

Invest To Save Inquiry

Written evidence from the Living Wales Programme.

The Living Wales programme has been tasked with creating a new body that will deliver the current functions of the Environment Agency in Wales, the Countryside Council for Wales and the Forestry Commission. The new body, known as Natural Resources Wales, will come into being on 2nd April 2013.

The business case for the development of the new body set out the tasks that had to be undertaken to create a functioning entity and provided budgetary estimates for those tasks. Although most of the resources for delivery have been made available from Welsh Government and the three bodies, opportunities were identified to accelerate delivery of some parts of the programme if further funding could be found. In particular, undertaking work associated with IT transition by providing cloud based solutions to all staff will ease document management and operational integration and further assure business continuity from vesting day, whilst the legal, actuarial and HR work referred to in the ItS bid will mean that the body is well placed to begin the process of organisational change and cultural transformation from vesting day onwards.

The business case for the amalgamation shows that the body is expected to deliver £158 million of gross benefits over a 10 year period with a payback period of 5 years. This funding (ItS) is therefore an enabling investment that

will contribute towards the effective delivery of the gross benefits. Financial details of the bid are shown below.

<u>Living Wales Programme</u>			
<u>Invest to Save Bid - Financial Details</u>			
	2012/13	2013/14	Total
	£	£	£
IT Transitional Costs	2,698,000		2,698,000
IT Programme Team Resource	400,000		400,000
Legal & Actuarial Advice	250,000	100,000	350,000
HR Consultancy Costs	50,000	535,000	585,000
Total Costs	3,398,000	635,000	4,033,000
Invest to Save Bid (75%)	2,548,500	476,250	3,024,750
Payback:			
2014/15			1,512,375
2015/16			1,512,375

Payback to revenue reserves of the 'Invest to Save' funding for the Natural Resources Body for Wales restructuring costs will start in 2014-15. The payback will amount to £1.512m each year for 2 years and will be funded from the Single Body's benefits realisation savings as detailed in the Business Case. An equivalent reduction to its Grant in Aid will ensure the investment is returned to central reserves.

In our view, the Invest to Save bid has enabled the programme to accelerate 'the transition to more efficient, more effective and more sustainable forms of service delivery' for Natural Resources Wales. The delivery of benefits arising

from the investment will not begin until after vesting day and will continue for 3 to 5 years before the benefits are fully delivered. A performance framework agreement between Welsh Government and NRW will be put in place before vesting day that will require NRW to monitor delivery of the business case benefits so that WG can determine whether or not this delivery has taken place. A subset of those benefits will be related to the ItS investment and it will therefore be possible to associate the delivery of long term service and organisational improvements to the expenditure of ItS monies.

When the Living Wales programme concludes in April 2013, a formal 'lessons learned' process will be undertaken and all learning points will be captured. Some of these will be related to the Invest to Save process and the enabling role that the investment has had for the programme. Given that most of the projects that receive Invest to Save money will be formally managed it is likely that this process is being followed across the board. We suggest that 'lessons learned' reports could be made available to a wider audience as part of a process of sharing good practice and learning from experience.

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