

# **Value for Money Policy and Strategy Document – Court Theatre Training Company 2019**

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## **Contents**

**Introduction**

**The Concept of VfM**

**Scope**

**Responsibilities**

**Achievement of VfM Review**

## **The Concept of VfM Scope Responsibilities Achievement of VfM Review**

### **Introduction**

1. Court Theatre Training Company (CTTC) recognises its responsibility to achieve Value for Money (VfM) from all of its activities, regardless of the method of funding.
2. CTTC is committed to the pursuit of economy, efficiency and effectiveness.
3. CTTC will seek to adopt good practice and incorporate VfM principles in all its activities.
4. CTTC believes that Value for Money means obtaining the maximum benefit from goods and services acquired and provided, within available resources and having due regard to equality considerations in order to meet our duty under the Public Sector Equality Duty (PSED).
5. CTTC believes that Value for Money is a more complex concept than simply lower prices or lower inputs, important as these are. It also takes account of factors such as quality, resource use and fitness for purpose which are of value in terms of the achievement of the College's strategic objectives.

### **The Concept of VfM**

6. Value for Money 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. Although some elements of VfM may be subjective, difficult to measure, intangible and misunderstood, informed judgement will assist 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, use of resources, fitness for purpose, timeliness and convenience to judge whether or not, together, they constitute good value.
7. Traditionally, VfM has been defined in terms of the three 'E's':

- a Economy- minimising the cost of resources for an activity ("doing things at a low price")
- b Efficiency- performing tasks with reasonable effort ("doing things the right way")
- c Effectiveness- the extent to which objectives are met ("doing the right things")

8. More recently, definitions of VfM in the public sector have focussed on four elements:

- a Inputs-in terms of price, quantity and quality
- b Outputs- in terms of price, quantity and quality
- c Processes - activities that convert inputs into outputs
- d Allocative efficiency - the deployment of limited resources to deliver the maximum overall benefit to the organisation in terms of its agreed strategy.

9. Furthermore, VfM benefits are classified as either "cashable" or "non-cashable".

- Cashable –where there is a direct financial saving or benefit
- Non-cashable – where there may not be lower costs or increased income but where there is improved performance for the resources used.

10. In many areas of activity there is purported "good or best practice". In general terms, the College wants to adopt such practice, where it is appropriate to its own circumstances.

11. The main benefits of promoting VfM are:-

- a **The clarification of objectives** - VfM principles give managers 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.
- b **Planning** - Application of VfM principles ensures that the activity is planned.
- c **Openness and transparency** - Properly documented planning and assessment helps provide a demonstration of achieving propriety as well as VfM.
- d **Compliance with constitutional, regulatory and legal obligations** - Application of VfM principles at the planning stage should consider, and therefore ensure, compliance with statutes and regulations.

e **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.

## Scope

12. This policy aims to:

- Integrate and enable the adoption of VfM principles within existing management, audit, planning and review processes;
- Adopt recognised good practice where this makes good sense;
- Ensure that, mainly through the internal audit process, VfM studies are conducted on areas of activity identified as worthy of review;
- Provide the framework to benchmark the College's activities against other similar activities and organisations where this is considered useful;
- Provide the opportunity to enhance the economy, efficiency and effectiveness of activities;
- Promote a culture of continuous improvement;
- Ensure that financial savings for CTTC will be achieved without compromising any aspect towards the quality of service delivery;
- Measure the achievement of VfM through reporting
- Provide evidence to demonstrate that the achievement of VfM is sought in all activities undertaken; and
- Communicate to all staff the recognition of their continuing obligation to seek VfM as part of their routine activities, ensuring that the principles of VfM are understood and ensuring that they are aware of the responsibility of all staff to pursue VfM in the College's activities.

## Responsibilities

13. The responsibility for VfM lies with all members of staff within CTTC and is not restricted to senior management or those with financial responsibilities.
14. 'Members of governing bodies of HEIs have a set of legal responsibilities and other duties. Taken together, the responsibilities of members of a governing body and of the governing body as a whole are considerable, and must be met. The governing body of an HEI is collectively responsible and has ultimate responsibility that cannot be delegated for overseeing the HEI's activities, to determine its future direction, and to foster an environment in which the HEI's mission is achieved. In accordance with the HEI's own statutes and constitution, there should be effective arrangements for providing assurance to the governing body that the HEI uses public funds for proper purposes and seeks to achieve value for money from public funds '
15. The Senior Management Team is responsible for implementing arrangements that will ensure VfM is being sought.
16. All Managers have the responsibility to be aware of good practices in their own area of operation and to ensure that these are followed appropriately.
17. All staff should endeavour to seek and achieve VfM in all activities and to bring to management's attention any opportunities for improvements or financial savings.

## Achievement of VfM

18. 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
- through collaborative purchasing contracts
- by using performance indicators
- through guidance issued from, e.g. the National Audit Office
- through conducting VfM studies
- by seeking out and considering the adoption of "best practice"
- through internal audit work
- by continual review of technology available
- by awareness of new, emerging, technology
- by building collaborative partnerships
- through the retention of planning and VfM assessment documentation
- through information and consultation with all staff
- by reviewing the outcomes of an activity
- by ensuring that, in all things, we aspire to "do the right thing correctly, in the right way, first time"
- 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.

## **Review**

19. This policy will be reviewed every two years.

# Value for Money - Strategy

## Contents

- 1. Introduction**
- 2. Definition**
- 3. Value for Money Strategy**
- 4. Governance, Management and Value for Money**

## 1. Introduction

- 1.1. The College's strategy is to embed value for money as part of our ongoing business processes and decisions and the purpose of this document is to outline the overall approach taken to the consideration, management and implementation of a Value for Money policy in the pursuit of the mission and strategic aims of CTTC.

## 2. Definition

- 2.1. Value for Money has three components, economy, efficiency and effectiveness. It is often wrongly simplified as lowest price or cost but this is a mistake and it is important to try to achieve an outcome that also recognises the efficiency of any process or function and its effectiveness.

## 3. Value for Money Strategy

- 3.1. To achieve good VfM, we seek to:
  - a. Integrate VfM principles within existing planning and review processes and embed the pursuit of economy, efficiency and effectiveness within operational management;
  - b. Respond to opportunities to enhance the economy, efficiency and effectiveness of activities and adopt recognised good practice where this makes sense;
  - c. Undertake VfM studies on areas of activity identified as worthy of review and apply the lessons learned to other areas of the College;
  - d. Promote a culture of continuous improvement;
  - e. Ensure that all staff recognise their continuing obligation to seek VfM for the institution as part of their routine activities;
  - f. Benchmark our activities against other similar activities and organisations where this is considered useful. The VfM policy is approved and

communicated, establishing responsibilities for how VfM concepts and practices are allocated within CTTC.

- 3.2. VfM will be embedded into the strategy, culture and operations of CTTC.
- 3.3. VfM principles will be integrated within existing planning and review processes and the pursuit of economy, efficiency and effectiveness will be embedded within operational management.
- 3.4. We will identify and respond to opportunities to enhance the economy, efficiency and effectiveness of activities and adopt recognised good practice where this makes sense.
- 3.5. We will embed the pursuit of increased efficiency and effectiveness while maintaining costs to affordable levels throughout all layers of management in CTTC.
- 3.6. We will promote a culture of continuous improvement, to challenge current practices and approaches to improve performance and position CTTC to meet future challenges.
- 3.7. We will ensure that all staff recognise their continuing obligation to seek VfM for the institution as part of their routine activities;
- 3.8. We will benchmark our activities against other similar activities and organisations where this is considered useful.
- 3.9. The VfM Policy forms part of the internal control and governance of the College.

## **4. Governance, Management and Value for Money**

The College believes all staff share the responsibility for pursuing value for money; in a formal sense, however the following roles have been agreed:

- a. Advisory Board ensures that there are sound arrangements for risk management, control and governance, and for economy, efficiency and effectiveness.
- b. The Principal is the officer designated by Advisory Board as responsible for satisfying the Advisory Board queries on VfM
- c. Senior Management Team (SMT) is the formally constituted senior management team and is responsible for the operation of the College including the use of key performance indicators, risk management and value for money activities.
- d. Managers have the responsibility for reviewing and maintaining good practice in their own area of operation;
- e. All staff should endeavour to seek and achieve VfM in all activities and to bring to management's attention any opportunities for improvement;