

## Value for Money Policy November 2020 (Under Review)

### 1. OVERVIEW AND PURPOSE

1.1 This policy supports the Financial Regulations. It sets out the approach of the University in meeting the requirement of the Regulations with regards to Value for Money (VfM) and describes the means by which the principles of the Regulations should be applied in the day-to-day operations of the University.

1.2 As a University which is registered with the OfS we must be transparent about how we deliver Value for Money and publish clear information about how we ensure it. This policy sets out the University approach to Value for Money delivery to all stakeholders and to addressing the relevant requirements of the OfS to ensure that:

- 'there are adequate and effective arrangements in place to provide transparency about Value for Money for all students and (where a provider has access to the student support system or to grant funding) for taxpayers' - OfS Public interest governance principles VI
- 'there are adequate and effective arrangements in place to ensure public funds are managed appropriately, in line with the conditions of grant and the principles of regularity, propriety and Value for Money, and to protect the interests of taxpayers and other stakeholders. This also applies to any funds passed to another entity for the provision of facilities or learning and teaching, or for research to be undertaken' - OfS Public interest governance principles XII
- the University uses public funds for proper purposes and seeks to achieve Value for Money (VfM) from public funds.

1.3 The policy is also intended to:

- promote transparency, accountability and consequently, Value for Money
- provide clarity of responsibility for the achievement of value of Value for Money and ensure that all staff recognise their continuing responsibility to seek VfM as they carry out their roles
- demonstrate to both internal and external observers how the achievement of VfM is sought in all activities undertaken
- integrate VfM principles within all management, planning and review processes
- align the University's approach to VfM with the Office for Students' Value for Money strategy.

### 2. SCOPE

This policy is approved by the Audit and Risk Committee on the recommendation of the Vice Chancellor and must be adhered to by all members of staff and others connected with the University, as defined in the University Financial Regulations.

The policy applies to all activities that the University undertakes as it delivers against its strategic goals and objectives.

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The policy applies to all University funds irrespective of their source except where more stringent requirements are required by a third party such as the sponsor of a research grant.

**3. RESPONSIBILITIES**

**3.1 Roles and responsibilities**

The University expects that everyone at the University takes responsibility for considering VfM in whatever role they play. This includes staff, students and other stakeholders.

Specific responsibilities:

	Responsibility
Council and Council Committees	Ensure that the University uses public funds for proper purposes and seeks to achieve Value for Money (VfM) from public funds.
Council and Council Committees	Provide annual opinion on the adequacy and effectiveness of the arrangements for promoting economy, efficiency and effectiveness: Audit and Risk Committee (ARC).
Council and Council Committees, Executive	Shared responsibility to create and embed a culture of Value for Money awareness, regardless of the financial position: <ul style="list-style-type: none"> <li>ensure there is an effective VfM strategy and policy in place and that these are integrated seamlessly into the way the University works</li> <li>Seek to ensure that people across the institution – including staff, students or other stakeholders– are encouraged to, and feel confident in, suggesting ways in which efficiency could be improved.</li> </ul>
Council and Council Committees, Executive, Heads of School (HoS) and Directors of Professional Services (DoPS) and delegated budget holders, management decision making boards and groups	Shared responsibility to create and embed a culture of Value for Money awareness, regardless of the financial position: <ul style="list-style-type: none"> <li>ensure VfM strategy and policy are integrated seamlessly into the way the University works</li> <li>communicate the importance of VfM across the organisation, regardless of the financial position.</li> </ul>
Council and Council Committees, Executive, HoS and DoPS and delegated budget holders, management decision making boards and groups	Embed VfM in decision making: <ul style="list-style-type: none"> <li>embed consideration of VfM in strategic and operational planning and decision making</li> <li>have regard to VfM whenever they are called upon to review proposals and approve plans</li> <li>ensure transparency and accountability in our operational decision making and planning for the future.</li> </ul>
Council and Council Committees,	Measure and report outcomes to demonstrate VfM: <ul style="list-style-type: none"> <li>Ensure that measures of success are built into proposals and plans.</li> </ul>

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Executive, HoS and DoPS and delegated budget holders, management decision making boards and groups	<ul style="list-style-type: none"> <li>measure our performance and evaluate activity and projects to determine if they delivered their intended outcomes and secured VfM, and learn from this</li> </ul>
Vice Chancellor	In accordance with best practice provide ARC and Council with an annual report and opinion regarding the relevant approach, achievements and priorities of the University with regards to VfM. [note this report is longer required by OfS but remains best practice]
Director of Finance	<p>Embed VfM in day to day operating:</p> <ul style="list-style-type: none"> <li>ensure that policy and process, financial governance, risk management and internal control systems are in place to support achievement of VfM when using resources</li> <li>ensure adequate training and resources are in place to support staff in meeting their responsibilities.</li> </ul>
HoS and DoPS and delegated budget holders	<p>Embed VfM in day to day operating:</p> <ul style="list-style-type: none"> <li>ensure there are effective systems, processes and controls to ensure VfM is achieved within their area of responsibility</li> <li>ensure compliance with the policies with links to the achievement of VfM within their areas of responsibility</li> <li>provide the Director of Finance with information required to enable VfM studies</li> <li>procure goods and services effectively</li> <li>make best use of our staff, office space and technology to carry out our activities at lower cost, or with greater efficiency and effectiveness.</li> </ul>
Internal Auditors	Plan and carry out VFM reviews and provide an annual opinion to Council on the adequacy and effectiveness of arrangements to promote economy, efficiency and effectiveness.
Members of Staff	<p>Shared responsibility to create and embed a culture of Value for Money awareness:</p> <ul style="list-style-type: none"> <li>Understand the principles of Value for Money in the University, challenge ways of working and identify ways in which Value for Money could be improved.</li> </ul>
Members of Staff	<p>Embed VfM in day to day operating:</p> <ul style="list-style-type: none"> <li>undertake Value for Money training and seek additional guidance where required</li> <li>comply with relevant policy and process</li> <li>be efficient in the use of University resources and ensure Value for Money in the University's operations and transactions.</li> </ul>

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#### 4. POLICY

4.1 Our overall strategic aim is to achieve a world-class standard of teaching and research by managing our resources effectively and efficiently.

We aim to:

- invest as much of our income as we can to ensure that we are delivering the highest quality teaching possible and achieving the greatest impact possible through our research
- ensure Value for Money for both students and taxpayers, the level of resource provided by the University to support an activity must be aligned with the quality of the outcome.

4.2 How we define Value for Money

The University has traditionally considered Value for Money to comprise of economy, efficiency and effectiveness is expanding this definition to explicitly include income generation:

- **Economy** - careful use of resources to save expense, time or effort ('spending less')
- **Efficiency** - delivering the same level of service for less cost, time or effort ('spending well')
- **Effectiveness** - delivering a better service or getting a better return for the same amount of expense, time or effort ('spending wisely')
- **Income generation** - Creating new positive net income streams that bring in additional financial resources to further our charitable purposes

Whilst it is not included within our core definition of VfM the University is also mindful of the importance of 'Equity', as defined in HEFCE circular letter 23/2016: '*Equity – the extent to which services are available to and reach all people for which they are intended ('spending fairly')*'. Equity is particularly relevant to specific bodies and roles within the University who will consider it in their decision making.

Illustrations of what VfM can look like in practice are at appendix 1 - Guide to Value for Money at the University of Sussex.

4.3 **Our strategic aims**

The achievement of Value for Money for our stakeholders is embedded in our Sussex 2025 strategic framework. We will continue to build on our achievements and evolve as a university, dedicated to making a better world.

- our students will receive a transformative, high quality education and learning experience that will allow them to realise the futures that they want and to the benefit of society as a whole (Learn to Transform)
- our research will create new agendas, contribute new knowledge and provide new ideas and solutions that will help to shape the world (Research with Impact)
- we will bring benefits to society at large (Engage for Change)
- we will re-engineer our processes, structures and governance with a special focus on our core professional services of Human Resources, IT, Finance and Estates (Build on Strengths)
- Sussex will be known in the higher education sector for its agility, efficiency, effectiveness and care in enhancing and delivering our academic vision, strategies and priorities (Build on Strengths)

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- we will have a confident and agile academic and administrative workforce, which understands its role in delivering the University’s priorities and value-for-money outcomes (Build on Strengths).

This reflects our objective to ensure that that Value for Money for all stakeholders is integrated seamlessly into the way the institution works, not something that is tacked on at the end.

#### 4.4 Value for Money for students

Achieving Value for Money for students is a priority for the University.

The OfS states that ‘Students receive Value for Money when they experience the full benefits of higher education – both during their studies and afterwards – in exchange for the effort, time and money they invest’.

Our priorities are aligned to those identified by the OfS. These include:

- ensuring high quality teaching and delivering an excellent teaching and learning experience;
- securing positive employment outcomes for our students
- maintaining the value of a Sussex degree over the long term
- protecting students as consumers
- increasing transparency with regards to how student fees are spent.

In the context of embedding VfM in our decision making this means:

- considering how Value for Money for students could be improved at early stages of decision making, not a bolt on
- reviewing level of inputs e.g. student/staff ratios against potential impact on student outcomes – e.g. satisfaction, retention, attainment and employment
- including student satisfaction and outcomes as criteria when reviewing the suitability and sustainability of the institution’s academic portfolio and when making other decisions about teaching and teaching delivery
- identifying aspects of student satisfaction and outcome measures and considering how these can be addressed where issues are identified
- implementing a range of feedback mechanisms for students in order to understand and address their concerns
- considering the results of institutional student surveys, particularly through the Student Surveys Groups (e.g. Student Barometer; Postgraduate Taught Experience Survey).

Our Access and Participation plan 2020/21 - 2024/25 <https://www.sussex.ac.uk/study/terms-and-conditions/access-agreements> sets out our approach to delivering our overarching aim to ensure equality of opportunity for under-represented groups at all stages of the student lifecycle.

#### 4.5 Value for Money for the taxpayer

The OfS states that taxpayers receive Value for Money when higher education providers use public money and student fees efficiently and effectively to deliver graduates, from all backgrounds, who contribute to society and the economy.

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The benefits for taxpayers and for society as a whole are seen through lower rates of unemployment and crime, higher tax revenues, and increased levels of knowledge, better levels of health and wellbeing, and civic participation, including volunteering.

By ensuring positive outcomes for individual students, we ensure that taxpayers receive Value for Money. We endow our students with the skills needed to become the high-quality labour force and leaders required for the future development of the UK's economy and society.

Where possible we work with employers and professional bodies to develop and modify courses – considering both course content and how courses are delivered. We consider curriculum design and the provision of placements, as well as careers advice.

**4.6 Governance and management structures**

The promotion of Value for Money is embedded in our governance and management structures - appendix 5 to this policy sets out more information.

All relevant decision-making bodies address their roles in delivery of Value for Money in their terms of reference and report annually on their performance.

Audit and Risk Committee and the Executive receive reports from our internal auditors on the outcome of VfM reviews and ensure that recommendations are acted on.

**4.7 Measuring and reporting Value for Money outcomes:**

Measures of success are built into proposals and plans to invest our resources. We measure our performance and evaluate activity to determine if we delivered intended outcomes and secured Value for Money and learn from this.

The interests of students and taxpayers are often most closely aligned when graduates progress into employment and we monitor employment outcomes to check that students are leaving with the skills and knowledge that they need.

We use appropriate benchmarks, such as Transparent Approach to Costing (TRAC) to understand the cost of activities in comparison with other similar providers to help determine where we can improve the Value for Money to students and taxpayers.

We are transparent about how we deliver Value for Money for students and for taxpayers, publishing information on our income and expenditure to allow students and the public to hold us to account and challenge the way in which fees and funding are being spent.

**5. LEGISLATION AND GOOD PRACTICE**

The OfS requires that Council ensures that the University uses public funds for proper purposes and seeks to achieve Value for Money (VfM) from public funds. To support this the Audit and Risk Committee provides an annual opinion on the adequacy and effectiveness of the arrangements for promoting economy, efficiency and effectiveness.

This is informed by an annual report from the Vice Chancellor – appendix 4 sets out the format for this report which is based on good practice in the sector and by our internal auditors who plan and carry out VfM reviews and provide an annual opinion to Council on the adequacy and effectiveness of arrangements to promote economy, efficiency and effectiveness.

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Related internal policies, procedures, guidance:	<p>Appendix 1 'A guide to Value for Money at the University of Sussex'</p> <p>Appendix 2 - Value for Money checklist for Council and Council committees, the Executive, management decision making boards and groups</p> <p>Appendix 3 - Template Value for Money checklist for major projects</p> <p>Appendix 4- Annual Value for Money report template</p> <p>Appendix 5 - Governance and Management structures [to be updated annually, 2020 version attached for reference]</p>
Policy owner:	<i>Finance</i>
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## Appendix 1 to VfM Policy

### Understanding the principles of Value for Money at the University of Sussex

#### 1. Objectives of this guide

This guide will equip staff with a more in depth understanding of the principles of Value for Money in the University to support them in meeting their Value for Money responsibilities as set out in the University Value for Money (VfM) policy.

All staff are responsible for:

- adopting a shared responsibility to create and embed a culture of Value for Money awareness by:
  - understanding the principles of Value for Money in the University
  - challenging ways of working and
  - identifying ways in which Value for Money could be improved.
- embedding VfM in their day to day operating by:
  - undertaking Value for Money training and seeking additional guidance where required
  - complying with relevant policy and process
  - being efficient in the use of University resources and ensure Value for Money in the University's operations and transactions.

Above all, we all need to embed our responsibility to ensure Value for Money for our students and other stakeholders in our daily working lives – Value for Money is not a 'bolt on'.

Some key principles for all staff to work by are included in section 7 of this guide.

#### 2. The context

As a University which is registered with the Office for Students (OfS) we must be transparent about how we deliver Value for Money and publish clear information about how we ensure it.

The OfS VfM strategy requires that those receiving OfS and UKRI funding must demonstrate 'that they have adequate and effective arrangements in place to manage public money appropriately and in accordance with the principle of Value for Money – it must be used economically, efficiently and effectively'.

The OfS also requires that

- 'there are adequate and effective arrangements in place to provide transparency about Value for Money for all students and .... for taxpayers' - OfS Public interest governance principles VI

- ‘there are adequate and effective arrangements in place to ensure public funds are managed appropriately, in line with the conditions of grant and the principles of regularity, propriety and Value for Money, and to protect the interests of taxpayers and other stakeholders. This also applies to any funds passed to another entity for the provision of facilities or learning and teaching, or for research to be undertaken’ - OfS Public interest governance principles XII
- the University uses public funds for proper purposes and seeks to achieve Value for Money (VfM) from public funds.

The OfS considers that

- students receive Value for Money when they experience the full benefits of higher education – both during their studies and afterwards – in exchange for the effort, time and money they invest
- taxpayers receive Value for Money when higher education providers use public money and student fees efficiently and effectively to deliver graduates, from all backgrounds, who contribute to society and the economy.

### **3. University priorities - our strategic framework and Value for Money policy**

The achievement of Value for Money for our stakeholders is embedded in our Sussex 2025 strategic framework.

We will continue to build on our achievements and evolve as a university, dedicated to making a better world:

- our students will receive a transformative, high quality education and learning experience that will allow them to realise the futures that they want and to the benefit of society as a whole (Learn to Transform)
- our research will create new agendas, contribute new knowledge and provide new ideas and solutions that will help to shape the world (Research with Impact)
- we will bring benefits to society at large (Engage for Change)
- we will re-engineer our processes, structures and governance with a special focus on our core professional services of Human Resources, IT, Finance and Estates (Build on Strengths)
- Sussex will be known in the higher education sector for its agility, efficiency, effectiveness and care in enhancing and delivering our academic vision, strategies and priorities (Build on Strengths)
- we will have a confident and agile academic and administrative workforce, which understands its role in delivering the University’s priorities and value-for-money outcomes (Build on Strengths).

This reflects our objective to ensure that that Value for Money for all stakeholders is integrated seamlessly into the way the institution works, not something that is tacked on at the end.

The University Value for Money policy sets out our approach to delivering Value for Money to all stakeholders, including our students and the taxpayer, and to addressing the relevant requirements of the OfS.

### **4. What is Value for Money**

The University has traditionally considered Value for Money to comprise of economy, efficiency and effectiveness but considers that it should also explicitly incorporate income generation.

The table below explains these terms and illustrates them with some practical examples:

Source of VfM	What is it?	What can it look like?
<b>Economy</b>	Reducing the University costs by purchasing goods or services for a lower unit price or by lowering staff headcount.	<ul style="list-style-type: none"> <li>• Use of purchasing consortia/framework contracts</li> <li>• Review of existing contracts and purchasing arrangements</li> <li>• Competitive tendering for goods and services</li> <li>• Negotiation with existing suppliers</li> </ul>
<b>Efficiency: cash-releasing</b>	Achieving cash savings for the University by making more efficient use of resources, i.e. achieving the same or a greater level of output for a lower input of financial resources.	<ul style="list-style-type: none"> <li>• Energy efficiency measures</li> <li>• Organisational or departmental restructuring</li> <li>• Use of IT-based processes to reduce costs</li> </ul>
<b>Efficiency: time-releasing</b>	Freeing up staff time by implementing more efficient ways of working, allowing such staff time to be invested elsewhere.	<ul style="list-style-type: none"> <li>• Streamlining of operational and administrative processes</li> <li>• Use of IT-based processes to free up staff time</li> </ul>
<b>Efficiency: space-releasing</b>	Freeing up space or teaching/research capacity through the adoption of more efficient design, space configuration or ways of working.	<ul style="list-style-type: none"> <li>• Restructuring activities to make more efficient use of space</li> <li>• Centralising the management of space</li> <li>• Remodeling of space to increase capacity</li> </ul>
<b>Effectiveness</b>	Implementing better ways of achieving desirable outcomes, such as improved student satisfaction or staff engagement. <i>(Does not generally result in a direct financial saving, may enhance strategic, financial, operational and reputational performance over time).</i>	<ul style="list-style-type: none"> <li>• Initiatives to enhance the student experience</li> <li>• Actions to increase staff engagement or productivity</li> <li>• Restructuring activities to better respond to student need</li> </ul>
<b>Income generation</b>	Creating new income streams that bring in additional financial resources to further our charitable purposes.	<ul style="list-style-type: none"> <li>• Introduction of charges for specific services</li> <li>• Improved marketing of facilities to external users</li> <li>• Introduction of public short course programme</li> </ul>

Whilst it is not included within our core definition of VfM the University is also mindful of the importance of 'Equity', as defined in HEFCE circular letter 23/2016 : ' *Equity – the extent to which services are available to and reach all people for which they are intended ('spending fairly')*'. Equity is particularly relevant to specific bodies and roles within the University who will consider it in their decision making. Examples of 'equity' include:

- providing support to students with additional needs
- taking action to identify and support disengaged students
- improving personal tutor support to students.

## 5. How this works in practice

It can be seen from the table above that it is important to remember that Value for Money is not 'just saving costs.'

Examples of value generation, often incorporating several elements of VfM at once, can, and should, be seen across all of our activities.

To illustrate this here are some examples from the HE sector and our own University:

	Econom y	Efficien cy: cash- releasin g	Efficiency : time- releasing	Efficiency: space- releasing	Effectiven ess	Income generatio n
<b>Teaching</b>						
Promoting effective teaching practice through staff development schemes, support for professional recognition and teaching prizes and award schemes.					X	
Reviewing the institution's course portfolio against quality and financial sustainability metrics, to identify which courses to close down, which to improve and which to expand.	X	X	X	X	X	X
Using learning analytics to identify students who are not engaging effectively with their studies and to instigate timely and targeted support.	X				X	
Using lecture capture technology to record lectures and other teaching activities, allowing students to access these resources flexibly and in their own time.					X	
<b>Research</b>						
Promoting the use of research facilities by external customers, as a way of generating income and identifying potential research partners for the future.					X	X
Centralising the management of research facilities, from purchase through to bookings and maintenance, to ensure that costs are minimised and that equipment is utilised effectively.	X	X			X	
Providing a programme of public engagement activities – including lectures, seminars, podcasts, etc. – to promote the institution, to target potential students and to engage with the local community.					X	X
<b>Knowledge exchange</b>						
Provision of knowledge exchange bursaries to postgraduate research students, allowing them to work with an industrial or non-profit organisation on a commercial project that is relevant to their studies.					X	
<b>Workforce</b>						
Introduction of management training for members of academic and professional services staff with management responsibilities, to improve staff productivity and engagement and to promote an effective working environment.	X		X		X	
Greater challenge to recruitment to vacant posts, to ensure that all posts remain necessary and relevant to the achievement of the institution's aims.	X				X	
Improved planning and management of academic workloads, to ensure that workloads are distributed fairly, and that staff are provided with the time and resources to fulfil their roles effectively.					X	
<b>Estates</b>						

Co-location of professional services functions to maximise space utilisation, to free up capacity and to promote joined-up working.			X	X	X	
Better alignment of staffing patterns to periods of peak demand and activity in estates, facilities and student support functions.					X	
Development of internal capacity and specialist expertise to avoid reliance on external consultants and to reduce costs.	X	X				
<b>Procurement</b>						
Focus on the use of local suppliers and social enterprises to promote and support the local economy through the institution's procurement activities.					X	
Automatic consolidation of orders from major suppliers, resulting in reduced delivery costs, negotiated discounts and a reduction in administrative time and carbon emissions associated with multiple deliveries.	X	X				
<b>Financial performance</b>						
Encouraging savings against budget by permitting academic and professional services departments to use savings achieved to finance agreed strategic projects in future years.					X	
Ensuring the effective use of philanthropic donations by accepting only those donations that can be used to fund projects or activities already included within the institution's strategic plan.			X		X	
<b>Collaboration and sharing</b>						
Promoting the effective utilisation of research facilities and equipment by engaging with other institutions to develop suitable sharing protocols, arrangements and equipment databases.	X				X	
<b>Information technology</b>						
Greater scrutiny of proposed information technology development projects to ensure that they promote the achievement of the institution's aims and that they represent Value for Money.	X	X	X	X	X	X
Improving the student experience and promoting efficiency through the introduction of virtual learning environments and electronic assignment submission and marking systems.			X		X	
Introducing online payment facilities for students allowing them to pay for services more easily while also reducing the administrative burden for the institution.	X	X	X	X		
Virtualisation of servers, reducing the number of servers required and resulting in reduced energy usage and lower space requirements.	X	X		X		
<b>Learning resources</b>						
Using spare space as 'pop-up' study space in the run-up to exams, including provision of computer facilities and other learning resources.					X	

## 6. **Measuring and reporting on performance**

Measuring and reporting on performance is key to understanding the proposed and actual value of a particular activity or project.

This means we need to think hard what we are trying to achieve. To demonstrate credible achievements, we need to be able to measure the outcomes against a solid baseline and factor this into our decision making from the start.

Again, it's important to remember that Value for Money is not all about financial expenditure and cost savings– the overriding principle is that whatever form the required resources take, their application must be justified by the outcomes we want to deliver.

Measurements could for example be in:

- financial terms
- staff FTE freed up
- widening participation or other strategic performance measures
- student satisfaction, retention, attainment and employment measures
- staff survey and satisfaction scores.

'Baselines' and targets can be based on internal and external benchmarking data to put the area of operation or the institution's performance into a wider context, or our own historic performance over time, or any clear, relevant and measurable source.

Once we have undertaken an activity or project it is really important to evaluate how well we did. We need to do this so we can learn from the experience and report to our stakeholders to show how well we have done in using the resources we were given.

Local areas may choose to approach this in different ways however ultimately all relevant decision-making bodies must address their roles in delivery of Value for Money in their terms of reference and report annually on their performance. This is so we can determine if we delivered intended outcomes and secured Value for Money and agree how we can learn from this.

The Vice Chancellor prepares an annual VfM report for Audit and Risk Committee, who also receive reports from our internal auditors who plan and carry out VfM reviews and provide an annual opinion to Council on the adequacy and effectiveness of VfM arrangements. The Executive and Audit and Risk Committee ensure that recommendations are acted on

We are transparent about how we deliver Value for Money for students and for taxpayers and publish information on our income and expenditure to allow students and the public to hold us to account and challenge the way in which fees and funding are being spent.

## 7. **Considerations for staff**

To help embed VfM in decision making, relevant committees and management groups adopt a checklist approach to decisions they are asked to make. An example can be found at [link to 'Value for Money checklist for Council and Council committees, the Executive, management decision making boards and groups]

Below is a similar checklist approach for staff to help them to integrate VfM in their day to day roles.

Staff are asked to remember to always:

- comply with University policy and process, it is designed to help achieve Value for Money for the University

- be cost conscious but be aware that the cheapest solution is not necessarily the best Value for Money - Value for Money incorporates efficiency, effectiveness, income generation and equity
- bear in mind Value for Money when making decisions and in carrying out their roles - in particular consider whether we are making the best use of resources and whether these are justified by the desired outcome
- be transparent in decision making and ensure measures of success and supporting evidence is in place where required
- simplify wherever possible and avoid duplication of effort
- champion VfM with colleagues and be prepared to innovate, adapt and experiment within the boundaries of their role.

And most importantly, if you are unsure about the Value for Money of a decision or course of action please imagine you are required to justify it to a student or other stakeholder face to face. Consider what evidence you would be able to present to help them understand its importance and seek guidance if you still have doubts.

## 8. **Additional considerations for budget holders and managers**

Budget holders and managers are asked to be vigilant with respects to the requirements of our Value for Money policy and to exercise their individual judgement in relation to the resources they control as they are best placed to understand the importance of a particular action.

In general, if when exercising their day to day responsibilities staff:

- are familiar with departmental and other objectives, and the associated financial targets
- understand their responsibilities to the University
- follow purchasing process and policy, and
- make proposals for expenditure within budget.

then it can be assumed that Value for Money should be being achieved in everyday operations without further need for written justification.

Where this is not the case then further consideration and documentation is required:

- **Budget holder or manager asked to authorise expenditure exceeding budget**

In this case the budget holder or manager should understand why the purchase is necessary and whether there are alternatives (including 'do nothing') before determining whether there are other funds available to fund the commitment, potentially by de-prioritising or delaying less important activity.

They should ensure that this is documented in the finance system, within the authorisation screen or alternatively in notes attached to out of pocket expense claims or purchasing card transactions.

- **Proposals for new activity not addressed by school or divisional boards or management groups**

Any proposal for new activity with material resource implications should be justified in writing explaining why it is necessary, what it will achieve and how it meets VfM criteria. If no local requirements are specified then the decision maker should document the decision being made and set out how it represents Value for Money explicitly referencing how it meets the University criteria for VfM (e.g. efficiency, equity etc.).

Where a decision is made to purchase goods or services, this document should be appended to relevant transaction(s) in the finance system.

'Material' for this purpose is a new activity with a total cost or equivalent (e.g. in FTE terms) of £10,000 or above.

- **Proposals for new activity addressed by school or divisional boards or management groups, or central committees**

Where a final decision with regards to new activity or use of resources will routinely be taken at a school or divisional management group or board then local process and materiality thresholds should be followed, with the expectation that the key questions included in the VfM checklist for committees will be addressed.

Where a proposal is required for a central committee or board that group will state its requirements.

## **9. Considerations for chairs of committees and decision-making bodies**

Whilst committees and other decision-making bodies exist for many purposes at different levels across the University, there are a number of common considerations for them to help to ensure that Value for Money is achieved and can be demonstrated to our stakeholders.

It is the responsibility of the chair to ensure that:

- responsibility with regards to Value for Money is clearly articulated in terms of reference
- all members are clear about what Value for Money means in the context of the committee and the decisions they are asked to make
- it is clear how the committee will consistently integrate Value for Money considerations into decision making.

With this in mind a basic checklist has been developed for committees setting out the essential VfM points to be considered. Chairs may choose to adapt this to fit the purposes and ways of working of the committee. They may require sponsors to complete the checklist in advance or prefer to use it as an aide memoire for committee members themselves. (Note a more comprehensive checklist has been produced for major projects > £10M)

- minutes clearly reflect discussion of Value for Money considerations in reaching a decision, either by reference to a completed checklist (above) or through documenting discussion under appropriate headings, or both
- minutes clearly state when and where measures of success will be reviewed to determine if we delivered intended outcomes and secured Value for Money
- there is a mechanism for incorporating learnings from above reviews into future decision making.

Chairs of Executive committees will be asked to report annually on their performance with regards to Value for Money to support the Vice Chancellor's annual VfM report for Audit and Risk Committee.

### **Further resources**

- University Value for Money policy
- Committee checklist

## Value for Money checklist for Council and Council committees, the Executive, management decision making boards and groups

[n.b a separate checklist is in preparation for major projects]

### 1. Purpose

The University Value for Money (VfM) policy requires that we:

#### 1. Embed VfM in decision making:

- embed consideration of VfM in strategic and operational planning and decision making
- have regard to VfM whenever they are called upon to review proposals and approve plans
- ensure transparency and accountability in our operational decision making and planning for the future.

#### 2. Measure and report outcomes to demonstrate VfM:

- ensure that measures of success are built into proposals and plans
- measure our performance and evaluate activity and projects to determine if they delivered their intended outcomes and secure VfM and learn from this.

The purpose of this checklist is to support this policy and provide assurance that information is available and considered to make an informed decision on a Value for Money basis.

### 2. Checklist

	Addressed in documentation	Addressed at meeting	Further action
Delivering the University strategic objectives and priorities			
The primary activities of the University are education and research – is there a clear link between the decision we are being asked to make and sustaining or improving the delivery of those activities within the University’s strategic framework?			
Do the outcomes justify the resource required?			
To ensure Value for Money for both students and taxpayers, the level of resource provided by the University to support an activity must be aligned with the quality of the outcome – is this clear from the supporting information we have received?			
Have other options been considered and rejected for valid reasons?			
Is it clear that resources will be applied efficiently and effectively?			
Are the resource requirements complete? <i>e.g. have we considered suitable resource and mechanisms to support any associated change, have potential wider consequences been considered</i>			

Are outcomes defined and measurable and is there responsibility for assessment of performance?			
<p>Are the desired outcomes clearly stated and measurable?</p> <p>Appropriate measures of success must be in place and targets quantified before an informed decision can be made <i>e.g. internal and external benchmarking data, financial terms, staff FTE freed up, improvements in student satisfaction scores, etc.</i></p>			
<p>Is there a clear understanding of our current performance as the baseline for change? <i>E.g. compared to internal and external measures such as benchmarking, historic performance. If not, what will the measure of success be compared to when assessing whether objectives have been met?</i></p>			
<p>Is it clear who is responsible for measuring delivery of objectives and demonstrating to what extent VfM and other objectives have been achieved?</p> <p>When and where will this happen?</p>			

## 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.

## **The Annual Value for Money report - template**

This report is prepared annually by the Vice Chancellor in accordance with best practice to provide Audit and Risk Committee and Council with an opinion regarding the relevant approach, achievements and priorities of the University with regards to VfM.

The report is set out as follows:

### **1. Strategic focus**

Report will link clearly to University strategic objectives and priorities.

It will explain:

- the context within which the University operates
- the challenges it faces
- priorities are for the future.

These could be in relation to financial terms, staff FTE, student satisfaction scores, etc.

Where possible, we will provide targets for specific initiatives and report in later years on the actual results achieved.

### **2. Value for Money at University level**

How the University seeks to secure and promote Value for Money at a corporate level, including:

- roles and responsibilities:
  - a summary of the main individuals, committees or groups with responsibility for Value for Money issues and an overview of the roles that they have, including Council
  - information on any Value for Money activity undertaken by these individuals, committees or groups over the course of the year.
- University-wide Value for Money processes:
  - an overview of any institution-wide processes or activities that play a role in how the institution seeks to secure and promote Value for Money.
- information on activity undertaken over the course of the year and any Value for Money gains achieved
- an overview of University plans for the future in respect of these activities
- details of any cross-cutting initiatives or activities that have taken place over the course of the year to improve Value for Money across the University, including:
  - the nature of the initiative
  - how it addresses economy, efficiency, effectiveness, equity or income generation
  - what it was intended to achieve, including quantitative targets

- what it achieved or has achieved so far
- what will happen next with the initiative.

### 3. Value for Money in specific areas of activity

Sub-sections for the following areas of activity and suggested measures to consider forming a conclusion on VfM:

- teaching and learning:
  - student satisfaction
  - the cost teaching compared to peers
- research and knowledge exchange:
  - the last Research Excellence Framework (REF) exercise
  - research outcomes in the past year include the following advances
  - commercialisation and the creation of new companies to translate our research into economic and social impact
  - standard comparative measures:
    - research income per academic FTE
    - percentage of research publications which are highly cited
    - research funding vs peers
  - quality of outputs vs University's overhead rate
- workforce
- estates
- procurement
- information technology
- DARO.

For each sub-section:

- an overview of what Value for Money means to the University in the context of that particular area of activity
- priorities in terms of achieving Value for Money in that area of activity
- a summary of the University's against relevant performance measures for that area of activity
- comparator data to show how well we compare against internal targets, performance over time, peer institutions and/or the sector as a whole
- details of significant initiatives or activities that the institution has undertaken in the year to improve Value for Money in that area of activity, including:
  - the nature of the initiative
  - how it addresses economy, efficiency, effectiveness, equity or income generation
  - what it was intended to achieve, including quantitative targets
  - what it achieved or has achieved so far

- what will happen next with the initiative.
- information on any awards or prizes that received in that area of activity, or any other factors that are indicative of good or improved Value for Money in that area.

#### **4. Our plans for the coming year**

An overview of the University plans for improving Value for Money (including for students) in the coming year, including:

- key priorities
- specific initiatives
- what the initiatives are intended to achieve
- targets
- how performance will be measured.

#### **5. Annex: Value for Money gains achieved**

A summary of each of the Value for Money activities discussed in the report, together with an assessment of the qualitative and quantitative gains achieved.

Legend				Area====>	Teaching	Research and Knowledge Exchange (R&KE)	Workforce	Estates & Campus Services	Procurement	Financial Performance	Information Technology (ITS)
	•	Contributes to VFM extensively		Primary responsibility=>	Pro Vice Chancellor for Education and Students	Director Research and Enterprise Services	Director of Human Resources	Director of Estates and Campus Services	Director of Finance	Director of Finance	Director of IT Services
	•	Contributes to VFM			Kelly Coate	Sue Angulatta	Siobhan O'Reilly	Robert Hutton	Allan Spencer	Allan Spencer	Jason Oliver
Structure	Agent	Ref	Keystone	Responsibility							
Council Committees	Strategic Performance and Resources Committee	1	x	Chair		x	x			x	•
	Capital programmes committee	2	x	Chair							
	Audit & Risk Committee	3	x	Chair		x			x	x	•
Management Structures	University Executive Group	4		Vice Chancellor		x	x	x	x	x	•
	Teaching and Learning Committee	5		Chair	x	x	x				x
	Portfolio Approvals Committee/ Student Growth planning	6		Chair	x						
	Student Experience Committee	7		Chair	•	•		•			x
	Project Review Group	8		Chair	x	•	•	•	•	x	•
	Financial Resilience Group	9	x	Chair	•	•		•		x	
	Research and KE Committee	10		Chair		x	x				x
	SInC Board	11		Chair		x				x	x
	HR Committee/EDI/Staff survey steering group	12		Chair		x	x				
	Discretionary Pay Review	13		COO/Provost	x						
	SEF governance structures	14		COO		x		x	x	x	x
	Other contract mgt structures (e.g. Coop, Compass, SG)	15		COO		x		x	x		
	School /Professional Service management boards	16		Head of School/ Director of PS		x			x	•	
	Programme boards	17	x	Chair		x			x	x	
	Annual Programme Project Board	18		Chair			•			•	•
University Processes	Integrated planning and budgeting process	19	x	Dir Finance and Dir Planning & Performance					•		
	One Professional Service	20	x	COO		x	x	x	x	x	x
	Continuous Improvement Groups	21		Directors of Finance, HR, Estates, ITS	x	x	x	x	•		x
	Strategic target setting & reporting against target	22		UEG	x	x	x	x	•		x
	Monthly non-financial KPI review and reporting	23		Operational owner		x	x	x			x
	Financial Budget preparation, review & monitoring	24		Director of Finance							
	Quarterly financial reforecast	25		Director of Finance		x	x	x			x
	Monthly review of financial performance	26		Director of Finance		x	x	x			x
	Investment case approval and monitoring	27		UEG		x				x	x
	Regular and ad hoc benchmarking	28		Operational owner		x	x	x	•		x
Risk management	29		General Counsel	x	x	x	x	x		x	
Regulations, Policies and Procedures	Financial regulations	30		Director of Finance		x			x	x	
	Financial policies and procedures	31		Director of Finance		x			x	x	
	Compliance policies and procedures	32		General Counsel		x	x			x	x
Structured Training and Development	Financial literacy and fraud awareness	33		Director of Finance		x				x	
	Compliance	34		General Counsel		x	x	x			
	Leadership and management	35		Director of HR		x	x			•	