding rounds were oversubscribed, which they frequently were, decisions were sometimes taken to provide some bids with less funding than the full amount sought so as to maximise the number of projects financed by ISB. However, this would only happen where projects could viably proceed with a smaller budget. Bidders were therefore asked to specify what the project could deliver if they secured 75 per cent of the funds sought.

Appraisal criteria for ISB projects

General: The extent of partnership working, the specificity of the objectives, and the additionality of the project (i.e. the extent to which it would not have proceeded in the same form or on the same timescale without support from the ISB).

Financing: Financial contribution from partners being 25% or more of eligible costs; compatibility of the capital/current expenditure mix of the bid with the balance of available resources.

Innovation: Extent of innovation and the likely difference it will generate; the risks involved relative to the potential gains; potential for roll-out.

Benefits: Degree to which users have been consulted and nature of their reaction; likely benefits to end users; quantification of benefits and cost savings; and estimation of time period over which they will accrue.

Appraisal, monitoring and evaluation: Robustness of the economic appraisal and the realism of the assumptions underpinning it; satisfactory monitoring arrangements and procedures for evaluation.

Accountability and audit: Satisfactory arrangements for accountability and audit.

q) The ISB provides a full and detailed easy to interpret online guidance including clear and concise proformas, FAQs and advice on the key elements to submitting a successful bid.

r) When an ISB funding bid fails, feedback is provided promptly, and as a matter of course, to highlight the reasons why it has failed and enable the bidders to learn the lessons.

Monitoring and Evaluation

s) Projects which are successful in securing ISB funding are required to produce the following key documents:

- An Implementation Plan at the outset of the project.
- Six monthly progress reports.
- An interim evaluation at the mid-point of the project.
- A final evaluation six months after completion of the project. This should be done by someone external to the project, but may be done by someone within the same organisation.

The final evaluation requires the following to be considered:

- Have the objectives been achieved in terms of quality, quantity and time?
- Is the achievement measured against a valid baseline of the position at the start of the project and what would have happened otherwise?
- To what extent was the achievement the effect of external factors?
- If achievement is difficult to measure directly, are their suitable surrogate measures?
- Have the inputs been made according to planned amounts, timing and quality?
- Has the project provided the most cost effective solution for achieving the objective?
- What steps are planned to disseminate the conclusions of the evaluation to other bodies?

t) When funding ISB projects, it is accepted practice that there is an agreement over what the funding is for, that there are regular updates on whether the project is achieving what it said it would, and that there is a final evaluation to assess whether the funding was well used.

u) As far as departmental financial accountability is concerned, the formal submission of an implementation plan to the ISB can stand in place of any contract or agreement, and the six-monthly progress report as the regular updates. In terms of an evaluation, this is a specific requirement of the ISB. The projects must set aside funding to assess their success or otherwise.

v) Projects are monitored and audited through a specialist online reporting system which is accessed through the ISB website[10]. Each project manager, their partners and departmental sponsors, are given access to the system. Progress reports are completed online and their sign off is administered through an online authorisation process. The system was introduced to encourage the monitoring process to be as efficient and straightforward as possible and to enable appropriate oversight and audit across a number of organisations across local and central government.

ISB Online Reporting System

The reporting system enables projects to record a URL (website address) for their project on the ISB database and asks for detailed profiles of expenditure. Project managers also are able to seek new/additional partners for their project. Reports are transmitted to departmental sponsors and the ISB Unit.

Project Managers need to complete a monitoring progress report every April and October via the ISB website. To complete progress reports drop down menus with headings and text boxes are used to provide relevant information. Once completed they are passed on to authorisers via the Internet. Email alerts are sent to project managers and authorisers one month and one week before they need to complete their progress report.

A 'Narrative' box is available for project managers to complete helping to explain the aim of the project. This narrative will appear when a search is done on the system and project details appear on the screen. This helps to attract other interested parties who may wish to develop the project further.

w) Feedback from both project managers and departments has been mixed on the usefulness of this system and whether it is 'user friendly'. Feedback from one department pointed to the potential usefulness of a more staggered approach which would result in less monitoring for smaller projects with budgets of less than £100,000. This might be a good approach where clear outcomes had been agreed at the start of the project, but the ISB is as much about learning about the process involved in trying something new as what is achieved at the end. As such, the monitoring requirements hope to capture where barriers to change or effective joint working occur. This assists projects and their sponsors in making changes to the approach and learning from these throughout the life of a project.

x) Although the vast majority of projects have managed to use the system correctly, one big concern is that the high turnover of individuals involved in projects results in periodic confusion over how the system works, delays in the reporting process and errors in the information submitted. Technical glitches have also resulted in inconvenience, not always short-lived, for projects. The ISB Unit within Treasury have had limited capacity to provide comprehensive

[10] www.isb.gov.uk

training sessions for project managers, although they have done as much as possible to ensure that the process runs smoothly.

Evaluation

y) The success of the ISB should be measured in terms of the value of the lessons learned from the many investments made and, crucially, how and whether their success or failure has been captured by HM Treasury, sponsoring departments and beyond.

z) Evaluation and dissemination is a fundamental part of embedding successful innovation and promoting the value of taking some risks and investing in new approaches to service delivery. Evaluation reports are intended to determine whether the forecast service delivery benefits have been realised and to enable successes and failures to be disseminated to potential funders and policy makers across Government. This is particularly important in the case of any projects piloting new forms of service delivery and for third sector organisations that are vulnerable to short term funding arrangements.

aa) To date, 47 percent of projects in the ISB portfolio have been evaluated. Evaluation reports have varied in their approach and quality. Generally they are lacking in quantification of the efficiencies generated and point to the need to secure longer-term funding in order to properly evaluate the long-term outcomes. Many report a lack of clear benchmarks being set at the beginning of their project which has meant that quantifying the value of their service has been difficult.

bb) Good evaluation mechanisms are embedded within the project from the beginning so that the early benefits and achievements can be promoted.

Robust evaluation: Capital Volunteering

Capital Volunteering is a pan London programme which tackles issues of mental health and social inclusion, through volunteering. The lead partners are CSV (Community Service Volunteers) and the London Development Centre, and other key partners include a wide range of local voluntary and community organisations, employers, local authorities and NHS trusts.

The project aims to:

- Encourage and develop service users' identity as citizens engaged in their society by encouraging and facilitating people with severe and enduring mental health problems to volunteer and to be active in their local communities
- Support the recovery and improve the quality of life for people with serious mental health issues
- Reduce recourse to hospital/emergency/crisis care

The principles of Capital Volunteering include:

- Valuing service users as people who have skills, knowledge, and time to contribute to their local communities
- Building projects and activities around service users' interests and passions
- Championing and investing in projects for black and minority ethnic service users, and for refugees and asylum seekers
- Working with local partners to transform vocational services and support

The approach taken includes:

- Developing a range of different projects and initiatives, in 11 boroughs across London
- Devolving the management and delivery of the programme, so that projects are locally owned and developed
- Sharing learning and innovation across the programme
- Building evaluation into the programme from the beginning, and commissioning an independent evaluation of its health, social and economic impacts

A variety of quantitative and qualitative methods are being used by the Institute of Psychiatry to evaluate the impacts of this approach. These include:

- The Client Socio-demographic and Service Receipt Inventory (CSSRI) will be used to examine the impacts of Capital Volunteering in key aspects of the economy through measuring the number of contacts service users have with health and social care services over a period of time.
- The Resource Generator-UK (a model that has been tested widely for UK populations) will be used to measure an individual's access to social capital backed up by evidence of individual contact with informal social networks and support.
- The General Health Questionnaire (GHQ12) will be used to measure the change in depression and anxiety over short periods of time.
- The SF-12 Health Survey which is a measure of health-related quality of life in physical functioning will also be incorporated

Finally, the Global Assessment of Functioning Scale (GAF) will be used by interviewers to rate current psychological, social and occupational functioning on the basis of their response to the above questionnaires.

Role of departments in capturing the lessons learned

cc) All projects are expected to identify a senior official, usually at Director level, within the relevant central Government department to act as sponsor for their project. This person is chosen because of their strategic position and their ability to influence the design and commissioning of future services in the relevant policy area. They are expected to drive forward the implementation of successful approaches.

dd) ISB Champions are the officials within the department, usually within departmental finance units, that coordinate the progress reporting and payments for projects. Arrangements differ across departments but in the main, they are responsible for liaising with project managers and policy staff within their department to ensure projects are on track and payments can be authorised.

ee) Consultation with both project managers and departmental sponsors attest to the importance of securing the strategic endorsement of projects within central government departments to the long-term success of the project. In fact, it is only where this support has been consistent across the life of a project and therefore embedded within the policy development framework, that the value of projects has been captured and successful approaches mainstreamed within service design. As such, there has been mixed success in terms of the value of the departmental sponsor with many projects floundering through their lack of input. Departments report that certain rounds have been more conducive to their engagement, particularly where there have been broader criteria in place and therefore a better fit could be made between departmental strategic priorities and the expressions of interest submitted.

ff) One of the most notable outcomes of the ISB's investment in projects involving the third sector has been the opportunity it has provided these organisations to get involved at the strategic level and to influence policy development and service design within central government. As one department sponsor put it "the policy lessons have been invaluable as have the strengthened relationships between third sector organisations and the department which have resulted."

Working in partnership with the third sector: Building Futures, Narrowing the Gap, WorkOut

These projects were a result of DWP taking a very proactive approach as part of ISB Round 7. This was the first year in which the department was encouraged to work in partnership with the third sector to address some of DWP's key employment targets for ethnic minorities and other marginalised groups.

DWP's Ethnic Minority Employment Division organised a seminar event for third sector organisations in order to explain the ISB process, DWP's strategy and to encourage expressions of interest. A group of DWP officials drawn from policy, operations and finance reviewed the resulting 12 expressions of interest they received and recommended that three were suitable to sponsor. They were all awarded funding. DWP worked closely with all three to develop their bids and their project implementation plans.

These projects have provided an opportunity to develop and expand the links between the public and third sector in delivering high quality services to those who seldom use mainstream services. The gains have not been one-sided and DWP report the benefits experienced by third sector organisations in focusing their effort on aiding people into work. These include new partnership links across a number of organisations that previously viewed each other as rivals and practical capacity building for staff and organisations.

The aims of these projects include:

- Testing new ways of collaborative working between the third and private sectors to provide employment support to Ethnic Minority communities including career development once in work;
- Piloting a region-wide community based ethnic minority and faith group partnership to improve access to jobs for adults with the lowest employment rates - people of Bangladeshi and Pakistani origin; and
- Working closely with the Criminal Justice System (CJS) to help ethnic minority prisoners and their families make the transition from prison to jobs to reduce re-offending rates and keep families together.

Evidence of the strategic impact of these projects includes:

- The Narrowing the Gap project has an employer diversity strand that provided the basis for a successful bid for a contract with Jobcentre Plus to deliver training to employers across England and Wales.
- All three projects report to and disseminate good practice through the DWP's Ethnic Minority Advisory Group (EMAG). Two out of three project directors are among EMAG's 22 members. The Partners' Outreach for Ethnic Minorities was modelled on the ways of working developed in Narrowing the Gap and Building Futures for successfully engaging, motivation and getting jobs for hard to reach ethnic minority women.

- The Building Futures project has a well-established capacity-building strand to help its third sector partners to deliver to private sector standards. Its private sector partner also coaches and up skills third sector advisers of whom many have left to take up fulltime employment.
- Narrowing the Gap has fed into work on the Muslim Engagement Action Plan (MEAP). Lead partners were used to provide two seminars on issues surrounding Muslim Graduates as part of the MEAP work.
- WorkOut and Jobcentre Plus (JCP) advisers work together in prisons with men and their families and on release. This has helped JCP offices to ensure the right benefits are paid and avoid over payments that have to be recouped from salary. The project also brings prison officers, the probation service, National Offender Management Service and Jobcentre Plus together with volunteers and voluntary sector workers to provide cross-government solutions.

The role of the Treasury in capturing the lessons learned

gg) The ISB programme was intended to provide a mechanism for disseminating lessons learned, whether good or bad, across Government. The Treasury has used a number of different methods to disseminate the lessons learned from the projects in the ISB portfolio:

- Conferences and seminars have been held as a way of showcasing various projects and to share learning. Discussion panels, chaired by experts in the field, and covering key policy areas, have enabled learning from experienced ISB projects to be shared. The conferences also provide networking sessions for organisations conducting or aiming to run ISB projects. To date, there have been six conferences with attendance in the region of 400 - 500 at each. All of the conferences have received positive feedback from those that participated.
- Workshops have been organised around the country on various themes. These have brought together similar projects to share their experiences to attendees from across the public and third sectors.
- Articles covering the ISB and its projects have been placed in various publications with a public sector audience.
- The ISB website[11] has a searchable database which lists the projects in the ISB portfolio alongside a brief description of each project and an email link to the contact so that lessons can be shared and partnerships can be developed.

hh) The table below highlights the work undertaken by the ISB Unit to disseminate the learning from the fund.

[11] www..isb.gov.uk

ISB Dissemination

January 2001 – Workshop "Social Welfare in Pursuit of Partnership" held in Leeds showcasing ISB project to around 50 delegates.

March 2001- A four page pamphlet promoting the ISB published.

March 2001 – The first national ISB conference "Invest to Save Budget" held at Church House in London, attended by over 250 delegates.

April 2001 – Workshop "Virtual Service; Making it real" held in Bristol, showcasing ISB project to around 50 delegates.

June 2001 - Senior Civil Servant Conference "Taking it to the top" held at the Institute of Mechanical Engineers, London.

September 2001 – Workshop "Social Welfare in Pursuit of Better Service" held in Birmingham, showcasing ISB project to around 50 delegates.

October 2001 - Seminar for the Private Sector "In at the outset" held at HMT.

October 2001 – The second National ISB conference "Joining forces" at the QEII centre in London, attended by over 300 delegates. The first ISB awards are given to 'Prisoner's Passport', 'Info4local', 'Schools Out' and 'Wolverhampton Bereavement Centre'.

Dec 2001 - Internal 2002 Spending Review Seminar: How the Invest to Save Budget (ISB) can contribute to the evidence base.

January 2002 – Workshop "Working for Business, Working with Business (with DTI)" held in Manchester showcasing ISB project to around 50 delegates.

June 2002 – The third national ISB conference "Sharing Success, Improving Service" held in London attended by over 400 delegates.

October 2002 – The fourth National ISB conference "Supporting Innovation" held at the ICC in Birmingham attended by over 400 delegates.

May 2003 – The fifth National ISB conference "Inspiring Delivery" held at the Brewery in London attended by over 500 delegates. The second ISB awards are given to "Watermark", "Karrot", "Time for Citizenship" and "Joint emergency Call Handling"

May 2003 - Inspiring Delivery booklet published

March 2004 – The sixth National ISB conference "Ideas into Action" held at the Brewery in London attended by over 500 delegates

March 2004 – Ideas into Action booklet published

June 2006 – Third Sector ISB conference held at HM treasury

June 2006 - Third Sector Projects booklet published

ii) Small compared to other funding streams of its size and scope, for example Futurebuilders or the Big Lottery Fund, the ISB Unit comprises just two full-time members of staff. Although the process and monitoring of funding is light-touch compared to other schemes, this has been managed successfully within existing resources.

Summary

jj) The ISB can claim substantial success in facilitating the space for partnerships between organisations within the public, private and third sectors to support new approaches to service delivery that have a higher degree of risk attached. This has been enabled through the structure and management of the fund: an open bidding process, flexible funding arrangements, a focus on partnership and the role of the central government departmental sponsor. However, the evaluation of investments made could have been more robust if both sponsors and the Treasury had enforced the importance of benchmarking and ongoing evaluation from the start to the end of projects within the portfolio.

3) THE ISB PORTFOLIO

a) The ISB has completed nine annual resource allocation rounds. To date it has funded some 487 projects at a cost of £460 million across the public sector and third sector. A full breakdown of the priorities for each of the ISB spending rounds can be found at Annex B. The chart on page 26 provides a breakdown of the ISB projects by policy area and illustrates the huge variety of the projects funded.

b) A United States survey[12] of innovation in the public sector found that innovation:

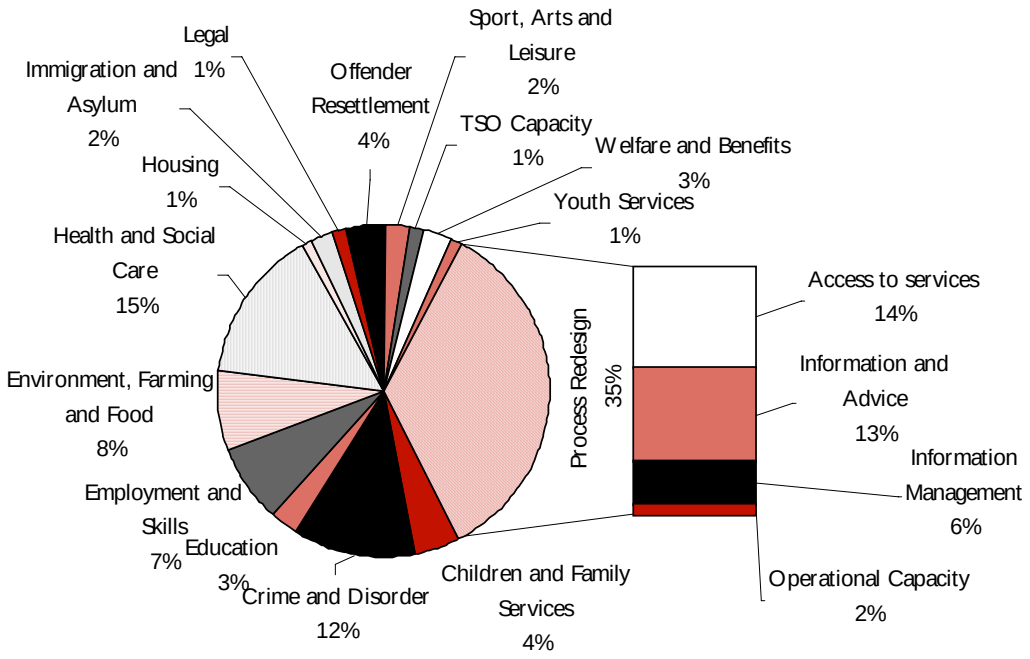
- Is initiated by frontline staff and middle managers (50 per cent)
- Cuts across organisational boundaries (60 per cent)

c) These findings are reflected in the projects within the ISB portfolio. The ISB has taken a devolved and targeted approach to funding, focussing resources in areas where there are gaps in the provision of services by front line organisations, rather than 'reinventing the wheel'. As such, ISB resources are focused on improving the delivery of services for frontline staff and service users and therefore the projects themselves are often led and shaped by frontline organisations, including those from the third sector. A significant portion of ISB projects benefit frontline organisations and their staff directly through process improvements which streamline delivery or result in more efficient joint working.

d) The ISB's emphasis on partnership working has encouraged the funding of projects that have a cross-sector or cross-departmental resonance. A majority of ISB projects cut across traditional departmental remits and this is evidenced in the large number of projects that benefit communities as a whole, usually through the better provision of information and advice on a range of services, rather than specific client groups.

[12] The Challenge of Innovating in Government, Sandford Borins. February 2001.

Projects by policy area



Source: ISB Project Implementation Plans

e) In terms of the innovative projects supported by the ISB, these fall mainly within two categories:

f) **Incremental innovation**: This relates to relatively minor changes to existing services or processes[13]. Most ISB projects fall within this category of innovation.

g) **Radical innovation**: This relates to the fundamentally new ways of organising and delivering a service. This may result in marked improvement in performance in relation to others in the sector, may involve significantly different modes of working and can alter expectations of customers and users.[14]

[13] Innovation in the Public Sector. Geoff Mulgan and David Albury. October 2003.

[14] Innovation in the Public Sector. Geoff Mulgan and David Albury. October 2003.

Examples of ISB projects creating innovative new services (radical)	
Project	Innovative element
'Change of address project'	New pilot web-based service allowing people to tell government when they have moved - DWP now developing a similar service through the government gateway
'Empowering parents'	Produced a CD-Rom called 'Parenting Wisely' to teach parenting skills for the parents of young children
'Accessing services under one roof' (Bdirect)	Establishing a one-stop-shop in the city centre of Bradford for benefit and employment advice
'Leicester Wet Day Centre'	Recognised need to reduce street drunkard behaviour by creating co-ordinated support services

Examples of ISB projects with innovative new modes of delivery for an existing service(s) (incremental)	
Project	Innovative element
'Joint Initiatives for Government across Wales'	Restructuring the Common Agricultural Policy Management (CAPM) Division, creating new IT system and one-stop-shops
'Electronic Regulation Service (ERS)'	Department of Trade and Industry (DTI) and Small Business Service (SBS) project to join up regulatory information and services electronically to make them more accessible to businesses
'Joint emergency call handling'	To provide a world class emergency communications centre to bring together emergency call handling services

h) The independent review of the ISB in 2000 recommended that the ISB should focus on fewer policy areas where interest and responsibility was shared across departments[15]. The ISB, in later rounds, has set out priorities for funding but has always encouraged departments to lead in submitting innovative new proposals.

i) The NAO review of the ISB suggested that the ISB should focus more on the barriers to improving services rather than improving delivery or access to existing services[16]. Although over a third of the projects in the ISB portfolio are focused on process redesign, the remaining 65 per cent are focused on improving the delivery of existing services to users, increasingly by incorporating

[15] Programme Evaluation of the Invest to Save Budget. Final Report to HM Treasury. SQW Ltd (in association with MORI). May 2002

[16] The Invest to Save Budget. Report by the Comptroller and Auditor General. HC 50 Session 2002-2003: 22 November 2002. National Audit Office

approaches championed by the third sector, and therefore building the quality and scope of existing services delivered by statutory bodies. However, this aspect of the ISB portfolio has also led some departments to admit that some projects ought to have been funded from their mainstream budgets.

e-government and process redesign

j) Because ISB funding supports partnership working and efficiency in service delivery, over a third of the projects within the ISB portfolio are focused on e-government as an enabler of joined up services and greater efficiency. These projects do not focus on specific policy areas but on testing a generic process design applicable to a range of services across policy areas.

k) The 2005 target for e-government was a prime driver for many ISB projects. Projects have applied information technology to improve services in the following ways:

- Through the introduction of e-services which allow customers to interact with organisations in a more flexible, time-efficient way
- Using Information Communication Technology (ICT) to bring together sources of information and advice so that communities are better informed of the services available to them, their rights and how to exercise them
- Bringing together existing information held by separate organisations so that it can be used more efficiently within and across organisational boundaries to better inform back office and frontline service delivery
- Developing new ICT processes and procedures to increase operational capacity so that organisations can increase their output

l) The ISB's value from investing in innovative service delivery has provided government at all levels with valuable opportunities to test out new partnerships and technologies that have streamlined processes to generate efficiencies. Due to the risks inherent in testing new technology, not all of these approaches have been successful. However, the value gained from successful projects has benefited, and has the potential to benefit, multiple departments, agencies and frontline staff and the lessons learned from those that are unsuccessful have value in their potential to inform future IT design.

e-government

The ISB has supported a number of successful projects looking at improving the operational capacity of and generating efficiencies for government through greater use of ICT and e-commerce.

e-Disposals - an e-trade exchange for the disposal and recycling of used or refurbished items from the Disposal Sales Agency (DSA is an agency of the Ministry of Defence) to other sectors. The facility provides secure access over the internet by authorised disposers, contractors and clients. e-Disposals is the DSA's website which allows the Agency's contractor organisations to advertise and sell surplus equipment. Customers can also declare their surplus stores through the web based declaration form. The service prompted The Mail On Sunday (19th February 2006) to call the site "MoD BaY". The site has benefited from good publicity and a steady increase in web traffic which has also resulted in increased activity at the DSA's Contractor websites and an increase in the level of their day-to-day business. The success of the site has also been recognised internally with continued accreditation by Defence Security Standards Organisation (DSSO), and recognition by DSSO of the quality of the security measures implemented on the website. The DSA is now a regular exhibitor at the Office of Government Commerce (OGC)'s EXPO and DSA's annual exhibitions in London and Cardiff respectively.

ORBIT (Order Requisition Bureau using Information Technology) - established a common computerised bureau service for public bodies in the UK to exploit e-commerce techniques in order processing. Piloting of the system in Northern Ireland allowed DWP to re-engineer its supply chain for printed material and reduce budgets in this area from £29 million to £15 million per year. The system was also flexible enough to adapt to the advent of the Government Procurement Card (GPC) that was embedded into the electronic processes thus enhancing the potential reduction in transaction costs. An independent study revealed that the use of the system in Northern Ireland to process orders when combined with the GPC produced savings of some seventy per cent of costs per transaction. The published and audited savings are in excess of £30 million to date. Such was the success of this path-finding project that OGC replicated the facility providing the service to departments across the UK.

The **National Land Information Service -** an online system that provides electronic access to land and property information in Great Britain. Through a central property database, the National Land and Property Gazetteer has broken new ground by licensing a number of private sector intermediaries to develop and operate a web-based service on behalf of government - electronic conveyancing. This information is held by a number of different organisations including over 400 local authorities, national parks, Land Registry, the Coal Authority, the Environment Agency and water companies. The total number of searches processed on this system to date is over 10 million in England and Wales. Partners in this project include HM Land Registry and Ordnance Survey.

info4local - one-stop gateway for local authorities. This project provides a one-stop gateway for local authorities to get quick and easy access to information they need on the web sites of government departments and agencies. Over 65 departments and agencies/NDPB's regularly contribute data to the site and more are joining. The site has a searchable archive with summaries of more than 7,500 publications and over 900 related links. The twice-daily e-mail alert service takes information straight to user's desktops in local authorities saving up to 50 minutes a week and substantial savings over a year.

Joined up services

m) While the first round of funding focused predominantly on central government, it was recognised that the full benefits of the programme would be exploited only if projects were supported across the wider public sector, including local authorities, health authorities and others. This opened up the prospect of partnerships based on a wide range of permutations between service deliverers. As such, the projects since round one are much more innovative around joining up existing, and new, services to meet the needs of customers and clients more effectively whether that is nationwide, local communities or specific groups of people and individuals. Since the rebranding of the ISB as the 'Inclusive Communities Fund', the aim has been to make a real, beneficial impact on people's lives, for example, through opening up public services to the deprived and disadvantaged in ways that have not been accessible before. A majority of projects since 2004 have been locally based.

n) In response to key Government priorities, particularly around the joining up of children and family services, the introduction of choice and contestability in health and social care provision and multi-agency approaches to tackling crime and disorder, projects around these areas and user groups were supported in later rounds. With the emphasis on the role of the third sector in service delivery, preventative approaches to tackling the problems associated with social exclusion and community support services have been the latest elements in supporting a joined up approach in these areas, as have projects that have tried to engage disadvantaged groups more effectively, for example through creating better job opportunities for BME groups, new immigrants and people with mental illness. The key service areas in which ISB investment has been channelled are as follows:

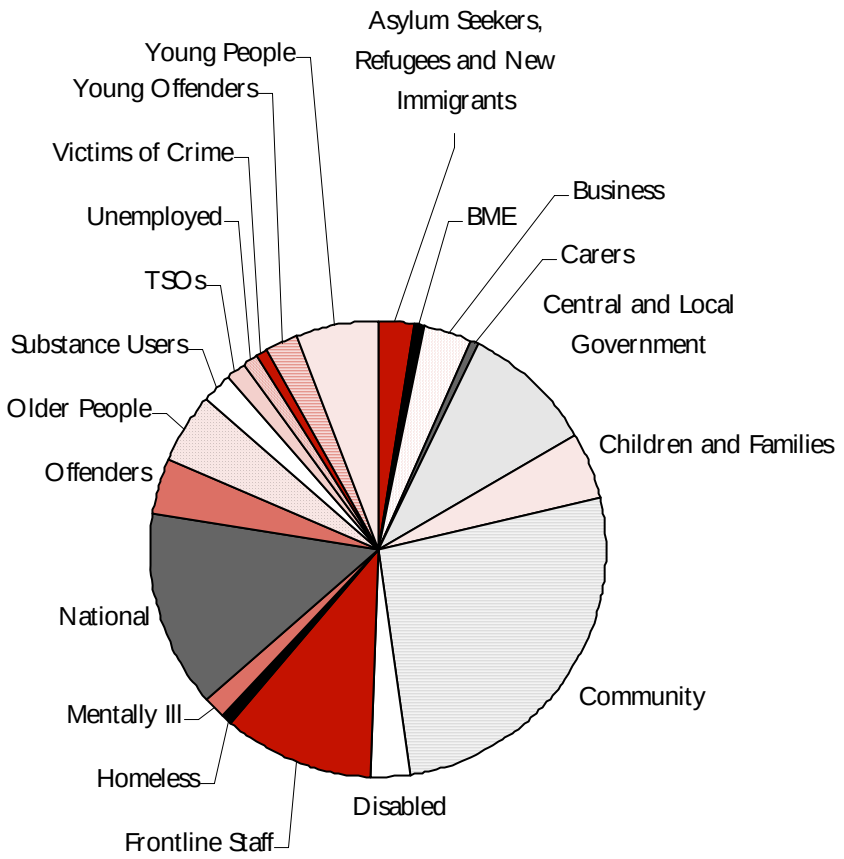
- Health and social care services
- Children and families services
- Employment and skills
- Information and advice

o) In the main, what these projects are attempting to achieve include the following:

- Flexible and holistic service delivery
- Complementing or enhancing the 'standard' approach.
- Taking preventative approaches to social problems with the aim of reducing the pressures and costs of recourse to statutory services,
- Facilitating access to services for particular groups and communities through the provision of independent advice, mentoring and advocacy support.

p) The trajectory of cross-Government priorities that the ISB has helped support is reflected in the breakdown of user groups targeted by ISB projects in the chart on page 31. The bulk of those who have benefited reflect the heavy focus on process design that has been the prevailing hallmark of ISB projects and many have a national or community focus. A large number of projects are geared towards improving delivery both for those working in back office (central and local government) locations and frontline staff.

Chart 1.1 ISB projects by customer/client group



Source: ISB Implementation Plans

Information and Advice: Medway Positive Parenting Network

The Positive Parenting Network provides 24-hour access for families to up-to-date local family support information from over 100 organisations. The service has 1,600 registered users.

The Network aims to provide a communications medium through which local services can network, promote their services and provide support to parents directly, including those who choose to remain anonymous. An essential purpose is also to inform and support all frontline workers in contact with families so that they may in turn provide up to date and appropriate information to people they meet.

Medway Positive Parenting Network is part of an integral part of Medway's planning and delivery of the Information Sharing and Assessment agenda and Preventative Strategy. A team of three staff are based in Medway's Healthy Living Centre – Sunlight Development Trust, which supports the cross-agency working central to the project.

These staff provide:

- A website – www.medwayppn.org - network of over 100 local agencies from statutory and voluntary sectors offering advice, support and information to families and practitioners 24 hours a day;
- Training and support to staff within partner agencies to enable them to publish and add content to their individual 'weblets' within the Positive Parenting Network;
- Outreach work to local black and minority ethnic organisations, groups and individuals to support representation on the Positive Parenting Network.

How far have successful projects been mainstreamed?

q) For most successful ISB projects, the steps to realise wider benefits are taken as part of the project's natural development. Projects are seen within the partnership as key to modernising mainstream working or services and to meeting central government priorities.

r) Some successful projects have gone on to become mainstream business within their partnerships. This makes them attractive to budget holders in departments and/or opens up the way for new partnerships with the private and third sectors. The case studies throughout this report provide good examples of ISB success stories and showcase the range and scope of projects within the ISB portfolio that have added value to public services and achieved efficiency savings across the public sector. A more detailed analysis of all projects within the ISB portfolio can be found on the ISB website.[17]

s) Not all ISB projects will be sustained beyond the pilot period, but those that are not can still provide valuable lessons. For example the VINTAGE project, which aimed to provide older people living anywhere in the county with a single telephone information point, charged at local

[17] www.isb.gov.uk

rates, did not attract sufficient calls to be cost effective but would have done better if it were more closely linked with the work of other organisations targeting needy groups.

t) Another good example is the Early Detection of Dyslexia Project, which was sponsored by DfES. The approach involved applying advanced military technology to develop an early diagnostic tool for childhood dyslexia based on recognised visual indicators. The project found that this assessment alone would not provide a conclusive means of arriving at a diagnosis but might be used to gather further data to help validate visual theories.

u) Since 2004 and the rebranding of the scheme to focus on services delivered by the third sector, most of these projects are ongoing and their evaluations outstanding. However, feedback from departments is largely positive on the potential of these projects. One department reported the benefits of projects focused at the edges of mainstream service provision and the opportunity the ISB had provided for the department to experiment with small-scale pilots using a range of different partners and providers. It was acknowledged that mainstream budgets would not allow for these sorts of projects, largely because the return on investment was not guaranteed. It was acknowledged also that the scope for mainstreaming or scaling up such approaches was limited and that their value was more in their ability to inform and add to the toolkit of good practice surrounding particular service areas.

v) Third sector organisations report the value of receiving the ISB investment as providing them with the means for scaling up their approach or service and undertaking the 'groundwork' needed to become more sustainable. This manifests itself in a number of areas:

- Valuable training and recruitment of new and existing staff;
- Support for the work with key partners to arrive at a consensus on a shared approach to service delivery;
- Developing shared information resources which assist joined up services and the gathering and sharing of best practice; and
- Embedding the value of TSO-led non-statutory services, i.e. mediation, mentoring, volunteering within mainstream statutory services, and as a result, increasing the likelihood of them being mainstreamed, or attracting continuation funding.

w) A key barrier to attaining sustainability is access to continuation funding. A majority of projects, particularly those which are led by TSOs, face uncertainty in terms of securing long-term funding. Projects report that there is often a need for potential funders to see clear evidence of whether the project works before making any funding commitment. However, since funding must be sought in advance of current funding running out, this can be problematic and projects that are at pre-evaluation stage, face the prospect of folding before sustainable funding can be secured. This is not unique to the ISB and, as reported in the CSR Third Sector Review consultation, access to sustainability funding is an issue for the majority of TSOs who rely on grant funding. [18]However, attempts to mitigate this are implementing robust sustainability strategies from the outset and incorporating a system of ongoing evaluation throughout the life of the project so that the early benefits and achievements can be promoted. ISB funding incorporates the costs of undertaking this work.

x) As mentioned earlier in the report, it is not enough for projects to be successful. The key to their achieving recognition and informing practice is the commitment from departmental

[18] Consultation feedback on the review of the future role of the third sector in social and economic ʳegeneration

http://www.hm-treasury.gov.uk/media/C/9/3rdsector_consultfeedback.pdf

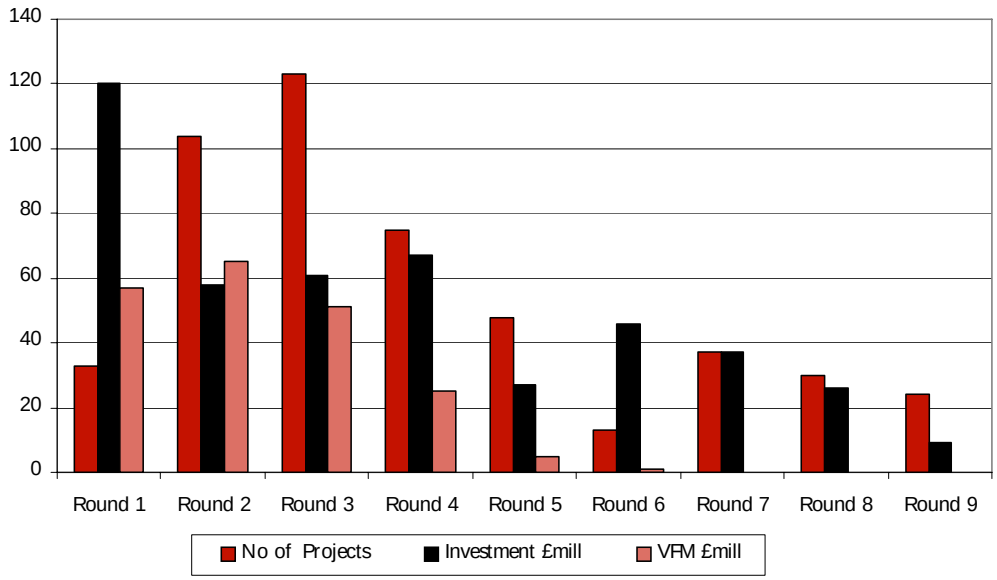
sponsors to leverage the lessons learned. This was reflected in the comments from one department who felt strongly that grant making was not an effective way of developing replicable policy, that good policy is made by careful planning, exploratory research and analysis. The majority of projects that have been successfully mainstreamed have been fully integrated with the policy development process within their sponsor department. One of the weaknesses of the ISB has been that these links have not always been clearly established from the beginning or maintained throughout the life of a project.

y) In terms of policy and practice, the lessons learned from the ISB portfolio vary across the board. The ISB has taken a devolved approach and given the impetus to departments and local funders to draw on the learning from individual projects to inform their policy development and service design, particularly in relation to improving access to existing services. There are some notable success stories and these have mainly resulted from the convergence of the strategy and delivery elements of public services at central and local government level that ISB funding has helped to facilitate. The rolling out and embedding of successful innovative approaches on a larger, sustainable scale has only been achieved with the longer-term commitment of resources and investment from the relevant government department.

4) VALUE FOR MONEY

a) A key theme of the ISB is encouraging public bodies to take risks and invest in new approaches that may, if successful, generate efficiencies in public services. However, it is important to remember that because the ISB was created to encourage risk-taking to inform service design, not all projects have generated a return on the investment made. The value for money (the return on the investment made minus costs) of the scheme can only be established from projects that have been evaluated to date. This represents just over a third of the ISB portfolio.

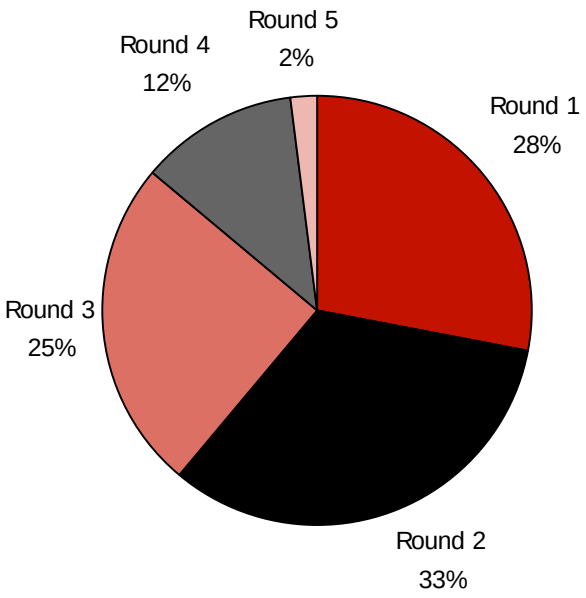
Value for Money (VFM) of ISB



Source: ISB project evaluation reports

b) Looking across the entire ISB portfolio, of the 200 of the 487 projects funded, about 41 per cent of the portfolio has been evaluated from the first 6 rounds. It appears from the evaluations received that the extent and methodological quality of approaches to quantification vary considerably across the ISB portfolio. For Rounds 1-3, the ISB investment equated to £235 million and the return on this was £173 million. The total quantified value of the evaluated schemes to date is around £200m with 86 per cent of this naturally coming from the first three rounds. The projects that have been maintained should continue to generate a return on this initial investment which indicates the value for money of the scheme has been substantial.

Total VfM as percentage of funding allocated by round



Source: ISB project evaluation reports

c) A majority of the schemes, about 67 per cent, that have been evaluated to date can demonstrate a clear impact on what they set out to achieve, whether it is service delivery or efficiency savings. Of the rest, projects have achieved their objectives in part and have drawn useful lessons from these. There is a very small group of projects that have actually failed to deliver their objectives and there has been no return on the investment made.

d) It is still premature to attempt to draw conclusions on the overall level of benefits and savings being generated by the ISB. However, although a majority of ISB projects are still ongoing, the current review demonstrates that the additionality of ISB projects is generally high. It is likely that, if successful, these projects will generate a return, in terms of efficiency savings or improvements to services, on the investment made.

Additionality

Joint Initiatives for Government Services Across Wales (JIGSAW)

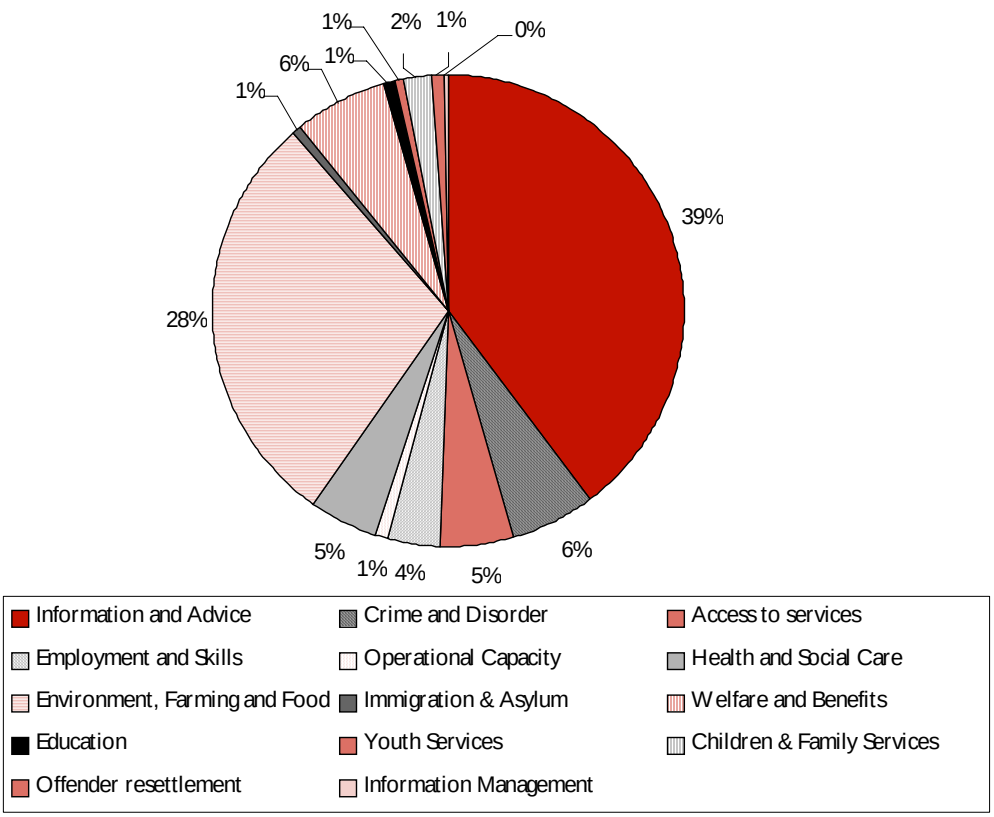
The Joint Initiatives for Government Services Across Wales (JIGSAW) project was led by the National Assembly for Wales Common Agricultural Policy Management (CAPM) Division to support the modernisation and improvement of services that the Assembly provides to farmers and citizens in rural Wales.

The project was set up to improve the efficiency of the delivery Common Agricultural Policy (CAP) payments to farmers in Wales because the existing system was resulting in poor systems controls and late payments, and therefore was at risk of disallowance under EU regulations.

The bid document for this project considered whether the project could proceed in the same form or same timescale without ISB and concluded that it could not. Without ISB, the Assembly would have made some improvements to the system but the IT system and supporting business processes would have remained vulnerable to disallowance and would have been costly to maintain.

The ISB project involved the introduction of a new IT system, setting up 'first stop shops' and most significantly, it involved restructuring parts of the CAPM Division to improve and increase the services provided to their customers. The scheme has resulted in £1 million per annum (20%) process cost reductions and 85 fewer staff working on CAP payments. The system enabled all payments to be made on the first day of payment window for the first time ever. A survey indicated that 95% of customers felt that the service had improved.

VfM by policy area



Source: ISB project evaluation reports

e) The ISB's value from its investment in innovative service delivery often proves to have a long- term impact with the affects largely felt on front line organisations. The largest benefits to date are in the Information and Advice, Environment and Welfare and Benefits policy areas, which reflects the priority areas for the first three rounds.

Performance Improvement Action Teams (PIATs)

These projects aimed to do the following:

- To provide Performance Improvement Action Teams (PIATs) to Local Authorities. These teams will support Local Authorities to drive up standards of Housing Benefit and Council Tax Benefit administration and improve security of the system with a view to minimising incidences of fraud and abuse.

Efficiencies were generated in the following ways:

- By working with local authorities that had just been inspected, they helped to accelerate the implementation of inspection report findings and recommendations
- By working with local authorities who had not been inspected, they helped to improve performance before it deteriorated, therefore preventing the need to inspect

Evidence of value for money:

- The original target of £9 million savings was exceeded by more than £1 million
- DWP has continued to track financial impact and this is estimated to now stand at around £100 million.
- By 2005, the service was supporting 67 local authorities. Demand for the service has continued to grow and more than 200 assignments have been completed in over 150 local authorities

Customer satisfaction has consistently remained very high and the service has been so successful that DWP decided to continue funding, **"This is testimony indeed to the success of PIAT and ultimately, to the ISB initiative itself" DWP Official.**

f) Earlier resource allocation rounds were largely concerned with e-government projects and harnessing its impact on process redesign in these service areas. Departments point to the advantages of investing in the earlier e-government projects because of the greater likelihood of their rollout. This is largely because a large investment is required upfront to create and test the technology. Where successful, a much smaller investment is then needed to mainstream new systems across organisations. This is reflected in the statistical analysis of the VFM accrued from rounds one and two. In these rounds, the initial investments were significantly larger than in later rounds but the consequent value for money was more easily quantified.

g) Generally, the quality of evaluation of projects has varied and the quantification of benefits and costs is not as robust as might have been expected. Increasingly, as projects have become more locally based and led by community-based organisations, the value of these services is largely qualitative rather than quantitative and consequently more difficult to measure in terms of the efficiencies gained. Over the years, the ISB has placed greater emphasis on robust evaluation and the outcomes of these latter projects should provide useful learning for future investment in the preventative and holistic approaches to social exclusion that many of these projects are focused on. However, the ISB would have benefited from a greater commitment to, and coordination at the centre, of the gathering and disseminating of evidence gathered from successful and unsuccessful projects. This becomes more challenging where projects are community focused and locally based.

5) PARTNERSHIP

a) Partnership is a key component of innovation in the public sector. It is key because of its association with "espousing 'joined-up' government, which refers to both integrated frontline service, often facilitated by information technology as well as inter departmental policy developments to respond to inter related social problems."[19] Partnership working and joint service delivery are fundamental to the public service reform and efficiency agendas and are concepts that are readily bought into. However, how both are brought about in practice can be hard work and time consuming. Partnership development is a key requirement in the process of ISB project design and implementation.

b) The first evaluation of the ISB, in June 2000, found that ISB was very successful in promoting partnership working[20]. The recently published review by Sir David Varney into public service transformation, made reference to the ISB and the value of using ring fenced challenge funding to support partnership working[21]. Feedback from ISB project managers attests to the value of the ISB in providing the seed corn funding to develop new partnerships that can support a new approach to service delivery.

[19] The Challenge of Innovating in Government. Sandford Borins. 2nd Edition. 2006

[20] Programme Evaluation of the Invest to Save Budget. Final Report to HM Treasury. SQW Ltd (in association with MORI). May 2002

[21] Service transformation: a better service for citizens and businesses, a better deal for the taxpayer. Sir David Varney. December 2006

The extent of partnership effectiveness

Risk Data Sharing Project: to reduce the number of preventable serious incidents involving individuals with mental illness by sharing key risk information across the agencies involved in their care and the agencies dealing with offending behaviour:

- Delivered significant benefits in terms of crosscutting partnership working and protocols for sharing information on individuals with mental illness, which will be fed into national guidance for dealing with such information.
- Very effective partnership working as some of the partners had worked together in the past
- Previous experience had taught the partners the importance of identifying common aims and working together to achieve them
- Some partners have increased their capacity to deal with high risks.
- Roll out across London scheduled for 2003.

Access to Archives: this project provided the means of remotely accessing descriptions of millions of historic records from archive collections across England and being able to conduct a single search across all the catalogues from one source via the World Wide Web:

- This project had a large partnership with 229 organisations involved.
- Good management structure – central team comprising of steering group of 12 members who met regularly and a separate stakeholders group with wider membership.
- Partners who were previously unsure about joined up approach are now more enthusiastic about working in partnership.
- Have learned new skills and improved communications.
- The formation of regional consortia has enabled dissemination of experience beyond the core partners.

c) The partnerships established as a consequence of ISB funding often involve partners that have limited experience of joint working. However, once established, they tend to experience fewer difficulties than anticipated and it is not often the case that problems cannot be addressed and resolved.

d) Some ISB projects developed radically different services with objectives that varied significantly from the conventional activities of the partners. The risks associated with these innovative projects included:

- Possible misunderstanding of the problem/need;
- Disagreement between partners about the objectives;
- Technical experimentation that might not be accepted by all partners; and
- Delays and uncertainties created by the difficulties of establishing acceptable protocols.

Project: Early Intervention Equals Timely Prevention

The objective of the project was to develop a multi-agency approach to reducing the number of repeat victims of crime in the St Helen's area based upon the development of a shared database common to all local partners. The database operated through a central server enabling information to be accessed by each agency simultaneously (and updated regularly from the agencies involved). The agencies can intervene alone or jointly with the aim of preventing crime and reducing it's social and economic impact.

Based upon the experience of the partners involved in the project a number of factors behind successful partnership working can be identified for:

- Having a common purpose and objectives
- Appropriate seniority and experience of those involved
- Clearly defined roles and responsibilities in relation to project management
- Commitment by home agency to secondment and related resources
- Effective project management support (both in relation to the technical and wider organisational issues) and a focus on consensus building
- Adequate time provided to generate, define and agree common solutions based on a clear understanding of each agency's needs and capabilities.

e) Structures that have assisted effective partnership working, enabling innovative working to get off the ground, manage risk and reduce inter-organisational conflict, include:

- The appointment of independent chairs or advisory panels to partnerships in order to mitigate organisational interests and provide useful expertise/experience.
- Ensuring that there are steering groups in place for both strategic and operational oversight of the project and that they meet regularly.
- Having Service Level Agreements and/or concordats in place can assist in clarifying the different roles and responsibilities of each organisation and what is expected from them.
- Representatives with the appropriate knowledge and expertise on the partnership.
- Clear and comprehensive communications strategies.
- Effective information sharing across organisations.

f) These features, and others, which are common to many of the ISB partnerships, reflect the essential features for effective partnership working identified by the Public Services Productivity Panel[22]. These include the need for balanced representation with both senior decision-makers and those with on the ground experience, effective conflict resolution mechanisms, transparent processes and clarity of objectives and responsibilities for those involved.

g) Things that have impacted negatively on the efficacy of partnership working, and in particular where working with TSOs, have been issues around staff recruitment and high staff

[22] Working Together: Effective Partnership Working on the Ground. Public Services Productivity Panel. April 2002.

turnover. Lack of consistency in the personnel involved in projects inevitably impacts on the productivity of the partnership.

h) As mentioned earlier in this report, one of the most notable outcomes of ISB has been the opportunity it has provided to frontline and third sector organisations and their services to get involved at a strategic level and to influence policy development and service design within central government. Both third sector and officials within central government report the value of this two-way learning from different perspectives and experiences of service delivery.

Time Together – Nationwide Refugee Mentoring

Time Together is a Nationwide Refugee Mentoring project to set up 23 mentoring projects across the UK providing up to 2550 refugees with volunteer mentors. Mentors provide each refugee with one-to-one support in developing English language skills, improved understanding of British culture, greater self-confidence and assistance in gaining employment. Refugees' employability is enhanced further by placing them in volunteering opportunities where they can contribute their skills to the host community. The project also promotes positive images of refugees in the media, helping to break down barriers between cultures and promote community cohesion, generating positive media coverage worth over £1 million so far.

TimeBank is the charity responsible for managing the project and they are working closely in partnership with the Home Office Immigration and Nationality Directorate (IND). The partnership has operated smoothly and the mutual benefits so far include:

- A project board meets quarterly to ensure delivery of the project is being managed by TimeBank
- While Home Office is accountable for the project, TimeBank has developed the delivery strategy and tendered this out to locally based organisations in order to adapt to local needs
- IND has provided frequent support and been involved in the assessment of each of the franchise partners as well as assisting TimeBank in devising an effective monitoring and benchmarking scheme and working with the organisation to move forward with their sustainability strategy.

Impacts on service design and provision include:

- Time Together has used an innovative "social franchising" approach to successfully replicate the mentoring scheme to different locations
- Time Together has informed the shape of refugee integration services and the concept will become mainstream by April 2008

"ISB has certainly provided the department and partners with the opportunity to pilot and fine-tune innovative approaches to migrant integration which have formed the foundation of longer-term projects" Home Office official

6) RISK

a) Risk is synonymous with innovation and accepting and managing risk goes hand in hand with supporting new ways of working. The ISB was set up in an attempt to encourage the public sector to be less risk-averse and more open to taking risks where the potential benefits of piloting a new approach were significant. Projects incur different levels of risk depending on whether they embody incremental or radical approaches to innovation. The majority of projects are incremental in that the service or approach piloted is largely complementary to an existing service and aims to tailor it more effectively to meet the needs of specific users or improve access to a range of services or support. A small number do embody the radical approach. Examples of both are in the following table:

Examples: Risks associated with innovation in delivery of existing services

Joint Emergency Call Handling: to bring together the emergency call handling services of the Cleveland police, ambulance and fire emergency services in one communications centre. Risks included:

- co-operation and commitment from three partners (all three senior "champions" moved on to new jobs)
- bringing together organisations with different cultures / working conditions
- setting up the structure for the centre (in practice this was difficult and at one point the project faced potential strike action from a trade union)
- shifting of the national policy context within which they operate
- getting it right on the ground

Barnsley Information Gateway: to establish a common source of shared information for agencies in the health community. Risks included:

- failure to recruit and retain the right staff
- finding solutions to security and confidentiality issues
- cultural resistance to new working practices e.g. setting up multi-disciplinary teams
- individual resistance to the introduction of new technology
- selecting, procuring and implementing the required systems including the potential delays in agreeing contracts/partnerships arrangements with the private sector and delivery targets being met
- delays in assembling the funding package

b) The case study below provides useful learning in terms of the impacts of ineffective risk management.

Primary Care as a Community Resource: project to provide advice, support and referral to a range of statutory and voluntary services within six GP practices across Doncaster	**Learning on risk management from other ISB projects**
• The lack of a clearly defined role for the Advice Support Workers (ASWs) and the difference in the role seen by partners did not help in the communication of the role to patients and practice staff; • The success of the project was hindered by the failure to appoint a full-time project manager at the start of the project. • Referrals database: the system has been described as "excellent", but usage is still low and there is qualitative evidence that people are confused over the use of the system. There is also considerable reluctance by GPs to use a system that is seen as time-consuming, as well as a lack of computer literacy from some other practice staff. • Previous evaluations of similar projects have made it clear that fully educating practice staff on the role of advice workers is crucial for success, and the under- utilisation of the ASWs can probably be largely explained by the lack of such education. • Publicising of the service to patients and the community was also poor. Although posters were placed in GP surgeries, this was well after the project commenced.	• Agreement and clarity between all parties at an early stage as to what the project is about is vital. • Access to appropriate client groups often relies on good partnership arrangements and effective referrals processes being in place with statutory bodies – these take time to establish and get right. • Early consultation with frontline staff can avoid unnecessary delays later on. • Effective communications strategies must be agreed between partners and apply to people at all levels of participating organisations as well as service users. • Training and awareness raising for partner organisations, particularly those involving front line staff/practitioners, should be factored into project plans. • Recruitment needs to be considered and contingency measures put in place in case appropriate staff cannot be retained or appointed.

c) The ISB encourages varying degrees of risk taking depending on the scale or level of innovation and partnership experience for each project. The ISB process requires organisations to produce risk management plans and build these into their project plans. This allows organisations to anticipate any likely changes in direction and to consider alternative methods of delivering their

project. For most ISB projects, the objective is to increase the efficiency or the effectiveness of delivery of existing services. The major risks for such projects are in:

- Managing the technical risks of restructuring information, changing IT interfaces and systems, and/or merging classification protocols;
- Addressing training issues for staff who need to use the new systems;
- Recruitment delays;
- Integrating the different cultures of the partner organisations;
- Handling the procurement process in harmonised ways;
- Establishing trust to share information between partners; and,
- Dealing with legislative, data protection and security issues in ways that acknowledge the common agenda of the project rather than the distinct objectives of the partner organisations.

Risks associated with joined up service delivery

One Stop Shop Service Access Facilitator

This project had non-conventional objectives and was very effective in bringing partners together to establish and jointly manage a service which brings together support services for a 'new' group of needy people who did not previously receive any specific service provision. The main risks included:

- Organisations working outside of their administrative areas of responsibility
- Potential for lack of ownership
- Non-availability of partners due to their other work commitments
- New high demand for services beyond their capacity to provide for this group
- Risk of losing cultural coherence between partners and going back to a 'silos' approach
- Confidentiality issues - need to establish trust to share info between partners

d) Feedback from consultation with third sector organisations as part of the CSR Review of the Third Sector in Social and Economic Regeneration includes the feeling amongst some TSOs that funders load all responsibility for risk on those they fund[23]. This is also backed up by research undertaken by ACEVO in their report, Surer Funding[24]. The ISB, because of its focus on partnership, encourages risk management to be less focused on paperwork and reporting against targets and more about good communication mechanisms and effective joint working across organisations at both the strategic and operational levels. Where partnerships are working well and

[23] Consultation feedback on the review of the future role of the third sector in social and economic regeneration

http://www.hm-treasury.gov.uk/media/C/9/3rdsector_consultfeedback.pdf

[24] Surer Funding: ACEVO Commission of Inquiry Report. Research by the New Philanthropy Capital. November 2004.

good communication mechanisms are in place between partner organisations, risk has been more effectively managed.

e) The ISB tackles the burden of funding compliance through a ‘light touch’ monitoring regime as part of which projects complete progress reports every six months. As part of this process, organisations can report any slippage to their projects, the reasons for these and how they will be mitigated. Funding which has been unspent in one year can also be rolled forward to the next which gives TSOs and their partners important flexibility when managing common risks around recruitment and the training of staff.

7) CONCLUSION

a) The ISB has been successful in providing a mechanism that supports innovation, risk and joint working across the public sector. Grants awarded through the ISB have provided seed corn funding for new approaches to service delivery to get off the ground. Where commitment to these projects has been made through the endorsement from HM Treasury and through sponsorship at central departmental level, the space has been provided for projects to take risks and develop new partnerships with a range of other service providers.

b) The ISB has tended to fund projects that are an incremental form of innovation. A clear majority of projects are focused on improving the delivery of existing services for frontline staff and service users. The services themselves tend to be led and shaped by the frontline, including third sector, organisations. The ISB's value from investing in innovative service delivery has provided government at all levels with valuable opportunities to test out new partnerships and technologies that have streamlined processes to generate efficiencies within existing services. One weakness of this is that it may, on occasion, have funded projects that ought to have found funding within mainstream budgets.

c) The success of the ISB in terms of the identification of effective models of service delivery has been mixed. Because of the focus on innovation and risk, projects will not always be successful. However, a clear majority of projects report meeting their objectives and report useful learning. Again, how far successful models have been scaled up or good practice disseminated and more widely adopted has been dependent on the role and commitment of departmental sponsors. The Treasury's ISB Unit is committed to disseminating and sharing the lessons learned through conferences, workshops, publications and the ISB website which provides a publicly accessible database of the projects funded.

d) Where projects have been mainstreamed and learning disseminated, the ISB has proved the potential for efficiencies to be gained from taking some risks and investing in innovation. There has been a significant return on the investment granted, particularly in relation to e-government and process redesign initiatives that were supported in the earlier funding rounds. For later funding rounds that are focused on qualitative improvements to services, largely to communities and individuals who are deemed outside of mainstream provision, evaluations are forthcoming and a different assessment of their benefits will be required to establish their value. This will be a key challenge for the ISB over the next few years and will test the viability of a funding stream managed by central government which is focused largely on local outcomes.

e) Probably the greatest value of the ISB has been the opportunity it has provided to frontline and third sector organisations and their services to inform policy development and service design within central government at a strategic level. Both third sector and officials within central government report the value of this two-way learning from a different perspective and insight into service delivery. ISB has enabled a range of organisations to come together and support innovative approaches, to manage risk collectively and to learn from this experience.

1)

INDEPENDENT REVIEWS OF THE ISB

Interim evaluation, August 2000

a) SQW Ltd reviewed ten projects from the first funding round and indicated a number of areas where the cost effectiveness of funding and the management of projects could be improved.

Follow up evaluation, May 2002

b) The follow up evaluation was based on a survey of over 200 project managers and 130 project partners and a more detailed assessment of 35 projects from funding rounds one and two. The report found that the programme management issues highlighted above had not been fully addressed

c) Evaluation found that ISB had initiated innovative projects through emphasis on incremental rather than radical innovation and on service delivery methods rather than service content. It had stimulated more effective partnership working and had a positive impact on the culture of risk-taking that was likely to persist beyond the end of a specific ISB project. Evaluation suggested emphasis should be on innovation with partnerships as a useful but not essential enabler for this.

Review recommendations	Action taken
Major concerns about the ISB management and effectiveness of the programme and the potential roll out of lessons learned needed to be addressed even with lower budget levels.	HMT agreed and ISB funding SR2002 was at a lower level.
Management of the ISB portfolio needed to be more proactive in promoting sound risk assessment taking action with projects in difficulty and facilitating the roll out of successful projects.	HMT agreed but considered that the need for contingency best met by the lead department which should also assess whether a report should be rolled out or mainstreamed. Inclusion of comprehensive risk assessment and identified actions to mitigate them became a requirement for applications. All projects required to produce risk management strategies as part of their project's implementation plan.
A reduction in the numbers of projects funded focusing on key policy themes would help the ISB Unit manage the programme.	HMT agreed to re-visit the scope of ISB funding but considered that priority areas should be determined by departments.
The proportion of the ISB funding of a project should be proportional to the extent of innovation and risk.	HMT agreed –majority of projects 75% funded.
There should be clearer objectives for project management responsibilities within lead departments, tighter project monitoring and reviews at key stages in a project's development and better management information on what	HMT agreed to look at ways to improve the information on projects.

projects have achieved.

NAO Review November 2002

d) The review team looked at ten projects to assess how they had been selected and managed, and whether they had delivered service benefits and efficiency gains. Eight of the projects looked at were e-government/process related. Two of the projects were about joined up delivery and the piloting of a new service (Bdirect and ONE).

e) Report found that:

- Projects had fostered better working together by organisations, departments, agencies and local authorities;
- There was less evidence of what the programme had achieved in terms of tangible outputs;
- Less thought had been given to how the key lessons from the projects should be disseminated. This raised the risk of duplication of effort and additional costs.

Review recommendations	Action taken
Focusing ISB support more on tackling the key barriers to improving public services. Departments should focus more on identifying the barriers to improved service delivery and ensure that the projects they propose are better targeted to identify how those barriers could be tackled in new and innovative ways.	Decisions taken in later rounds to set out clearer priority areas in bidding criteria where gaps in provision or access concerns had been identified.
Providing more support for managers responsible for innovative projects. One way of achieving this would be to circulate the results of ISB projects more systematically, ensure that they are easily accessible as well as making it simpler for those involved in successful projects to be consulted to share both good practice and knowledge of risks requiring careful management.	The ISB online database was created so that learning from projects could be better shared. The ISB Unit has also organised a series of conferences and publications to celebrate the successes of funded projects. Much of the responsibility for the gathering and dissemination of lessons learned lies with other government departments as HMT has limited resource available to undertake this work.
Better assessment of costs and benefits. As with any venture capital, the rate of return achieved and expected benefits for the level of investment should be calculated and made available to every ISB project. Other public sector organisations can then make a judgement as to whether projects are worth implementing more widely.	Cost and benefit analysis required in bidding applications. Guidance produced and made available to project managers and sponsors on what the evaluation of completed projects should cover and attempt to quantify.
Ensuring the sustainability of benefits. This should include how new approaches successfully piloted can be more widely	The ISB Unit has organised a series of conferences and publications to celebrate the successes of funded

implemented and who should be responsible for this; identify possible sources of future funding; and, how best to deal with any barriers that exist which could prevent the realisation of project benefits.	projects. Responsibility for mainstreaming of successful projects and disseminating lessons learned rests with departmental sponsors and their communication mechanisms.

2) FUNDING PRIORITIES FOR EACH ISB BIDDING ROUND

Rounds 1-9 Timeline and priorities

August 1998 – The first bidding round was launched. Only central government departments were invited to bid priorities were:

1.1.1. One stop shops enabling the public to deal with more than one agency per visit;

1.1.2. The co-location of agencies at local level enabling, for example, the sharing of accommodation costs, common IT etc.;

1.1.3. Combining services into packages which better match the particular circumstances of individuals or groups of people and make access to government easier;

1.1.4. Joint projects involving an increase in the proportion of business done with public via electronic means (including the telephone);

1.1.5. Use of common services, e.g. IT support, word processing, mailing;

1.1.6. Data exchange between agencies (subject to confidentiality requirements) to improve the effectiveness of services and reducing overall data collection requirements and hence burdens on business/public sector; and,

1.1.7. The provision of information about different services in an integrated user friendly way.

Pilot projects trying out new models of service delivery were particularly encouraged.

February 1999 – The first package of 33 winners was announced, allocating £120 m (an additional £80 m was added to the fund to pay for the single work focussed gateway pilots (ONE) in this round). Other projects included: JIGSAW, NLIS Links, ORBIT.

May 1999 – The second bidding round was launched with the same priorities as round one but this time local authorities were invited to submit bids.

February 2000 – The second package of 107 winners is announced, allocating £60 m (following devolution, an additional £10 m was paid to the Devolved Administrations (DAs) under the Barnett Formula). Successful projects included Watermark, Access to Archives, MAGIC, SBS: electronic regulation service, LEAP, SYCOP

May 2000 – The third bidding round was launched. Priorities for bids were:

1.1.8. Projects which involve the electronic delivery of services. At least 50% of the resources available were to be allocated to such projects;

1.1.9. Projects with a citizen focus which build service delivery around the needs of particular user groups or life events; and

1.1.10. Projects which seek to tackle the root cause of social problems, such as drug abuse and social exclusion, rather than deal with their symptoms.

July 2000 – The ISB received £155 m in the 2000 Spending Review to extend the provision of funding for innovative projects bringing together two or more public bodies to improve public service delivery.

February 2001 – The third package of 122 winners was announced, allocating £62 m (an additional £8 m was paid to the DAs under the Barnett formula). Successful projects included: Time for Citizenship, E-Trade Exchange for Disposals, LivinLondon, Surf4health, Teenwise, InTouch Kirklees, ICZmap, KARROT

May 2001- The fourth bidding round was launched. The voluntary sector were invited to submit bids. Priorities included:

1.1.11. Projects which involve the electronic delivery of transactional services using internet protocols (either accessed directly or mediated by call centre or face to face contact);

1.1.12. Projects with a citizen focused approach which re-engineers service delivery around the needs of particular user groups (eg the elderly, ethnic minorities, local communities), so improving access to services and saving users' time; and,

1.1.13. Projects which seek to tackle the root causes of social problems, such as drug abuse or truancy, and so reduce the longer term costs to society and the taxpayer.

February 2002- The fourth package of 73 winners was announced, allocating £69 m (an additional £10 m was paid to the DAs under the Barnett Formula). Successful projects included: Making the Modern World online, Knowsley Community Tradenet, National Grain Sampling and Analysis System, Electronic Risk Assessment, Abandoned vehicles & citizen info database, Electronic Passports

May 2002 – The fifth bidding round of the ISB was launched with the same priorities as round four.

July 2002 – The ISB receives an additional £70 m in the 2002 Spending Review to fund more public service innovation, with an emphasis on building services around the customer and offering a choice of delivery channels.

March 2003 – The fifth package of 48 winners was announced allocating £28m (an additional £4m was paid to the DAs under the Barnett Formula). Successful projects included: SWING, Hope project, Critical rainfall thresholds for pluvial flooding, European Regional Development Fund and State aid Website, Development of a Rapid Sensitive Assay (MRSA)

April 2003 – The sixth bidding round of the ISB was launched. Priorities were to back those projects that had the widest benefits. These were:

1.1.14. Pilot projects to test innovative approaches which had a mechanism for building on the results;

1.1.15. Projects of wide-ranging scope whose major benefit(s) would be felt beyond the lead organisation. All bids had to:

1.1.15.1.1.1.1.1.1. Identify innovative ways of delivering improved public services in line with the Government's public service reform strategy;

1.1.15.1.1.1.1.1.2. Reduce the cost of delivering public services and/or improve the quality and effectiveness of services delivered to the public; and

1.1.15.1.1.1.1.1.3. Take action to disseminate lessons from their project.

February 2004 – The sixth package of 12 winners was announced allocating £45m (an additional £5m was paid to the DAs under the Barnett Formula). Successful projects included No Witness, No Justice – National Victim & Witness Care Project, Peterborough Migration and Asylum Service, Supplier Route to Government, Family Group Conferencing and Youth Inclusion and Support Panels.

March 2004 – The ISB receives an additional £90 m in Spending Review 2004, to continue to fund innovation and partnership working, but with a new emphasis on local projects, focusing on local partnerships that strengthen local communities, and with the voluntary and community sector playing a substantially more prominent role.

April 2004 - The seventh bidding round of the ISB, first of the Inclusive Communities theme, was launched. Priorities were:

1.1.16. Refugee and migrant integration;

1.1.17. Ethnic minority employment;

1.1.18. Parenting support and adult learning services;

1.1.19. Homelessness and hostel provision;

1.1.20. Correctional services and offender management; and,

1.1.21. Health and social care for older people.

March 2005 – The seventh package of 37 winners was announced allocating £37m (an additional £6m was paid to the DAs under the Barnett Formula). Successful projects included Social Co-ownership Partnership, Building Future Jobs Ecosystem, West Yorkshire Community Chaplaincy Project, Supporting Refugee Professionals

April 2005 – The eighth bidding round of the ISB - Inclusive Communities was launched. Priorities were:

1.1.22. The Third Sector delivering public services – projects that deliver cash releasing efficiencies;

1.1.23. Improved energy efficiency in the public sector and third sector bodies; and

1.1.24. Efficiency and increased access to the arts and culture sector.

March 2006 – The eighth package of 30 winners was announced allocating £26m (an additional £4m was paid to the DAs under the Barnett Formula). Successful projects included: providing more efficient access to the arts for people with sensory impairments, Fleet Biodiesel Leadership Scheme, London Street Rescue, The Transitional Spaces Project (TSP), Third Sector Service Delivery in Camden.

August 2006 – The ninth bidding round of the ISB - Inclusive Communities was launched. Priorities were:

1.1.24.1. The third sector's role in delivering public services and building fairer communities - projects that deliver cash releasing efficiencies; and,

1.1.24.2. Projects that address the priorities set out in their Local Area Agreement and support their Community Strategy – projects that are additional to those already funded by statutory bodies and which address recognised gaps in local service provision.

March 2007 - The ninth package of 24 winners was announced allocating £10m (an additional £1m was paid to the DAs under the Barnett Formula). Successful projects included: Well- Being in The Older Community, Dementia and Alzheimer's Care and Support, Single Homelessness Enterprise Project, Restorative Services and Peer Courts, Tackling Child Exploitation.