

Evaluation of the Invest to Save Budget

Final report to HM Treasury and the Cabinet Office

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1. Context

Introduction

- 1.1 SQW (Segal Quince Wicksteed Limited) was commissioned by HM Treasury (HMT) and the Cabinet Office in December 1999 to undertake an initial evaluation of the Invest to Save Budget (ISB) focused on Round 1 of ISB projects. This is the final report on the evaluation.

The Invest to Save Budget – policy context, objectives and management

- 1.2 The Invest to Save Budget was identified as a specific initiative in the “*Modernising Public Services for Britain – Investing in Reform*” White Paper which set out the Government’s commitment to improve the delivery of public services. The White Paper explicitly referred to the anticipated role of the ISB in providing a practical demonstration of the Government’s desire for more responsive, higher quality public services (see Figure 1).

Figure 1: Origins of the Invest to Save Budget

“The Government is determined to provide a better service to the public. And the drive for better coordinated government will be a continuous process. An Invest to Save Budget will be created to help develop projects which bring together two or more public service bodies to deliver services in an innovative and more efficient fashion. It will encourage such bodies to work more closely together and identify projects which would not otherwise go ahead”

Modernising Public Services for Britain – Investing in Reform (para 4.7)

- 1.3 The rationale for the ISB arose from three factors that were thought likely to constrain public service bodies from undertaking ISB-type projects. These were:
- The **upfront costs** involved in initiating and implementing joint projects and the fact that these would not necessarily have been built into departmental spending plans and priorities;
 - The **risks associated with innovation** to service design and delivery, and the likelihood that those projects which were risky and/or with untested benefits at the margin of mainstream service delivery would be squeezed out by other, less risky priorities;
 - The **risks associated with joint working**, particularly the constraints presented by existing financial and management accountability protocols which tended to restrict departmental/agency funding of projects where cost savings and benefits accrue to other public service bodies.
- 1.4 Taken together these “institutional failures” were argued to be constraining innovation and improvement in public service delivery, even where such modernisation would lead to

substantial benefits to the public sector and users through more effective delivery of services, efficiency savings, or both. This rationale underpinned the recent proposals from the Performance and Innovation Unit (PIU) for improving the formulation and management of cross-cutting policies and services (*“Wiring It Up”*: January 2000) which were based on the central message that *“simply removing barriers to cross-cutting working is not enough: more needs to be done if cross-cutting policy initiatives are to hold their own against purely departmental objectives”*. The PIU acknowledged in its report that experimentation was required in this area because *“the solution in any particular case needs to be tailor made.”*

- 1.5 The objectives of the ISB¹ nest quite clearly within this policy context. They were:
- ❑ To increase the extent of joint working between different parts of government;
 - ❑ To identify innovative ways of delivering public services which serve the Better Government agenda; and
 - ❑ To reduce the cost of delivering public services and/or improve the quality and effectiveness of services delivered to the public.
- 1.6 Funding of £230 million was allocated between 1999-2000 and 2001-02 to support ISB projects, of which £120 million was awarded, over three years, to the 33 successful Round 1 projects announced in December 1998². The allocation of ISB funding followed the “challenge fund” approach where public service organisations were made aware of the existence of the ISB, provided with bidding guidance, and invited to submit expressions of interest and then formal bids for funding for specific projects. The bidding process for Round 2 was largely the same as Round 1 although the bidding time-scale was longer and the range of eligible organisations more extensive.
- 1.7 Bids for Round 1 ISB funding were obliged to demonstrate how well they would meet the objectives of the ISB with the expectation that they would be able to meet more than one. An additionality test was a core feature of the bidding process with ISB resources only being awarded to projects where it would make a difference to their scale, form, timing or ability to proceed. Under Round 2 all bids were required to demonstrate the way in which they would extend joint-working and the need for innovation and tangible benefits was also stressed. More information was required on partnership structures and on arrangements for accountability and audit.

¹ HM Treasury and Cabinet Office: Invest to Save Budget – Round 1 Bidding Guidance, 1998
² Source Public Expenditure Statistical Analysis (PESA), 1999-2000. The £53 million included £32.5 million for the Single Work Focus Gateway (aka ONE) which was funded from DEL Reserve. This project is subject to a separate review by HM Treasury and was excluded from this evaluation.

- 1.8 The delivery of ISB projects was at arms-length from HMT, with responsibility for the ring-fenced allocation of ISB funding resting with the Accounting Officer of the lead partner organisation in each case. Programme monitoring was undertaken on a part-time basis by a small team in HMT which, in addition to managing the annual selection process, reviewed Implementation Plans submitted by project managers shortly after the decision to award of ISB funding as well as regular (6 monthly) project Progress Reports. The programme management team (the ISB Secretariat) reported to the ISB Committee comprising senior civil servants from HMT and the Cabinet Office.

Evaluation objectives and method

- 1.9 The evaluation was required to answer three basic questions: Should the ISB be continued? How could it be improved? And what lessons could be learned from ISB Round 1 projects about successful partnership working and project implementation? A series of more detailed evaluation issues were raised in the terms of reference for this study. These are dealt with in various parts of the report as explained in Annex A.
- 1.10 The evaluation focused on 32 Round 1 projects (it excluded the major Single Work Focused Gateway/ONE project which was subject to separate review) and involved structured interviews with the partners in each project to identify their prior experience of partnership working, the origins of the project and their organisation's motivation for involvement, project steering and management arrangements, progress with implementation, additionality, longer-term prospects, and views on the ISB bidding and monitoring process. In ten of the projects we interviewed partners face to face and prepared case-study reports which were completed in June 2000 and can be found in Annex B. For the remaining 22 projects, partners were consulted by telephone.
- 1.11 In total we spoke to over 140 individuals who completed 124 questionnaires (the headline results of which are summarised in Annex C). We also wrote to the lead partners of projects which had not been successful in gaining Round 1 funding to find out, amongst other things, whether they had been able to pursue their projects in the absence of ISB funding – a useful cross-check on the additionality of ISB funding.

Report structure

- 1.12 We answer the prime evaluation question – *should the ISB be continued?* - in the next section and elaborate in Sections 3 to 5. In the course of doing so we identify best practice (the third evaluation question). We set out our recommendations for improvement in the ISB in the final section. The three annexes provide supporting material.

2. Should the ISB be continued?

2.1 We will demonstrate in the rest of this evaluation report on the ISB Round 1 projects that we have found sufficiently strong grounds to justify continuation of the ISB initiative. This conclusion is subject to some qualifications about the particular terms and conditions of the ISB initiative and some that we think are deep-seated enough to warrant consideration within the broader context of the PIU proposals for improving cross-cutting policies and services.

2.2 The main conclusions of our evaluation are as follows:

- **First, we conclude that, on the evidence of the Round 1 projects, the ISB should be continued with the same strategic objectives as now.** We are of the view that these projects are in general contributing successfully to the aims and objectives of the White Paper on *Modernising Public Services for Britain*. They show great potential for, or are already beginning to deliver, real improvements in public services across a wide range of public services and project types. ISB is adding value – both by encouraging innovative thinking and joint working and by funding projects which would not otherwise have proceeded on the same scale, at the same time, or at all.
- **Second, we conclude that, as would be expected with a new and innovative initiative, there are various ways in which the ISB could be modified to build on its strengths and tackle its deficiencies.** We suggest that there is room for improvement with respect to: the eligibility criteria for ISB funding; the ISB bidding process; the roles and responsibilities of HMT, Cabinet Office and spending Departments in the management and monitoring of ISB projects; programme and project monitoring procedures more generally; and the provision of guidance on avoiding and minimising accountability problems.
- **Third, we found that, as a consequence of the ISB, there was a growing awareness amongst a wide range of public sector agencies of the potential benefits to be derived from joint-working in the design and delivery of public services.** We are clear that this awareness deserves to be translated into action and we are convinced that a mechanism such as the ISB can be an effective way of making this happen. However, we are equally convinced that, if joint-working projects continue for any length of time to require ISB funding at the current 75% of project costs, then diminishing returns may well set in and there may need to be consideration of other incentives to encourage joint-working.

2.3 In the next three sections we review the performance of the ISB initiative in terms of its

influence on:

- the joint-working *process* by which the Round 1 projects were developed, managed, and monitored;
- the nature, effectiveness, and additionality of the *projects* supported by ISB; and
- the *sustainability* of the partnership process and the supported projects beyond the life of ISB funding.

3. Joint-working processes

The rationale for promoting joint-working

3.1 The underpinning rationale for the ISB was that the costs and risks associated with joint-working partnership arrangements between different public sector agencies on innovative projects would inhibit the development of such projects even though they might serve the public interest more effectively or cost-effectively. We think it worth elaborating on this so that we can see quite clearly the partnership process issues that the ISB was designed to address and that will have featured at least to some degree in each ISB project.

3.2 To this end we present in Figure 2 a stylised depiction of an innovative partnership project. There are two partners – P1 and P2 - who come together without any previous experience of joint working to share the tasks – and risks - necessary to achieve an additional outcome Y that delivers better or cheaper public sector services. At the point at which they decide to bid for ISB funding they agree that P1 should carry out the tasks to achieve outputs O1-O1(A)-O1(B); P2 will produce outputs O2-O2(A)-O2(B); both P1 and P2 need to integrate outputs O1(B) and O2(B) to achieve the desired outcome Y that will satisfy the project objectives consistently with each of the partner’s objectives.

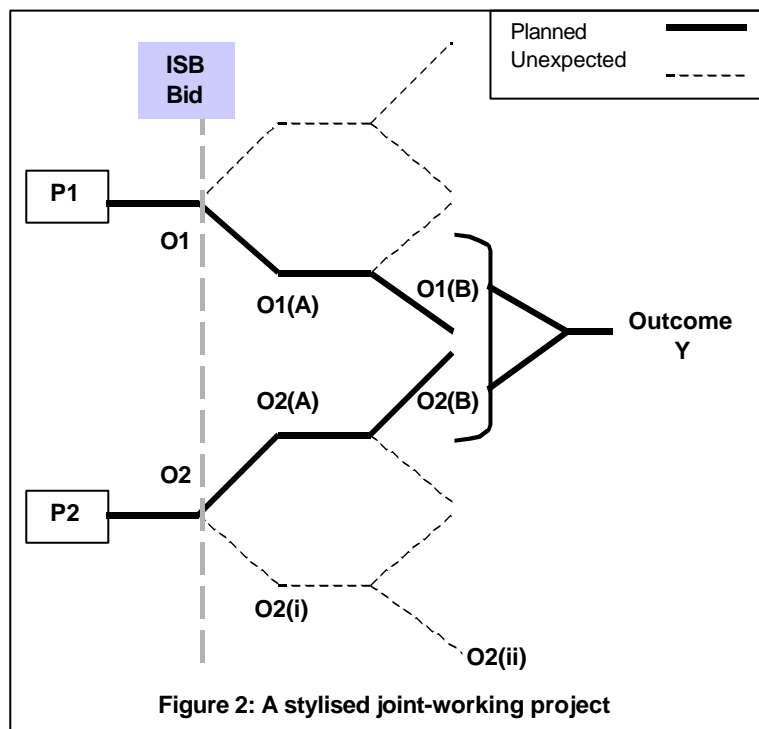


Figure 2: A stylised joint-working project

3.3 This is an innovative project and that brings uncertainty. So, it is quite possible that outputs will differ (like output O2(i)) from those on the planned route. Indeed, they could vary in a non-trivial way from the intended outputs such that the planned outcome Y might have to be respecified or may not be achievable at all. Even if things go well, there may still be slippage in the delivery of O1(B) relative to O2(B) to an extent that jeopardises their integration to achieve outcome Y at the planned time.

- 3.4 Moreover, this is a task partitioning exercise amongst partners who are probably new to each other in this project area and not used to communicating with each other on a regular and frequent basis. Consequently, modest changes in the achieved outputs from those planned could be allowed to accumulate (e.g. following the diverging sequence from O2(i) to O2(ii)) without partners realising the adverse effects this could have on the integration of the outputs to achieve outcome Y.
- 3.5 Finally, at the time of the ISB bid as depicted in Figure 2, the partners will not be fully aware of all the uncertainties they are likely to confront even if they have a good idea of their respective starting points and, more or less, where they both want to end up. It is little wonder under such circumstances that public sector agencies will be reluctant to invest often significant and scarce resources in novel joint-working arrangements on an innovative project where they lose some control over inputs and outputs.
- 3.6 The implications that flow from the demands of a novel joint-working project as depicted in Figure 2 are that:
- There must be clear understanding at the outset between partners of the project objectives, of their respective tasks, outputs, and schedules, and of the risk factors that may cause outputs and their scheduling to diverge from plans;
 - Tasks have to be staged so that there can be a review of their outputs and of the extent to which their integration at a later date remains relevant and viable;
 - Monitoring procedures must be in place to trigger contingency actions where inputs and outputs deviate outside acceptable boundaries.
- 3.7 In the following sub-sections we consider the evidence from the Round 1 ISB participants and projects to assess whether the conditions prevailed that justified ISB funding and whether the partnership processes sufficiently acknowledged and managed the uncertainties that were likely to exist with respect to project outputs and outcomes.

Joint working

The history of joint-working

- 3.8 All but three of the 32 Round 1 projects involved more than one public service organisation, a finding that demonstrates the extent to which the ISB's first, joint working, objective was met by the selected projects. In many cases the projects cut across existing policy hierarchies and customer-contractual arrangements. They often brought together organisations with different

strategic objectives yet focused the expertise of each on project specific objectives in ways that still contributed, strategically, to partner specific priorities.

- 3.9 About a fifth of those participants we consulted (22%) said that their organisation had no previous experience of joint working and a further 17% claimed that their previous experience of partnership working had been confined to three or fewer projects. On this evidence, the ISB projects involved a good proportion of partners that had little or no previous experience of joint-working. Therefore, for these organisations, working on the ISB project will have been attended by all the uncertainties associated with novel partnership management requirements.
- 3.10 About 40% of the consultees were from organisations that had strong experience of partnership working (having engaged in more than 10 joint projects). However, these consultees were not concentrated in the same projects – i.e. there appeared to be a good mix across most projects of partners with and without extensive previous joint-working experience.
- 3.11 Two factors seem to have been particularly important motivators for partnership working pre-*ISB*. The most often cited motivating factors were to achieve greater synergy between the activities of different organisation (20% of the cited factors) and to achieve greater effectiveness and cost-effectiveness by pooling expertise (20% of the cited factors). Joint working, pre-*ISB*, was much less likely to be motivated by a desire to overcome resource constraints by pooling funding or to avoid duplication or to achieve scale economies. This suggests that, where there had been joint-working prior to *ISB*, it tended to be of a type that *required* integration of activities between organisations rather than pooling of resources to achieve scale economies. For these organisations then, the joint-working required by the *ISB* projects would not have been so challenging and they will have been able to act as mentors to their partners with less experience of joint-working prior to the *ISB* project. As will become apparent from later comments, we think this is a practice to be encouraged.
- 3.12 What added-value did *ISB* bring to partnership working? Apart from its obvious achievement in getting some organisations involved in joint working for the first time, we think *ISB* funding made three other contributions:
- First, it encouraged even more cross-cutting work. *ISB* projects were somewhat more likely to have originated from a single organisation than from existing partnership work. This suggests that many of the project ideas prompted by the *ISB* bidding process went beyond the normal confines of existing joint working, requiring the establishment of new partnerships or ones which embraced a different mix of

partners.

- Second, a comparison of the motivations for joint working on the ISB-funded projects with partnership motivations pre-ISB showed that ISB funding helped to push partnership activity into areas which were more marginal. Almost a third (32%) of respondents cited resource constraints as a motivator for involvement in ISB projects, compared with the 18% who did so in relation to their pre-ISB joint working. This is against a backdrop where the ISB was contributing, in most cases, 75% of the project costs. The fact that so many partners felt a need to pool funding, even when an outside source was funding three-quarters of project costs, suggests that the activities being funded were clearly well beyond the scope of existing expenditure priorities.
- Third, whether by accident or design, the ISB projects tended to have a mix of partners with and without extensive previous experience of joint-working. This will have had the effect not only of bringing experience of partnership working to bear on project management and hence making it more effective, but also of transferring awareness to other agencies of the benefits of partnership working and the practices that can make it effective.

3.13 We conclude from this account of the evidence that the conditions which justified ISB funding were present for the Round 1 projects in the sense that partners were engaged either that had little previous joint-working experience or whose previous experience was being stretched further. This conclusion suggests that there was likely to have been substantial uncertainty at the outset of the projects about the most effective ways of joint-working between partners. However, the presence of partners with previous joint-working experience on most projects will have helped the management of these uncertainties.

The joint-working outcome

3.14 In general the partners reported that they were working successfully together on the ISB projects - only 7% felt that their project partnerships were performing below expectations. It is interesting to note that those with significant prior experience of partnership working were more likely to claim that their positive expectations were exceeded. Maybe these “old hands” had some concerns at the outset about how well the new project and, perhaps, new partners and structures, would work – concerns clearly not borne out in practice.

3.15 Perhaps these were not genuine partnerships and were dominated by the lead agency – i.e. the potential uncertainties and risks were controlled in a traditional hierarchical way by one of the partners. But, about one third of the respondents described their partnerships as equal. And, although nearly 60% saw the partnerships being dominated by particular agencies, the vast majority of consultees (around 90%) claimed that the balance of power was fair given the

investments being made by particular organisations and the risks they were taking. So, we conclude that the ISB projects involved genuine partnership working where the dominant role of any one agency was commensurate with its investment and risk.

- 3.16 In summary, there can be little doubt that the ISB encouraged more and further joint working, an achievement which in itself meets one of ISB's overarching objectives. Far more important, however, is that ISB has not simply funded more of the same. The combination of a partnership objective with one relating to innovation does seem to have had the desired effect of encouraging public sector organisations to think outside the box. Partnerships are generally working well, acting in an inclusive manner but with strong leadership, and in many cases even above expectations that were grounded in previous joint working experience.

The ISB bidding process

- 3.17 Our conclusions above validated the point made in the discussion of Figure 2 – namely, that partners will have had to address many points of uncertainty at the time of the ISB bid because of limited partnership experience amongst many of them and the innovative nature of the projects. In these circumstances it would seem important to make the ISB bidding process as clear and streamlined as possible with time provided for negotiation between potential partners about the direction and management of the project and their respective roles and responsibilities.
- 3.18 The bidding process for Round 1 was generally well-regarded by most project participants, with the clarity of the bidding guidance and the pre-bidding presentations to HMT by applicants identified as key features which should be built on in the future. Four-fifths of respondents said that the criteria for eligibility for ISB funding were clear, but a significant minority (19%) felt that they could have been clearer still. A view expressed by many was that, whilst the guidance on ISB eligibility was clear, the appraisal and selection criteria were less so and that this would matter more if and when ISB application and reject rates increased.
- 3.19 However, consistent criticism was directed at two aspects of the Round 1 bidding process that were highly relevant to the issue of addressing project and partnership uncertainties effectively at the outset, namely: the very tight timescale for preparing and submitting bids; and the lack of feedback on bids by HMT. The latter was much less an issue for those whose bids were unsuccessful, as these seem to have been given clear feedback on the rationale for the decision not to award ISB funding.

Timing

- 3.20 Taking the *timing* issue first, those preparing bids had four weeks at most between the time

when they knew that their expression of interest had been accepted and the deadline for submitting full bid documents. In practice many applicants had much less time – often between one and two weeks - because HMT correspondence was channelled through spending departments, a protocol which clearly slowed down communication (only 6% of project participants claimed to have heard about the ISB funding directly from HMT).

3.21 The rapid timescale for the submission of bids had a number of different consequences according to the project participants – i.e. variously that it:

- focused minds and built a team spirit amongst those preparing bids;
- sent out a mixed message about what HMT was looking for. Innovative and joint-working projects that are at the edge of potential partners' agendas cannot easily be put together in a matter of weeks. For example, some commented that, if their project had been any more complex, they simply could not have submitted a bid in the time available.
- led to low additionality for Round 1 by generating bids for projects which had already been partly worked up. This does not seem to have been the case - only 14% of participants claimed that their projects had already secured approval for a pilot or were already being implemented in some way.
- prompted projects at a very early stage in their development - in some cases, much more embryonic than HMT had understood was the case – and, therefore, with high built-in risks of failure.

3.22 In the final section of the report we recommend areas where the bidding process could be strengthened. One of these relates to the need for more clarity about the minimum stage of development which projects must have achieved before they are considered for funding, and the maximum stage of development beyond which a more stringent additionality test might apply.

Feedback

3.23 It was a general view that, whilst HMT had been active and vigorous in providing potential bidders with guidance on ISB requirements, it had been virtually silent in terms of *feedback* on the expressions of interest and on the bids themselves. Most project participants (84%) said that their bids had been accepted without comment and subject only to the standard ISB conditions (no-one claimed that their bids had been subject to substantive amendment). Moreover, the impression from the case-studies was that feedback from HMT *and* the

relevant sponsor departments was in many cases somewhat limited on the Implementation Plans that were submitted after ISB funding had been improved. The point here is that these innovative projects, often involving novel partnership arrangements and put together in a rush, were not in general subjected to a rigorous risk assessment by a third party who then provided detailed feedback on the contingency planning required.

- 3.24 It has to be remembered that HMT had a very small team for this purpose and that, at this point in ISB implementation, it had 33 Implementation Plans to review, probably feeling its way as it did so. This may be less of an issue for those involved in Round 2 who could see, in broad terms at least, the way in which the ISB had been used in Round 1. However, we have had a number of comments from the Round 1 project participants to the effect that they had many calls from Round 2 bidders looking for guidance on how to prepare bids. We conclude that insufficient time and third party assessment was given to address the risk factors that were endemic to ISB projects. If ISB is to continue we suggest that room needs to be made for this.

Management structures and systems

- 3.25 The stylised depiction of an innovative, joint-working project we provided at Figure 2 demonstrated the extent to which it would be necessary to manage uncertainty effectively in such projects. This will require the installation of structures, processes and systems to manage the task partitioning between partners, the monitoring of outputs, and the integration between outputs.

Management structures

- 3.26 Almost all the projects had a formal partnership structure in place to give strategic direction and address inter-agency issues through a Project Board or Steering Group. This much was to be expected as partner agencies were bound to want to retain some degree of control over the direction of projects where they had provided funding and had accounting officer responsibilities. Some of these steering groups were very large as a consequence (in one case we counted 20 members on the Steering Group). Despite being somewhat unwieldy, in projects with many partners these groups played the important role of securing organisational commitment from partner organisations and clearing the ground of in-principle issues so that project management could proceed unimpeded by inter-agency sensitivities.
- 3.27 In a small number of cases – normally those involving only one or two public sector organisations – the steering arrangements for the ISB-funded project were merged with those for other “special projects” to encourage cross-fertilisation of ideas and the avoidance of duplication.

- 3.28 Whatever the size and complexity of the structures for project direction, the management of the project almost always was vested in much smaller and formal teams. These would sometimes be larger than required by standard project management practice (e.g. as set out in the PRINCE methodology). Where this was the case, it was usually because of the number of partners involved and we had no reports that this had adversely influenced the effectiveness of project management.
- 3.29 Many of the management teams followed PRINCE2 guidelines or similar project management protocols that required the establishment of formal teams to manage, implement and quality assure the project, often with prescribed membership from executive/financial, technical and user perspectives. When asked about management good practice lessons arising from the ISB projects, the participants in the case-study projects tended to emphasise the importance of formal management teams, frequent meetings (at least once a month), and dedicated full-time staff. For some participants it was also important that the project managers had independence of status even if (especially if – some argued) they were from a partner organisation.

Management processes and systems

- 3.30 Two-thirds of the project participants we consulted claimed that the management arrangements could not have been constructed in alternative ways that would have been more effective. Moreover, 43% said that the project management arrangements and systems were working well, 27% said that they were generally satisfactory with only minor and occasional problems, and only 1% asserted that they were not working well at all. On the basis of our case-study work, we have no reason generally to question this vote of confidence with respect to the management structures that were put in place. However, there were some aspects of the management processes and systems that gave us cause for concern.
- 3.31 Many of the projects deployed formal systems for project management purposes. PRINCE2 was the most often used system and it was generally being applied rigorously but pragmatically rather than mechanistically. One of the projects was using the opportunity provided by the ISB to test a different methodology known as the Dynamic Systems Development Model (DSDM) which was claimed to have provided more flexibility and user involvement.
- 3.32 In a couple of the case-study projects, there were no formal project management systems in operation. In one case this did not seem to have had any negative effects on managing the project nor on providing the relevant project management data. This was probably due to the project being led and funded by a single department that used its usual project management

procedures. However, even here we note that it was reported that there did not seem to be an effective flow of information between the partners and that there did not appear to be a shared understanding of the purpose of the ISB. In another case where formal management systems were not deployed the project involved three sub-projects and a wide range of partners in different parts of the country. Here it was reported by some of the partners that there was a lack of transparency and clarity in the management and reporting arrangements that had compounded the difficulties associated with an already complex multi-project initiative.

3.33 A message which clearly emerged from the consultations, and especially the case-studies, was that the qualities of the project manager were just as important as the systems in place. In addition to the project management attributes already mentioned (independence, dedicated full-time staff, and frequent check-point meetings – see paragraph 3.29), we suggest the importance of the following three key project management qualities:

- ❑ a well-rounded grasp of the strategic and technical aspects of the project – and the ability, therefore, to promote the benefits of participation and action as well as to talk sensibly about the technical opportunities and hurdles;
- ❑ the consensus and team building skills necessary to establish trust in relationships quickly and effectively; and
- ❑ a keen eye for the potential to partition tasks and bring in specialist expertise where appropriate and from whatever source.

3.34 From our case-studies we have a major caveat with respect to the confidence that most participants expressed in the effectiveness of project management. This stems from what we saw as the generally poor attention given to monitoring of outputs and outcomes and even expenditure. This was reflected in progress reports that were often delayed and of poor quality in terms of quantification of progress. Even though we were able to review case-study documentation and interview project managers in person, too often we found it difficult to piece together exactly what had been spent to date and what the spend had achieved relative to the targets set for activities and outputs (where these had been established).

3.35 Of related concern was that in only 17 of the 32 projects had any quantified targets been set for expected benefits to arise from ISB-funded activities. Many of the ISB projects were still at their early stages when we reviewed them and a good number were pilots and feasibility studies designed to test the effectiveness of activities. Many planned to set targets and undertake project benefit evaluations once the pilot work had been done.

3.36 In our view the general weaknesses we observed with respect to target setting and monitoring raised more general concerns about the audit and accountability aspects of these joint-

working and innovative ISB projects. We turn to this issue next.

Accountability

3.37 Our doubts about the general standard of the monitoring and reporting arrangements in the ISB projects raised more general concerns about accountability because they could stem from three factors that we think will be relevant to all joint-working, cross-cutting initiatives within the public sector:

- First, HMT had limited resources with which to review and comment on the progress reports from the projects or even to “progress chase” them when they were late. Even if it had the resources, HMT took the view that its role was to set the strategic framework, provide the funds, and be the final arbiter on issues such as requests for funding roll-overs or extensions. In its view, the progress monitoring role was vested in the accounting officer responsibilities that were agreed between partners at the outset of the project. This is consistent with the stance taken in the Performance and Innovation Unit’s proposals for improving the formulation and management of cross-cutting policies and services (*“Wiring It Up”*: January 2000) – namely, that *“the centre has a critical role to play in creating a strategic framework in which cross-cutting working can thrive, supporting departments, and promoting cross-cutting action whilst intervening directly only as a last resort”*. However, we are not clear in the case of the ISB that this was totally understood by departments and project participants. Some of the latter (nearly 20%) thought that HMT monitoring requirements had been too “light of touch” and inadequate both in terms of data and pro-active chasing and feedback. These respondents clearly saw HMT to be in the traditional role of “programme administrators” – a role that HMT certainly did not see itself playing.
- Second, it was too often the case in our view that senior management levels within departments did not appear to get actively involved in the review of ISB project progress against milestones and targets, other than acting as a conduit between project managers and HMT. We cannot be certain about the reasons for this but it may have been because departmental contributions to ISB project costs were often small relative to their capital and operational budgets and might, therefore, have fallen below their usual thresholds for detailed scrutiny. Whatever the reasons, it was clear to us that, more often than should be comfortable, there did not appear to be a rigorous third party approach to either financial or output monitoring.
- Third, even the deployment of formal management systems (like PRINCE2) often did not give rise to high quality performance measurement and progress reports that were delivered on time. We think it is important to acknowledge that the innovative process and content of ISB projects made them more like research and development

projects. It is difficult to integrate such projects into standard performance management systems at the best of times – it will have been particularly so where often complex ISB projects were put together very rapidly. What is required under these circumstances is a monitoring and review process – rather than a mechanistic system – prompted by key project milestones and involving risk assessments and contingency planning in which partners are fully engaged at senior levels.

- 3.38 The concerns we have expressed about monitoring and progress reporting did not apparently result in unresolvable accountability problems other than in a few cases. About half the participants consulted claimed that there had been no problems at all with financial and management accountability and another 20% said that there had been some but that these had been resolved. Only 5% asserted that accountability problems remained. And only 12% of the participants said that there had been difficulties with the lead agency maintaining its commitment to financial and management accountability when project outputs were required from another agency.
- 3.39 Amongst the case-study projects involving two or more public sector organisations, the mechanisms used to manage accountability ranged from the establishment of a clear dividing line between organisations in terms of expenditure and claiming of outputs – in effect, almost a contractual relationship - to a fully integrated executive partnership with a dedicated team of project executives drawn from partner organisations.
- 3.40 In summary, the feedback from consultees suggested that accountability problems were rare, but that they were most likely to arise when the allocation of responsibilities and roles between organisations was unclear and where formal management information systems were not adequately in place.

Conclusions on process issues

- 3.41 We conclude that ISB projects generally involved new or extended partnership joint-working arrangements and that, by and large, these had worked reasonably effectively – certainly according to the views of most project participants. We have three concerns: that insufficient bidding time was allowed for specification of project objectives, the roles of respective partners, and the ways in which project risks were to be managed; that monitoring and progress reports did not permit ready understanding of spend and outputs profiles against budgets and plans; and that staged third party reviews of the projects (by HMT or the departments) were too light of touch.

4. Innovative service delivery

Introduction

4.1 In the course of this evaluation we paid particular attention to three aspects of the Round 1 projects that might reveal their compliance with ISB objectives – their innovative content, the extent to which they led (or were likely to lead) to better service delivery, and their additionality.

4.2 Before we consider these aspects we provide a brief account of the portfolio of the Round 1 projects. Of the 32 projects reviewed, four were funded to undertake feasibility studies or prepare business cases for new, enhanced or more cost-effective forms of service delivery and the other 28 were engaged in the development and/or enhancement of service delivery, whether in pilot or full-blown form. The majority are either being implemented (19) or have been completed (6, typically pilots) and seven are still in the development stage. As we would expect, IT-related projects and the more costly ones (normally one and the same) are more likely to still be in the development stage.

ISB: the hall-mark of innovation

4.3 According to the partners we consulted, ISB Round 1 projects had tried something new in their policy area. The innovations may not have represented leading edge ICT advances but, in our view, most Round 1 ISB projects presaged a (potential) step-change in conventional processes of specifying, managing, and delivering public sector services.

4.4 The case-study reports in Annex B provide ample evidence of the wide range of policy areas and project types where innovative activity was taking place – much of it presenting exciting prospects for further innovation in service delivery (a couple of examples are given over the page but the reader is invited to look at the case study reports in Annex B each of which opens with a description of the projects and the innovation they intended to effect.

4.5 The fact that these, like so many of the projects, involved ...

- ❑ the exchange of data or common databases, often preciously guarded in the past, or where potential was restricted for data incompatibility reasons ... and/or
- ❑ electronic access, when internet and call centre technology has only recently been widely used by the public sector ... or

- working between partners to develop technological applications they would not have separately pursued as quickly or at all

... demonstrated to our satisfaction that ISB had encouraged innovative activity.

<p>Land Information Systems</p> <p>Applying advanced information and communication technology to land and property searches to provide:</p> <ul style="list-style-type: none"> □ Fast access to on-line services – the manual system can take 3-6 weeks for a single search □ Clear annotation on a screen based map – reducing the number of rejected searches □ Multiple electronic forms produced from a single request – currently separate search forms required □ Parallel searching – results from one search now have to be awaited before another can begin 	<p>Self service kiosks</p> <p>The provision of self service kiosk technology to allow users to access labour market and benefit related services directly by electronic means:</p> <ul style="list-style-type: none"> □ Vacancy information updated immediately □ On-line matching of searcher requirements and qualifications with existing vacancies □ Service provision at all hours in remote locations □ Staff time saved used for those users requiring more intensive service
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Improved service delivery

4.6 It was too early to assess the extent to which many projects had achieved improvements in service delivery through quality improvements or cost savings. The majority of projects were still being implemented and some had yet to go beyond the stage of prototype development. Nevertheless, the signs were very encouraging indeed. Projects across a variety of policy areas were already beginning to yield, or to promise, cost-savings (or more effective deployment of scarce resources); some had demonstrably enhanced the quality of services to the public; and others were generating, or will lead to, a wide range of high level benefits such as swifter and surer justice, lower levels of tax or benefit fraud, and better access to the government’s labour market and benefit services.

4.7 The six case-study examples below demonstrate some of the potential benefits of the ISB projects if they prove successful and are implemented more generally. Again, reference to the case study reports in Annex B will provide more detail on the benefits that each of the projects was intended to produce – most of which are based on the rolling out of the projects into more general applications.

<p>Electronic transfer of prescription data in Northern Ireland</p> <ul style="list-style-type: none"> □ Anticipated cost savings of c. £480k per annum □ Forecast reduction in prescription fraud of £4.5 million per annum by year 4 □ Better data on prescribed medications 	<p>Youth advocates pilot projects</p> <ul style="list-style-type: none"> □ More effective support and guidance for young people with multiple problems □ Higher levels of progression for young people through education/training to employment and improved life chances □ More cross-fertilisation of good practice
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<p>Electronic interface between the Vehicle Inspectorate (VI) and Magistrates Courts</p> <ul style="list-style-type: none"> ❑ Aggregate cost savings (to VI only) estimated at £133k per annum ❑ Additional fine income (to VI only) estimated at £268k per annum ❑ More efficient scheduling of Court hearings ❑ Improved road safety through more effective prosecution 	<p>Single Business Register feasibility study</p> <ul style="list-style-type: none"> ❑ Businesses: Lower compliance costs and more accurate financial calculations ❑ Business intermediaries: lower overheads in providing government services; lower error correction effort ❑ Central government: cost savings through avoidance of duplication, lower costs of data collection, management and data cleaning
<p>Telephone (vehicle) relicensing pilot project</p> <ul style="list-style-type: none"> ❑ More choice to customers in where and how to pay for new tax disc (97% of pilot customers to date say they would use service again) ❑ Faster update of the vehicle license database ❑ Faster pay-over of Vehicle Excise Duty and reduction in the number of returned cheques (card payments only) ❑ Reduced Post Office charges 	<p>Integration of Justice Project</p> <ul style="list-style-type: none"> ❑ 1.3 million case files transferred manually by the police to the CPS per year costing £3,900 million – every 1% cost saving would be equivalent to £39 million per year ❑ Between 20-50% of files returned from the CPS to the police for further information ❑ Delays through lack of the necessary information contributed to over 500,000 adjournments in Magistrates' Courts in 1997 at an estimated cost of £6 million to the CPS

4.8 Although many of the projects were still in the development stage or early in their implementation, 37% of consultees who responded to the question felt that their projects were exceeding expectations – compared with only 11% whose expectations had not been met.

4.9 There was a high non-response rate amongst partners on questions relating to the economy, effectiveness, and cost-effectiveness of the projects – in part because some had been more engaged in the ISB bid than the management and in part because for some projects it was too early to say. Amongst those who felt able to respond to the questions there was a clear majority who considered that the projects were strong on economy, effectiveness, and cost-effectiveness and about half who assessed the projects as exceeding their expectations in these terms (see Figure 3).

4.10 It is just worth noting in passing that the number who had views on these matters dropped by nearly 20% when the questions shifted from effectiveness (was the project meeting its objectives) to matters that involved cost (economy and cost-effectiveness). This is some confirmation of the concerns we expressed earlier about the monitoring of spend.

Figure 3: Assessment of economy, effectiveness, and cost-effectiveness of ISB projects: the view of participants			
Assessment	Economy	Effectiveness	Cost-effectiveness
Strong	59%	58%	66%
Middle order	36%	37%	31%
Weak	5%	5%	3%
(Number responding)	(64)	(78)	(65)
Better than expected	49%	41%	57%
About the same	44%	42%	36%
Worse than expected	4%	17%	7%
(Number responding)	(61)	(76)	(61)
Source: SQW survey of ISB Round 1 participants; April-May 2000			

Additionality

- 4.11 The consistent feedback from the Round 1 partners was that the additionality of ISB funding had been high – i.e. the projects would not have proceeded in the same form, at the same time, or at all without ISB funding. If we exclude those who felt unable to answer (largely because they were remote from the initial bidding process), 40% of consultees were sure that their project would not have gone ahead at all in the absence of ISB funding. Almost a fifth (19%) said that ISB funding had greatly increased the probability that the project could proceed. Only a fifth of respondents said that ISB support had accelerated the timing of the project and other forms of partial additionality were even less obvious, relating to enhanced scale or form. This further strengthens the additionality result, because it suggests that for projects supported by ISB it was a case of “all or nothing”, reinforcing the points made earlier about the role that ISB played in inducing innovative and marginal projects.
- 4.12 Figure 4 shows the expected result that partners who claimed that work had already been carried out on the project were less likely to assert that it definitely would not have gone ahead at all without the ISB funding. Nevertheless, even here there were very few respondents who said that the project would have gone ahead unchanged (i.e. ISB funding was associated with zero additionality).

Figure 4: Assessment of additionality; the view of participants

Nature of the additionality claimed for the ISB project:	Respondents that said that previous work had been done on the project	Respondents that said that no previous work had been done on the project	All respondents
Would have gone ahead unchanged	3%	0%	2%
Would have gone ahead in a different form	16%	3%	12%
Would have been a smaller scale project	6%	7%	7%
Would have gone ahead in the same form at a later date	25%	23%	22%
Would have been less likely to go ahead	16%	20%	19%
Would definitely not have gone ahead at all	33%	47%	40%

- 4.13 The feedback from the postal survey of organisations that submitted unsuccessful Round 1 bids also implied strong additionality associated with ISB funding. Of the 11 responses (from 19 individuals contacted), five (45%) said that their project had not been able to proceed once ISB funding was declined and a further four (36%) reported that their projects had only been able to go ahead after some delay (one a year later with support from ISB Round 2).
- 4.14 From our review of the case-study projects we are convinced that the evidence of strong additionality is robust. Indeed, we would be concerned if it was not given that 75% of project costs was funded by the ISB. If we have a concern here it is that, in covering such a high proportion of project costs, the ISB may have induced projects to come forward that were

either very high risk projects indeed or did not require that amount of inducement. We are aware from our case-study consultations that some projects really could have done with a great deal more joint and strategic consideration between partners before being launched and that others would have gone ahead with a lower level of ISB support. Therefore, we suggest that the “flat rate” of 75% ISB support may be too high. We return to this issue in Section 6 where we discuss ways in which the eligibility criteria for the ISB might be amended.

Conclusions on the contribution of ISB to innovative service delivery

- 4.15 We are in no doubt that ISB funding induced a degree of innovative thinking and action with respect to the design and delivery of public services that would not otherwise have taken place at all or as rapidly. Many of the Round 1 projects have not yet reached a stage where conclusions can be reached on the quantitative improvements they have delivered or are likely to deliver in the form of lower cost or better services although the potential for improvement is clear. However, we think there is a case for reducing the rate of ISB “subsidy” in some cases both to reduce the degree of dead-weight and to encourage a greater sense of ownership of the projects by the sponsor departments and agencies.

5. Sustainable effects

Introduction

- 5.1 In addition to enhancing joint-working arrangements between public sector agencies and bringing forward projects that provided better public services in innovative ways, the ISB was designed to promote changes in attitudes and behaviour amongst public sector agencies such that cross-cutting policies and services would become more routine. In other words, working in cross-cutting ways would be sustained as a result of the ISB projects.
- 5.2 This sustainable effect requires that the advantages of cross-cutting working are demonstrated by the projects supported by ISB, that a good proportion of the ISB projects are sufficiently successful that they will be further developed and implemented without continued ISB support, and that ISB project participants are convinced of the benefits of cross-cutting working enough to be persuaded to extend their joint-working and to persuade their colleagues to do likewise. We consider each of these possible effects in turn.

Demonstration effects

- 5.3 In addition to ongoing monitoring, the standard terms and conditions of ISB funding required that all projects should be evaluated on completion, and that those extending over three years should be subject to an interim impact evaluation as well. Only one of the projects – Youth Advocates – has been evaluated to date, and that was part of the wider New Start evaluation research which meant that it was not possible to disentangle the separate lessons from the pilot funded by the ISB. The learning benefits which arise from individual project evaluations should be helpful and HMT and Cabinet Office should encourage departments and other public sector agencies to keep themselves fully informed about both the evaluation methods and results and to disseminate them more widely.
- 5.4 This already happens to some degree within the agencies engaged in the projects but largely for internal communication and external promotion purposes - just after the Round 1 awards were announced by HMT. Around half of the partners reported that their own organisation had participated in or hosted internal and external dissemination events about ISB projects. This dissemination effort seems to have paid off - in around two-thirds of partner organisations, the implementation of ISB projects are reported to have had wider, positive effects, stimulating interest in performance improvement and innovation.
- 5.5 Earlier in the report we commented on the limited role played in many of the projects by

spending departments in monitoring spend and outputs. In addition to strengthening their role in this regard, we can also see a clear role for departments actively encouraging (and, indeed, requiring) dissemination of their ISB projects widely throughout the organisation, to support ongoing Better Government initiatives.

Project sustainability

5.6 We asked project partners to consider the likelihood of their projects continuing after ISB funding came to an end. Taking the majority view from partners in each case, 30 of the 32 projects are likely to continue in some form – most at the same level or on a larger (rather than smaller) scale. Many consultees felt that once the initial infrastructure and development costs had been established, the projects would be sustainable, provided, of course, that they were successful in achieving the cost savings and/or service delivery improvements being targeted or at least demonstrating that they could be achieved.

5.7 Some examples of the kind of claims that were being made by partners with respect to the sustainability of the project outcomes are set out below.

<p>Youth advocates project . . .</p> <ul style="list-style-type: none"> ❑ demonstrated the practicability and potential effectiveness of tackling social exclusion issues by cutting across traditional agency boundaries ❑ forced practitioners to rethink the way they approached the complex range of problems which face young people ❑ tested and refined the role of advocacy, mentoring or personal adviser with a view to mainstreaming this activity through the new Connexions Strategy 	<p>Vehicle Inspectorate and Magistrates Courts – the SOLUS project . . .</p> <ul style="list-style-type: none"> ❑ has a secure long term future – phase 1 is already “mainstreamed” within the day-to-day activity of the Prosecution and Legal Services within the VI - replacing its earlier internal system with a modern information system that is working well ❑ its interface with Libra should become a permanent feature and could well open doors for more partnership working with other prosecutors
<p>Sussex Integration of Justice . . . Towards a seamless service for health and social care . . . Joint emergency call centres . . .</p> <ul style="list-style-type: none"> ❑ are all radical initiatives aimed at integrating or merging services at the local level and testing whether roll-out nationally will be possible and what local difficulties will have to be addressed and how ❑ if effective all will be “mainstreamed” within partner organisations and extended to other local areas 	

Partnership sustainability and enhancement

5.8 The general evidence from the case-studies was that, if successful, the ISB projects will be sustained at higher levels of volume, or through mainstream service delivery, or extended to other applications or areas. This makes it extremely unlikely that the partnership working they involved will be abandoned. Indeed, we found that, even where the projects had

encountered difficulties, the advantages of joint-working had been appreciated sufficiently for it to be continued. A couple of examples are given below of the likely persistence of partnership working.

<p>Electronic transfer of prescription data . . .</p> <ul style="list-style-type: none"> ❑ will become a permanent part of the health and social services structure if successful and will require continued cross-cutting working ❑ could have a range of spin-offs in other areas of data transfer and analysis some related to fraud prevention and others related to patient care – e.g. linked to a parallel initiative (the Unique Patient/Client Index) that will involve further cross-cutting work to eliminate fraud and to improve health care 	<p>Land Information Systems . . .</p> <ul style="list-style-type: none"> ❑ Collaboration between partners had been fostered by the project even though there had been difficult negotiations between them. ❑ It raised the profile of the potential benefits from joint-working especially in the context of a highly innovative project and the exchange of information and best practice that it involved. ❑ A step change had occurred in the relationship between central government departments, agencies, and local authorities that would not have occurred as quickly
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5.9 The intention to sustain joint-working was clearly articulated by the ISB partners who were canvassed during the evaluation, 79% of whom said that the prospects for collaboration were strong following on their experience of the ISB project. Figure 5 demonstrates that this potential for further collaboration was reported for policy or service areas unrelated to those of the ISB project in which they were involved (albeit to a much weaker extent as might have been expected) and reported by those who had not had any or much previous experience of joint working. This strongly suggests that the ISB funding had effects on attitudes and intentions that extended well beyond the particular circumstances of the projects at which Round 1 funding was directed.

Figure 5: Intentions for further joint-working: the views of ISB Round 1 partners					
	Prospects for further joint-working (% respondents)				
	Strong	Medium	Weak	Don't know	No answer
General prospects – all (124)	79%	9%	3%	5%	4%
- those with no/limited previous joint-working (21)	71%	5%	10%	10%	5%
In areas related to the ISB project – all (124)	77%	11%	1%	0%	10%
- those with no/limited previous joint-working (21)	71%	14%	0%	0%	14%
In areas unrelated to the ISB project – all (124)	25%	6%	2%	5%	63%
- those with no/limited previous joint-working (21)	10%	0%	5%	0%	86%

Conclusions on sustainable effects

5.10 The evidence from the ISB Round 1 projects was that their sustainability effects were strong in terms of project demonstration effects, the potential roll-out or mainstreaming of the projects (if successful), and the intentions of the partners to continue and extend joint-working.

6. Conclusions and recommendations

Conclusions

- 6.1 In Section 2 we argued that the ISB should be continued and in Sections 3-5 we explained why. The main reasons for coming to this conclusion were as follows:

Rationale for ISB

- The rationale for ISB funding was found to be robust and still relevant. The Round 1 projects and their partners demonstrated that the perceived costs and risks associated with joint-working partnerships on innovative projects had inhibited their development even though they held the prospect of delivering new, better quality and/or more cost-effective services to the public. The high additionality associated with the ISB funding is testimony to this conclusion.
- However, more significantly for the longer term development of innovative joint-working, was the finding that by and large the risks involved in the projects and in the collaborative working to develop and implement them can be effectively managed. This suggests that ISB funding could at some point become redundant – its effective “seed-corn” role will have been achieved. We do not think that this time has yet been reached. Institutional inertia is still likely to inhibit cross-cutting working particularly in the areas where ISB funding has not been provided – and even where it has. In order to avoid creating ISB dependency for cross-cutting work and to widen the reach of ISB, there is a case for future ISB funding to be directed at the places it has not so far reached.

Joint-working

- The ISB encouraged new and further joint working, thus meeting one of its overarching objectives. Moreover, ISB has not simply funded more of the same. The combination of a partnership objective with one relating to innovation had the desired effect of encouraging public sector organisations to think outside the box. Partnerships are generally working well, acting in an inclusive manner but with strong leadership, and in many cases even above expectations that were grounded in previous joint working experience.

Innovative service delivery

- ISB funding induced a degree of innovative thinking and action with respect to the

design and delivery of public services that would not otherwise have taken place at all or as rapidly. Many of the Round 1 projects had not yet reached a stage where conclusions could be reached on the quantitative improvements they have delivered or are likely to deliver in the form of lower cost or better services. But, the potential for new and improved services is clear and the assessment of additionality indicated strongly that this potential would not otherwise have been secured at all or only at a later date – more than one year in most cases where this applied.

Sustainable effects

- The ISB Round 1 projects generated strong sustainable effects through the potential for roll-out or mainstreaming of most of the projects (if successful). They also demonstrated that the risks inherent in joint-working could be managed without raising intractable accountability problems and there were strongly declared intentions amongst partners to continue and extend joint-working.

Recommendations

- 6.2 In the course of this evaluation report we have provided examples of good practice and have reflected on some aspects of the ISB funding arrangements that could be improved. The following recommendations are designed to improve the effectiveness and cost-effectiveness of ISB funding.

Recommendation 1: That future ISB funding should be directed at the places that it has not so far reached – to avoid ISB dependency and to widen its demonstration effects – this to be accomplished whilst maintaining the “challenge funding” approach. HM Treasury should work closely with Cabinet Office and spending departments and draw on existing service delivery consultative mechanisms such as Service Action Teams, the People’s Panel and departmental consumer champions to identify areas where ISB could be most effectively deployed. The aim should be for a strategic framework for joint working and innovation which highlights areas where ISB bids are more likely to be supported.

Recommendation 2: That the respective roles of the HM Treasury/Cabinet Office and the spending departments in the ISB initiative should be clarified, and bidding and reporting procedures adjusted, to emphasise the role of the departments in:

- a) delivering advice, commentary, and feedback on ISB expressions of interests and bids;
- b) monitoring project expenditure and achievements against budgets and targets;
- c) disseminating and demonstrating the advantages and effective procedures for

innovative joint working; and

- d) embedding the ethos of cross-cutting partnership work within their organisational structures and management procedures.

We recommend that the roles of HM Treasury (through the new ISB Unit) should be distinguished from those above (for partner organisations) and should be clearly communicated to spending departments, other agencies, and project managers. We suggest that, in addition to its responsibility for managing the ISB bidding and selection process and overseeing the initiative, the ISB Unit should have at least three proactive functions:

- liaising with spending departments and agencies on the strategic direction of ISB (see Recommendation 1);
- providing advice and encouragement for spending departments and other agencies to exercise a more hands-on role with respect to project monitoring; and
- encouraging cross-fertilisation between (and within) departments and agencies to maximise the demonstration effect of ISB.

Recommendation 3: The bidding procedures in place for Round 1 should be amended to:

- a) give more time for the preparation of expressions of interest and bids for ISB funding;
- b) encourage partners with no or little previous experience of joint working to participate in ISB projects with their more experienced partners exercising a mentor role;
- c) include within the guidance a specification of the minimum stage of development that projects should have achieved before they are considered for funding (for example an Outline Business Case or Detailed Feasibility Study). For projects at an early stage in development spending departments should be required to provide a clear account of the role they will play in guiding them through to implementation;
- d) emphasise the availability of seed-corn funding to help partners express and test their ideas in order to reach the minimum stage of development as defined above, without prejudice to decisions on the future allocation of ISB resources beyond that stage.

Recommendation 4: That ISB funding at lower rates than 75% of total project costs should be explicitly introduced for projects (perhaps on a tapered basis):

- a) that have already reached an advanced state of development;
- b) whose innovative content cannot adequately be demonstrated;
- c) involving single departments;
- d) previously in receipt of ISB funding in the same policy area; and/or
- e) involving department and agencies with well established cross-cutting partnership arrangements between each other.

The rate of support should be at the discretion of the ISB Committee and subject to negotiation between staff in the ISB unit and the spending departments on a project by project basis to ensure maximum additionality. While we feel that the rate of support could be lower in some cases, we would also recommend the introduction of a minimum rate of support – perhaps 30-40% - to ensure that the initiative, with its emphasis on risk taking and innovation, is not devalued.

Recommendation 5: That project management and monitoring arrangements should be made more robust and transparent by:

- a) Strengthening guidance (at bidding and Implementation Plan stage) on the importance of establishing the respective roles and responsibilities of partners and introducing financial management and monitoring arrangements to minimise accountability problems between departments by rendering more transparent the flow of funds and the activities/outputs they are used to generate;
- b) Building on the widespread use of PRINCE 2 and other, recognised, formal project management system by requiring their use in *all* cases - promoting pragmatic rather than mechanistic use of these tools;
- c) Placing more emphasis in guidance material on the critical requirement for skilled and, where possible, dedicated project managers;
- d) Significantly strengthening the monitoring of ISB projects in two ways. First, clarifying the overseeing role and responsibility of the ISB unit and ISB Committee and the role of spending departments in monitoring project expenditure, activities and achievements and reporting to the ISB unit. Second, ensuring that monitoring at all levels – from project, to department, to ISB Committee - is fit for purpose, particularly in terms of expenditure flows and measurable targets for project activity

and achievements;

- e) Using the resources of the new ISB unit to encourage and, if necessary, provide dissemination and networking support for those engaged in ISB projects (beyond monitoring), including the dissemination of Round 1 project evaluation material.

Annex A: Evaluation objectives and report structure – reference map

The matrix below shows where each of the evaluation objectives is explored within the main sections of the report.

Evaluation objectives	Sections of the report			
	3. Joint working processes	4. Innovative service delivery	5. Sustainable effects	6. Conclusions and recommendations
Assess success/failure of different types of joint working	✓			
Identification of good practice in partnership working	✓			
Identification of effective structures for partnerships	✓			
Contribution of ISB to learning/dissemination of good practice			✓	
Examine the outcomes of ISB projects		✓		
Assess additionality of ISB funding		✓		
Review the ISB bidding and monitoring process	✓	✓		
Offer advice on the development of ISB or similar initiatives				✓

7. ANNEX C: SURVEY OF PARTNERS IN ISB PROJECTS: SUMMARY FINDINGS

Q1 History of partnership			Q3 key factors that lay behind your organisations desire for partnership			HISTORY OF PARTNERSHIP	
Significant amount (more than 10 projects)	51	41%	Resource constraints within own organisation	20	11%		<p>For about 40% of the partners in the ISB projects, there had either been no history of partnership working (22%) or only a limited amount (17% having experience of just 1-3 joint projects). However, there was still a good deal of experience amongst almost half the ISB project partners of partnership working. Even so, this did not seem adversely to affect the additionality of the ISB projects and the partnerships that underpinned them – see the responses to Q 49.</p> <p>Although about 40% of respondents claimed that they had limited partnership experience, some 87% (109) were prepared to advance reasons for their aspirations for partnership working – suggesting that the ISB had tapped into a substantial reservoir for joined up action.</p> <p>The most often cited motivations for partnership working were to achieve pooling of expertise (20%) and to secure synergy benefits (20%). But, it was clear from the responses that a wide range of potential benefits were seen to be presented by increased joint working.</p>
Moderate amount of partnership working (more than 3 projects)	12	10%	Avoidance of duplication	19	10%		
Limited amount (1-3 joint projects)	21	17%	Wanted to undertake larger scale initiatives	14	8%		
No history of partnership	27	22%	Pooling of expertise	36	20%		
Don't know	9	7%	Scale economies	22	12%		
No answer	4	3%	Critical mass	16	9%		
	124	100%	Synergy	37	20%		
			Other reasons	20	11%		
				184	100%		
						(base = 109)	
Q4 How did you personally become aware of ISB?			Q5 How did the initial idea for the project come about?			DEVELOPMENT OF THE ISB PROJECTS	
Letter direct from HMT	8	6%	Idea from own organisation - influenced by existing partnership working	15	12%		<p>The main source of information about ISB for about 80% of respondents was from circulation by colleagues of the Treasury letter advising of its existence or by a variety of other means - i.e. indirectly. The route through the White Paper and direct from the Treasury was not common.</p> <p>The source of the initial idea for the ISB projects appeared to be dominated by existing partnership arrangements or existing projects - only 15% of respondents claimed that the idea came from their own organisation unprompted by existing partnerships or project work. This is not surprising given the innovative nature of the ISB and the speed with which bids had to be lodged.</p>
Letter from HMT circulated by colleague	38	31%	Idea from own organisation - not influenced by existing partnership working	18	15%		
Read about in White Paper	0	0%	Idea from partner organisation - influenced by existing project	15	12%		
Spotted in web-site	1	1%	Idea from partner organisation - not influenced by existing project	18	15%		
Other (1)	64	52%	Other	35	28%		
Other (2)	0	0%	Don't know	13	10%		
No answer	13	10%	No answer	10	8%		
	124	100%		124	100%		
						(base all respondents = 124) Multiple answer	

Q6 What were the key factors which lay behind your organisation's desire to engage in partnership on this ISB project			Q7 What was your organisation's primary rationale for developing project concept?			7.1 DEVELOPMENT OF THE ISB PROJECT			
Resource constraints within own organisation	40	14%	A desire to try a new approach to service delivery	21	16%	<p>A variety of factors underpinned the reasons for engaging in the partnership for the ISB project - pooling of expertise, synergy, overcoming resource constraints, scale economies, and critical mass. Alleviating internal resource constraints appeared not to be a major factor.</p> <p>Unit cost reductions were not a major part of the rationale for developing the project - rather service delivery improvement in a variety of guises was far more important - the quality, effectiveness, and innovative nature of service delivery were the key factors.</p>			
Avoidance of duplication	30	10%	An effort to cut unit costs of delivery	12	9%				
Wanted to undertake larger scale initiatives	35	12%	An effort to increase the quality of service delivery	33	25%				
Pooling of expertise	51	18%	A desire to improve the effectiveness of existing service delivery	29	22%				
Scale economies	16	6%	Other	20	15%				
Critical mass	31	11%	Don't know	0	0%				
Synergy	48	17%	No answer	15	12%				
Other reasons	29	10%		130	100%				
No answer	10	3%							
	290	100%							
<i>(base all respondents = 124) Multiple answer</i>			<i>(base all respondents = 124) Multiple answer (not supposed to be but some respondents provided more than one answer)</i>						
Q8 Had any work been done on developing project idea prior to ISB bidding round?			Q9 Why had the project idea not been developed prior to the ISB bidding round?			DEVELOPMENT OF THE ISB PROJECT			
Yes	66	53%	Lack of funding	20	50%	<p>Over half the respondents claimed that work had been done on developing the project prior to the ISB bid. Even in these cases, very few respondents claimed that the project would have gone ahead unchanged without the ISB funding (see Q49). However, it was the case that full additionality was less likely to be claimed (30%) in those cases where previous work had been done as compared with those cases where no work had been done (41%).</p> <p>Where no work had been done on the project this was claimed by half the respondents to be because of funding constraints - however, 18% claimed that ISB prompted new kinds of projects and 10% said that it brought about new joint working arrangements</p>			
No	32	26%	ISB prompted for new kinds of projects which organisation hadn't been involved with before	7	18%				
No answer	26	21%	ISB prompted other agencies to suggest joint working for the first time in this area	4	10%				
	124	100%	Other	4	10%				
			Other (2)		0%				
			Don't know	5	13%				
				40	100%				
<i>(base all respondents = 124)</i>			<i>(base: all that said no to Q8 = 32) multiple answers</i>						

Q10 How far had the project been developed?			Q17 Did HMT accept the bid?			DEVELOPMENT AND APPROVAL OF THE ISB PROJECT
Vague concept only	35	53%	Subject to substantive amendment	0	0	<p>Nearly three-quarters of the partners engaged in projects on which some work had already been done claimed that the work had not extended much beyond a vague concept or some initial thoughts about its specification and funding requirements.</p> <p>Effectively, therefore, some 65% of the partners consulted thought that their project had either not been worked on at all prior to the ISB bid or had only had some preliminary thought given to it.</p> <p>Despite this – and the speed with which ISB bids had to be submitted – only 16% of respondents claimed that acceptance of their bids had been subject to amendment and then only minor amendment. None said that substantive amendments had been required.</p>
Initial thought given to project specification and likely funding requirements	13	20%	Subject to minor amendment	9	16%	
Feasibility study/business case prepared	9	14%	Subject only to the standard ISB conditions	47	84%	
Approval already secured for a pilot	4	6%		56	100%	
Project was already being implemented	5	8%				
	66	100%				
<i>(base: all that answered yes to Q8 = 66)</i>			<i>(base: all that answered this question=56)</i>			
Q19 Was HMT's project selection process clear?			Q23 Did the project clearly fit with the strategy in place in own organisation?			DEVELOPMENT OF THE ISB PROJECT
Yes	42	81%	Yes	110	89%	<p>Even though for most of the respondents the project had not reached an advanced state of development before the ISB bid, it was nevertheless the case that for almost 90% the project clearly fitted the strategic objectives of their organisation. In other words, these projects were at the margin of the organisation's priorities and required the development that ISB funding afforded in order to contribute to the objectives of the agencies in question.</p> <p>According to most of the respondents, the HMT selection procedures for assessing the ISB bids were transparent and clear.</p>
No	10	19%	No	7	6%	
	52	100%	No answer	7	6%	
				124	100%	
<i>(base: not clear as some respondents that answered this question did not answer Q17 and vice versa)</i>			<i>(base all respondents = 124)</i>			

Q30 Have there been any problems with the financial or management accountability for this project?		Q31 Difficulties with the lead agency maintaining its commitment to financial or management accountability when outputs generated by other department/agency?		MANAGEMENT OF THE ISB PROJECT	
No problems at all	67	54%	Yes	15	12%
Some problems, but these resolved	25	20%	No	76	61%
Some problems but not yet resolved	6	5%	No answer	33	27%
No answer	27	22%		124	100%
	125	100%			
<i>(base: all respondents=124 - multiple answers)</i>		<i>(base all respondents = 124)</i>		<p>It might have been expected that the generally undeveloped nature of the projects and the joint working that ISB required would have led to management and accountability problems – especially with respect to the accountability difficulties that might have been associated with reliance on outputs from other parties.</p> <p>However, only 5% of respondents claimed that there had been financial or accountability problems that had yet to be resolved – and 54% said that there were no problems of this kind at all. Only 12% claimed there to be difficulties for the lead agency with respect to accountability matters and 61% said that there had been no such problems.</p>	
Q33 Could management arrangements have been constructed on a different basis that would have been more effective?		Q34A Would you say that the partnership is an equally balanced one?		<p>Two-thirds of respondents said that the management arrangements could not have been bettered – but nearly 20% considered that alternative arrangements could have been more effective.</p> <p>According to nearly a third of the respondents their projects were not based on an equal balance between partners – nearly 60% said that one party dominated.</p>	
Yes	22	18%	Equal		
No	82	66%	Some dominate	72	58%
No answer	20	16%	No answer	13	10%
	124	100%		124	100%
<i>(base all respondents = 124)</i>		<i>(base all respondents = 124)</i>		<p>But this was not seen as a problem. Only 8% claimed that there was an imbalance between partners' role in the project and the investments they had committed and nearly 80% saw the partnership as a well balanced one in this sense.</p> <p>The partnership had worked better than expected in the view of 42% of respondents and only 7% claimed that it was working less well than expected.</p>	
Q34 B Is this fair given the balance of investment?		Q35 Is the partnership working better, worse or about the same as expected?		<p>There was a high non-response rate to the questions about the effectiveness of the management and monitoring arrangements and systems – 30% and 53% respectively. This could be because some of the consultees had been more closely engaged in the bid than in the management of the project. However, we view the apparent lack of awareness of the Treasury monitoring requirements with some concern because it reflects a possible lack of communication between partners about monitoring arrangements. For innovative projects working through novel partnership arrangements the monitoring arrangements seem likely to be particularly important.</p> <p>That having been said, for 30-40% of respondents the management and monitoring arrangements were regarded as working well and were appropriate given the nature of the project.</p>	
Good balance	98	79%	Better than expected		
Imbalance	10	8%	As expected	56	45%
No answer	16	13%	Worse than expected	9	7%
	124	100%	No answer	7	6%
<i>(base all respondents = 124)</i>		<i>(base all respondents = 124)</i>			
Q38 How well are the project management arrangements and systems working?		Q40 Views on HMT monitoring requirements			
Very well	53	43%	Appropriate, given remit of project	41	33%
Generally OK, but occasional minor problems	33	27%	Overly burdensome	6	5%
Not working well at all	1	1%	Too limited in scope	11	9%
No answer	37	30%	No answer	66	53%
	124	100%		124	100%
<i>(base all respondents = 124)</i>		<i>(base all respondents = 124)</i>			

Q44 Project achievements?			Q45 How would you rate the project in terms of its economy?						ACHIEVEMENTS OF THE ISB PROJECT	
More than expected	37	30%	Outcome	Better	About the same	Worse than expected	No answer	Total		<p>Only 9% of respondents had doubts about the achievements of the project – for 30% the project had achieved beyond their expectations</p> <p>The high non response rate for the questions about economy, effectiveness, and cost-effectiveness – 48%, 37%, and 48% respectively – is a reflection of the fact that some respondents were more engaged in the bid than the management of the project and that many of the projects were not at a stage where judgements could be made about these matters.</p> <p>However, the responses indicate that for 30% of the consultees the outcome of the project had been strong in terms of the economy with which it had been delivered and for 24% the outcome in these terms was better than expected.</p> <p>Much the same findings emerged with respect to the effectiveness and cost-effectiveness of the projects. For about 35% of consultees the projects were strong in terms of effectiveness in meeting their objectives and in doing so at an acceptable cost – and for 25-30% of consultees this outcome was better than expected.</p> <p>There was only a small proportion of consultees who saw their projects as weak in terms of outcomes and as achieving below expectations.</p>
About the same	50	40%	Strong	28	8	0	2	38	31%	
Less than expected	11	9%	Middle order	2	17	3	1	23	19%	
No answer	26	21%	Weak		2	1		3	2%	
	124	100%	No answer				60	60	48%	
<i>(base all respondents = 124)</i>			Total	30	27	4	63	124	100%	
				24%	22%	3%	51%	100%		
			<i>(base all respondents = 124)</i>							
Q46 How would you rate the project in terms of its effectiveness?			Q47 How would you rate the project in terms of its cost-effectiveness?							
Outcome	Better	About the same	Worse than expected	No answer	Total					
Strong	29	15	0	1	45	36%				
Middle order	2	17	9	1	29	23%				
Weak			4	0	4	3%				
No answer				46	46	37%				
Total	31	32	13	48	124	100%				
	25%	26%	10%	39%	100%					
<i>(base all respondents = 124)</i>										
Outcome	Better	About the same	Worse than expected	No answer	Total					
Strong	31	9		3	43	35%				
Middle order	4	12	3	1	20	16%				
Weak		1	1		2	2%				
No answer				59	59	48%				
Total	35	22	4	63	124	100%				
	28%	18%	3%	51%	100%					
<i>(base all respondents = 124)</i>										

Q49 Without any ISB what would have happened to the project?			ADDITIONALITY OF THE ISB PROJECT											
Would have gone ahead unchanged	2	2%	<p>One-third of respondents claimed that their project just would not have gone ahead without the ISB funding and 16% said that it would have been much less likely to have gone ahead. Partial additionality was claimed by many with accelerated additionality being the most often claimed (18%).</p> <p>Only 2% said that their projects would have gone ahead anyway and 10% said that they would have gone ahead only in a different form.</p>											
Would have gone ahead in a different form	13	10%												
Would have been a smaller scale project	8	6%												
Would have gone ahead in the same form at a later date	24	18%												
Would have been less likely to go ahead	21	16%												
Would definitely not have gone ahead at all	45	34%												
No answer	19	14%												
<i>(base all respondents = 124 - multiple answer)</i>			132	100%										
Q49 BY Q10: Additionality by how far the project had already been developed - multiple answers							ADDITIONALITY OF THE ISB PROJECT							
Extent of project development prior to ISB bid	Vague concept only	Initial thought given to project	Feasibility study/business case prepared	Approval already secured for a pilot	Project already being implemented	No answer	All responses		<p>It was much more likely that consultees who claimed their projects as vague concepts before the bid would claim full additionality from the ISB funding. This was to be expected. What was not to be anticipated was the extent to which it was claimed that projects much further advanced in their development were still additional – in some cases in full. This suggests that financing constraints were particularly important in hindering the development of these projects.</p>					
Extent and nature of additionality														
Would have gone unchanged	1	1	0	0	0	0	2	2%						
Would have gone ahead in a different form	5	2	2	0	1	3	13	10%						
would have been a smaller scale project	1	1	0	1	1	4	8	6%						
would have gone ahead in the same form at a later date	6	3	4	0	2	9	24	18%						
would have been less likely to go ahead	8	2	1	1	0	9	21	16%						
would definitely not have gone ahead at all	11	5	3	2	2	22	45	34%						
No answer q49	5				1	13	19	14%						
All responses	37	14	10	4	7	60	132	100%						
	28%	11%	8%	3%	5%	45%	100%							

Q57 What are the longer term prospects for other collaborative working between your organisation and your partners?						LONGER TERM EFFECTS OF THE ISB PROJECT	
	Strong	Medium	Weak	Don't know	No answer	<p>The declared intentions of ISB partners were strongly to the effect that they would engage in future joint-working – only 3% said that the prospects of this were weak and only 5% felt they didn't know.</p> <p>The anticipated joint-working was in fields related to the ISB project. A much lower proportion of partners were prepared to say that there were strong prospects of joint-working in non-related fields – but even here, it was not the case that partners viewed these prospects as weak – they merely could not give an answer.</p> <p>The intentions for future joint-working amongst those with limited previous experience of joint-working were a bit weaker than cited by all partners – but not markedly so except in fields unrelated to the ISB project.</p>	
7.1.1 All respondents							
General prospects for collaboration	79%	9%	3%	5%	4%		
Related areas to ISB project	77%	11%	1%	0%	10%		
Unrelated areas	25%	6%	2%	5%	63%		
<i>(base all respondents = 124) - multiple answers</i>							
Those with no/limited previous joint-working experience	Strong	Medium	Weak	Don't know	No answer	<p>The intentions for future joint-working amongst those with limited previous experience of joint-working were a bit weaker than cited by all partners – but not markedly so except in fields unrelated to the ISB project.</p>	
General prospects for collaboration	73%	13%	6%	4%	4%		
Related areas to ISB project	75%	15%	0%	0%	10%		
Unrelated areas	13%	4%	2%	4%	77%		
<i>(base all respondents with no or limited previous experience of joint-working = 48)</i>							
Q60 Has the implementation of this ISB project had any wider positive effects within organisation?						LONGER TERM EFFECTS OF THE ISB PROJECT	
		Yes	79	64%		<p>This is not as strong a result as might have been expected given the above. It nevertheless indicates for about two-thirds of the respondents that there had been positive effects on the organisation as a whole from participation in the ISB project – but a quarter thought that there had not – either there had been adverse effects or the benefits-costs had been retained within the project.</p>	
		No	32	26%			
		No answer	13	10%			
<i>(base all respondents = 124)</i>							

100%