

## Committee Value for Money checklist - Major Projects

Does the proposal provide the information we need to make an informed decision?	Evidenced in the proposal / supporting information – proposer to complete this column	Committee view: Y/N or further information required
<b>Understanding the context</b>		
What are we trying to achieve?	E.g. section X supported by minutes of Y	
What are the inputs required?		
What are the proposed outputs?		
How will the outputs contribute to what we are trying to achieve?		
How will this help us to create value for our students, staff, funders and other stakeholders?		
<b>Considering the options</b> - are we making the most efficient use of resources to achieve a given set of outcomes.		
<ul style="list-style-type: none"> <li>How have we sought to minimise the inputs while maximising the outputs?</li> </ul>		
<ul style="list-style-type: none"> <li>Is the balance between inputs and outputs reasonable?</li> </ul>		
<ul style="list-style-type: none"> <li>Can we achieve more outputs with the same level of inputs?</li> </ul>		
<ul style="list-style-type: none"> <li>Can we achieve the same outputs with a lower level of inputs?</li> </ul> <p>E.g. Have we sought to minimise the amount of space required, for example by:</p> <ul style="list-style-type: none"> <li>reviewing the way in which we teach our students?</li> <li>ensuring that teaching space will have a high utilisation rate?</li> <li>considering the use of open plan offices for academics?</li> </ul>		
<ul style="list-style-type: none"> <li>Are we encouraging the right sort of behaviour?</li> </ul> <p>E.g. Have we made sure that the design of the building is sufficiently flexible to respond to our changing needs over its lifetime?</p>		
<ul style="list-style-type: none"> <li>Do we risk any perverse incentives?</li> </ul>		
<b>Assessing performance</b>		
<ul style="list-style-type: none"> <li>How will we measure the efficiency of what we are doing?</li> </ul>		
<ul style="list-style-type: none"> <li>Are there any external measures against which we can compare our efficiency? If so, how well do we compare against them?</li> </ul>		

E.g. How does the proposed new building compare with national benchmarks in terms of cost per square meter, space utilisation, energy costs, etc.?		
<ul style="list-style-type: none"> <li>What can we do better?</li> </ul>		
<b>Balancing economy, efficiency and effectiveness</b>		
<ul style="list-style-type: none"> <li>Does any improved efficiency have an adverse impact on economy or effectiveness?</li> </ul>		
<ul style="list-style-type: none"> <li>If we are investing to improve efficiency, is this investment worthwhile?</li> </ul>		
<ul style="list-style-type: none"> <li>Could we be more efficient by spending a bit more money? Would this be worthwhile?</li> </ul> <p>E.g. Have we sought to design the building so that it is as energy efficient as possible, for example by taking advantage of passive solar gain and air cooling?</p>		
<ul style="list-style-type: none"> <li>Will what we are doing have a negative impact on student, staff or funder perceptions?</li> </ul>		
<ul style="list-style-type: none"> <li>Do we have in place suitable mechanisms to support any associated change?</li> </ul>		
<b>Seeking assurances</b>		
<ul style="list-style-type: none"> <li>How confident am I that the proposed course of action will yield the proposed results?</li> </ul>		
<ul style="list-style-type: none"> <li>What further assurances can I seek from management?</li> </ul>		
<ul style="list-style-type: none"> <li>Has the audit committee looked at this?</li> </ul>		
<ul style="list-style-type: none"> <li>Can we seek input from internal audit?</li> </ul>		
<ul style="list-style-type: none"> <li>Are there any external sources of assurance upon which we could draw?</li> </ul>		
<ul style="list-style-type: none"> <li>Do we need to seek specialist advice before making a decision?</li> </ul>		

1. Governors should seek to ensure that the institution has in place suitable mechanisms to support the change associated with efficiency-related improvements:

- staff and students across the institution may be wary of change
- lack of engagement with any process of change can quickly limit its chances of success
- it is important to ensure that the process is managed proactively, sensitively and effectively.

2. Governors should also have regard to efficiency whenever they are called upon to review proposals, to approve plans or to make specific decisions.

They should consider whether the institution is making the most efficient use of its resources to achieve a given set of outcomes.

Example - approval of the construction of a new academic building to provide new lecture theatres and seminar rooms, new offices for members of academic staff, and new research laboratories.

3. Questions that governors may wish to ask in respect of the efficiency of this new building include:

Have we sought to minimise the amount of space required, for example by:

- reviewing the way in which we teach our students?
- ensuring that teaching space will have a high utilisation rate?
- considering the use of open plan offices for academics?

Have we sought to design the building so that it is as energy efficient as possible, for example by taking advantage of passive solar gain and air cooling?

Have we made sure that the design of the building is sufficiently flexible to respond to our changing needs over its lifetime?

How does the proposed new building compare with national benchmarks in terms of cost per square meter, space utilisation, energy costs, etc.?

4. General questions

#### **Understanding the context**

- What are we trying to achieve?
- What are the inputs required?
- What are the proposed outputs?
- How will the outputs contribute to what we are trying to achieve?
- How will this help us to create value for our students, staff, funders and other stakeholders?

#### **Considering the options**

- How have we sought to minimise the inputs while maximising the outputs?
- Is the balance between inputs and outputs reasonable?
- Can we achieve more outputs with the same level of inputs?
- Can we achieve the same outputs with a lower level of inputs?
- Are we encouraging the right sort of behaviour?
- Do we risk any perverse incentives?

#### **Assessing performance**

- How will we measure the efficiency of what we are doing?
- Are there any external measures against which we can compare our efficiency? If so, how well do we compare against them?
- What can we do better?

### **Balancing economy, efficiency and effectiveness**

- Does any improved efficiency have an adverse impact on economy or effectiveness?
- If we are investing to improve efficiency, is this investment worthwhile?
- Could we be more efficient by spending a bit more money? Would this be worthwhile?
- Will what we are doing have a negative impact on student, staff or funder perceptions?

### **Seeking assurances**

- How confident am I that the proposed course of action will yield the proposed results?
- What further assurances can I seek from management?
- Has the audit committee looked at this?
- Can we seek input from internal audit?
- Are there any external sources of assurance upon which we could draw?
- Do we as governors need to seek specialist advice before making a decision?

## **5. Value for Money strategy**

Sets out how the institution will seek to promote the economic, efficient and effective use of its resources over a three to five year time frame.

Sets out specific objectives around economy, efficiency and effectiveness with clear links to the institution's overall strategy, as well as to documents such as the learning and teaching strategy, research strategy, etc.

Commits the institution to a range of activities designed to facilitate the achievement of these objectives, such as:

- training for staff in respect of Value for Money and the principles of economy, efficiency and effectiveness
- reviews of the efficiency of individual academic and professional service departments
- reviews of the efficiency of specific activities and processes, either within individual departments or cutting across more than one department.
- monitoring of compliance with other policies with links to the achievement of Value for Money, such as the institution's procurement policy
- proactive engagement with internal and external audit to identify areas in which efficiency could be enhanced.

## **6. Value for Money policy**

What Value for Money means within the context of the institution and its activities?

Who within the institution is responsible for promoting the economic, efficient and effective use of resources - the responsibilities of governors, management, staff and other stakeholders?

How the institution's governance and management structures and processes help to promote Value for Money.

How the institution seeks to ensure that its activities represent Value for Money.

The ways in which the institution seeks assurance that its arrangements for securing Value for Money are operating effectively.

How the institution reports on the economic, efficient and effective use of its resources.

## 7. Culture

Value for Money is something that should be integrated seamlessly into the way the institution works, not something that is tacked on at the end.

It is important, therefore, that governors help to create a culture where innovation and improvement is encouraged and valued.

Governors have a key role to play in communicating the message across the organisation that we need to strive to improve the efficiency of their activities regardless of their financial position.

Governors working with senior management should also seek to ensure that people across the institution – whether staff, students or anyone else – are encouraged to, and feel confident in, suggesting ways in which efficiency could be improved.

Governors should also seek to ensure that the institution has in place suitable mechanisms to support the change associated with efficiency-related improvements - it is important to ensure that the process is managed proactively, sensitively and effectively.