



# **Value for Money Policy**

**July 2018**

Author: Jennifer McLaren, Vice Principal Finance & Curriculum Services

Impact Assessment Date: July 2018

Date: July 2018 (revised)

## Contents

<b>1</b>	<b>Purpose .....</b>	<b>1</b>
<b>2</b>	<b>Policy Statement .....</b>	<b>1</b>
<b>3</b>	<b>Scope.....</b>	<b>1</b>
<b>4</b>	<b>Responsibilities.....</b>	<b>2</b>
<b>5</b>	<b>The Concept of VFM.....</b>	<b>2</b>
<b>6</b>	<b>Achievement of VFM .....</b>	<b>3</b>
<b>7</b>	<b>Review.....</b>	<b>4</b>
	<b>Equality Impact Assessment .....</b>	<b>5</b>

## **1 Purpose**

- 1.1 This policy expresses how the College recognises its responsibility to achieve value for money (VFM) and economy, efficiency and effectiveness from all of its activities, regardless of the method of funding.

## **2 Policy Statement**

The College is committed to achieving value for money (VFM) and economy, efficiency and effectiveness from all of its activities, regardless of the method of funding.

## **3 Scope**

This Policy aims to:

- 3.1 Integrate and enable the adoption of VFM principles within existing management, planning and review processes.
- 3.2 Adopt recognised good practice where this makes good sense.
- 3.3 Ensure that, mainly through the internal audit process, VFM studies are conducted on areas of activity identified as worthy of review.
- 3.4 Provide the framework to benchmark the College's activities against other similar activities and organisations where this is considered useful.
- 3.5 Provide the opportunity to enhance the economy, efficiency and effectiveness of activities.
- 3.6 Promote a culture of continuous improvement.
- 3.7 Ensure that financial savings for the College will be achieved without compromising any aspect towards the quality of service delivery.
- 3.8 Provide evidence to both internal and external observers, that the achievement of VFM is sought in all activities undertaken; and
- 3.9 Communicate to staff the recognition of their continuing obligation to seek VFM for the College as part of their routine activities.

This policy should be read in conjunction with the College's Equalities Policy & Procedure (2018).

## 4 Responsibilities

- 4.1 The Board of Governors has corporate responsibility for promoting the efficient and effective use of staff and other resources by the College in accordance with the principles of Value for Money.
- 4.2 The responsibility for VFM lies with all members of staff within the College and is not restricted to the Senior Team or those with financial responsibilities.
- 4.3 The Senior Team is responsible for implementing arrangements that will ensure VFM is being sought.
- 4.4 Support Managers and Heads of Centres have the responsibility to be aware of good practices in their own area of operation and to ensure that these are followed appropriately.
- 4.5 All staff should endeavour to seek and achieve VFM in all activities and to bring to management's attention any opportunities for improvement or financial savings.

## 5 The Concept of VFM

- 5.1 'Value for Money' (VFM) is a term used to assess whether or not an organisation has obtained the maximum benefits from the goods and services it acquires and provides, within the resources available to it. Some elements of VFM may be subjective, difficult to measure, intangible and misunderstood and judgment is therefore required when considering whether VFM has been satisfactorily achieved or not. VFM not only measures the cost of goods and services, but also takes account of the mix of quality, cost, resource use, fitness for purpose, timeliness and convenience to judge whether or not, together, they constitute good value.
- 5.2 Achieving VFM is also often described in terms of 'the three Es' – economy, efficiency and effectiveness:
  - **Economy** – minimising the cost of resources for an activity (**doing things at a low price**)
  - **Efficiency** – performing tasks with reasonable effort (**doing things the right way**)
  - **Effectiveness** – the extent to which objectives are met (**doing the right things**)
- 5.3 In many areas of activity there is purported 'good practice' or 'best practice', although again this is subjective. In general terms, the College wants to adopt such best practice, where it is appropriate to its own circumstances. Adoption of such best practice is a recognised way of

not only achieving VFM but also of demonstrating that VFM has been sought and achieved.

5.4 The main benefits of promoting VFM are :

- **The clarification of objectives** – VFM principles give Support Managers and Heads of Centres a framework with which to assess the objectives of an activity. A VFM assessment should demonstrate that the activity fits in with the College's strategies and objectives and should maximise the chance of achieving the desired ends without unnecessary expenditure and effort.
- **Planning** – Application of VFM principles ensures that the activity is planned.
- **Openness and transparency** – Properly documented planning and assessment helps provide a demonstration of achieving propriety as well as VFM.
- **Compliance with statutes and regulations** – Application of VFM principles at the planning stage should consider, and therefore ensure, compliance with statutes and regulations.
- **Risk assessment** – As inadequate risk assessment can lead to poor VFM, application of VFM principles at the planning stage should help ensure that appropriate risk assessment of the activity has been carried out.

## 6 Achievement of VFM

6.1 An assessment of value for money can be achieved in a number of ways. For example:

- through benchmarking
- through competitive tendering/seeking of alternative quotations
- by using performance indicators
- through conducting VFM studies
- by seeking out and considering the adoption of 'best practice'
- through internal audit work
- through the retention of planning and VFM assessment documentation
- by reviewing the outcomes of an activity.

6.2 There is no single way of demonstrating VFM and indeed the decision regarding whether VFM has been achieved is subjective. However, by planning and implementing activity in accordance with VFM principles, we can demonstrate that we have acted in the appropriate manner required of a publicly funded organisation.

## **7 Review**

- 7.1 This policy will be reviewed every three years or whenever change affects any part of it, by the Vice Principal, Finance & Curriculum Services.

## Equality Impact Assessment

Before carrying out an EIA, you should familiarise yourself with the College's EIA Policy Statement and Guidance, along with further information and resources which are available on Serengeti

EIA covers **strategies, policies, procedures, plans, provisions, criteria, functions, practices and activities, including decisions and the delivery of services**, but will be referred to hereinafter as 'policy/practice'.

<b>Policy/Practice (name or brief description):</b>	<b>Value for Money Policy</b>
<b>Reason for Equality Impact Assessment (choose from the following options):</b>	
<ul style="list-style-type: none"> <li>Proposed new policy/practice</li> <li>Proposed change to an existing policy/practice</li> <li>Undertaking a review of an existing policy/practice</li> <li>Other (please give detail):</li> </ul>	Review of an existing policy
<b>Person responsible for the policy area or practice:</b>	
Name:	Jennifer McLaren
Job title:	Vice Principal, Finance & Curriculum Services
<b>An Equality Impact Assessment must be carried out if the policy/practice:</b>	
<ul style="list-style-type: none"> <li>affects <b>operational</b> or <b>strategic functions</b> of the College</li> <li>is relevant to the promotion of equality (in terms of the Public Sector Equality Duty 'needs' as set out in the Policy and Guidance)</li> </ul>	
Why the EIA is being carried out	<b>The policy directly affects the operational functions of the College</b>

## Equality Groups

Relevant to the Policy/Practice, identify which of the undernoted equality groups are impacted upon:

- Age
- Disability
- race (including ethnicity and nationality)
- religion or belief
- sex
- sexual orientation
- gender reassignment
- pregnancy and maternity
- marriage or civil partnership

**None.**

**Record your assessment against the following statements:**

Statement	Equality assessment
Detail the evidence of the needs of the identified equality groups and any gaps in information	This policy expresses how the College recognises its responsibility to achieve value for money and economy, efficiency and effectiveness from all of its activities, regardless of the method of funding. There are no identified needs or missing gaps in relation to the equality groups.
Will application of this policy/practice lead to discrimination (direct or indirect), harassment, victimisation, less favourable treatment for particular equality groups?	No.
If yes, how will the policy/practice be changed to contribute to advancing equality of opportunity	N/A.
State how this policy/practice will foster good relations:	The Policy ensures that financial savings for the College will be achieved without compromising any aspect of quality of service delivery and adopting best practice should ensure that equality groups are not adversely impacted upon.

Will the policy/practice create any barriers for any other groups?	No
If yes, how will the policy/practice be changed to contribute to advancing equality of opportunity	No
Which equality groups or communities have been consulted in the development and review of this policy/practice?	The Senior Team was consulted during the review process.

<p><b>Equality Impact Assessment Outcome</b>  Select one of the four options below to indicate how the development/review of the policy/practice will be progressed and state the rationale for the decision. (Delete the options that do not apply):</p>	
<p><b>Option 1:</b> No change required – the assessment is that the policy/practice is/will be robust.</p> <p><b>Option 2:</b> Adjust the policy or practice – this involves taking steps to remove any barriers, to better advance equality and/or to foster good relations.</p> <p><b>Option 3:</b> Continue the policy or practice despite the potential for adverse impact, and which can be mitigated</p> <p><b>Option 4:</b> Stop the policy or practice as there are adverse effects cannot be prevented/mitigated against.</p>	<p><b>Option 1</b></p>
<p><b>Monitoring</b></p>	
When will the policy/practice next be reviewed?	<b>The Policy is reviewed every three years or whenever change affects any part of it</b>

<b>Publication of EIA</b>	
<p>Can this EIA be published in full, now? Please state Yes or No</p> <p>If No – please specify when it may be published or indicate restrictions that apply:</p>	<p><b>Yes</b></p>
<b>Sign-off</b>	
<p>EIA undertaken by</p> <p>Name: Date:</p> <p>Accepted by person responsible for the policy/practice named above:</p> <p>Name: Date:</p>	<p><b>Jennifer McLaren</b> <b>31 July 2018</b></p> <p><b>Jenny Stalker</b> <b>14 August 2018</b></p>

Retain a copy of this form for your own records and attach a copy to the bottom of the document to which it refers. Send to [ebrown@west-lothian.ac.uk](mailto:ebrown@west-lothian.ac.uk) for review and publication.