

UHI | INVERNESS

VALUE FOR MONEY POLICY

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Policy Owner	Director of Finance and Estates
Lead Officer	Interim Assistant Finance Director
Review Officer	Accountant
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Reviewer	Date	Review Action/Impact
Finance Officer	09/06/2008	Review approved by BoM
Finance Officer	20/06/2011	Review approved by BoM
Accountant		Review approved by BoM

Director of Finance and Estates	Sep 2023	<p>Amendments made to 08/11/23 Any references to Director of Finance changed to Director of Finance and Estates. Any references to Senior Management Team (SMT) changed to Executive Management Team (EMT). Added Section 3 Scope as below .</p> <p>3. Scope</p> <p>This policy aims to:</p> <p>3.1. Integrate and enable the adoption of VFM principles within existing management, planning and review processes.</p> <p>3.2. Adopt recognised good practice where this makes good sense.</p> <p>3.3. Ensure that, mainly through the internal audit process, VFM studies are conducted on areas of activity identified as worthy of review.</p> <p>3.4. Provide the framework to benchmark the college's activities against other similar activities and organisations where this is considered useful.</p> <p>3.5. Provide the opportunity to enhance the economy, efficiency and effectiveness of activities.</p> <p>3.6. Promote a culture of continuous improvement.</p> <p>3.7. Ensure that financial savings for the college will be achieved without compromising any aspect towards the quality of service delivery.</p> <p>3.8. Provide evidence to both internal and external observers, that the achievement of VFM is sought in all activities undertaken; and</p> <p>3.9. Communicate to staff the recognition of their continuing obligation to seek VFM for the college as part of their routine activities.</p> <p>Added into Section 6 Responsibility</p> <p>6.6. Appendix 1 attached includes the Procurement Step by Step Guide to aid all staff when purchasing goods or services on behalf of UHI Inverness, to ensure procurement regulations are adhered to. This would include hospitality.</p> <p>Added Section 8 Compliance</p> <p>8. Compliance</p> <p>8.1. An annual report on the above by the appointed independent auditors will be made to the Audit Committee prior to the December meeting of the Board of Management.</p> <p>8.2. An annual procurement and value for money report is produced by procurement.</p> <p>Added Section 10 Appendix 1 Procurement Step by Step Guide</p>
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1. Policy Statement

The Board of Management is responsible for the proper use of the public funds allocated to it and for the effective control and management of the College.

Inverness College is committed to achieving value for money ('VFM') from all its activities, which not only includes purchasing, but also use and safeguarding of assets, equipment and resources.

2. Legislative framework/related policies

The legislative framework and related policies which we must comply with and operate within are:

2.1. Legislative framework:

- 2.1.1. The Procurement Reform (Scotland) Act 2014
- 2.1.2. The Procurement (Scotland) Regulations 2016
- 2.1.3. World Trade Organisation Government Procurement Agreement
- 2.1.4. EU Procurement Directives 2014 (Externally Funded Projects only)

2.2. Related policies:

- 2.2.1. Financial Memorandum between UHI and Inverness College UHI (1 January 2016)
- 2.2.2. Local Governance (Inverness College Financial Regulations)
- 2.2.3. Equality Act 2010
- 2.2.4. Inverness College Procurement Strategy
- 2.2.5. Inverness College Strategic Plan
- 2.2.6. Inverness College Operational Plan

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.

4. Definition

The term 'value for money' (VFM) is commonly used to describe the combination of economy, efficiency and effectiveness:

- 4.1. Economy means minimising the cost of resources acquired or used, bearing in mind the quality;
- 4.2. Efficiency covers the relationship between the output of goods or services and the resources used to produce them; and
- 4.3. Effectiveness covers the relationship between the intended and the actual results of projects and programmes.

5. Objectives

In order to achieve good value for money, the objectives of this policy are to:

- 5.1. Integrate and enable adoption of value for money principles within the existing management, planning and review processes.
- 5.2. Promote a College culture of continuous improvement and development on value for money issues.
- 5.3. Adopt recognised best practice from Advanced Procurement for Universities and College (APUC) and Scottish Government Procurement regulations and guidelines where appropriate.

- 5.4. Provide a framework to benchmark the College activities against other similar activities and organisations where this is considered useful.
- 5.5. Ensure that through the internal audit process, value for money activities are reviewed.
- 5.6. Provide the opportunity to enhance the economy, sustainability, efficiency and effectiveness of activities.
- 5.7. Ensure that financial savings for the College will be achieved without compromising any aspect of the quality of service delivery, or access or inclusion.
- 5.8. Provide evidence to both internal and external auditors, that the achievement of value for money is sought in all activities undertaken by the College.
- 5.9. Communicate to all staff their obligation to seek value for money for the College as part of their routine activities, and to use all value for money tools available to them.
- 5.10. Work or collaborate with other UHI partners in delivering best practice or to deliver collaborative agreements.
- 5.11. Identify the total lifecycle costings and impact mapping in order to capture potential long term cost savings.

6. Responsibility

- 6.1. The responsibility for value for money lies with all staff within Inverness College and is not restricted to those with financial responsibility or executive management.
- 6.2. As stated within the Financial Memorandum between UHI and the College, the College must have a strategy for reviewing systematically management's arrangements for securing value for money. As part of its internal audit arrangements, the College must obtain a comprehensive appraisal of management's arrangements for achieving value for money. A copy of this appraisal should be included in the College's Internal Auditors Annual Report.
- 6.3. In addition, the Audit Committee Terms of Reference include the need to review and monitor aspects of the College's operations including advising the Board of Management appropriately on the economy, efficiency and effectiveness of the College's activities including value for money. The Audit Committee relays its view on the arrangements in its annual report to the Board of Management.

- 6.4. Managers have the responsibility to be aware of good practices in their own area of operation and to ensure that these are followed appropriately.
- 6.5. All staff should seek to achieve value for money in all activities and to bring to the attention of management any opportunities for improvement or financial savings.
- 6.6. Appendix 1 attached includes the Procurement Step by Step Guide to aid all staff when purchasing goods or services on behalf of UHI Inverness, to ensure procurement regulations are adhered to. This would include hospitality.

7. Monitoring

Monitoring and assessing value for money will be achieved in a number of ways:

- 7.1. Through benchmarking reports from APUC and annual Procurement Capability Assessments with reports being submitted to the College Finance & General Purposes committee on a quarterly basis. Operational Procurement Review (OPR) or Procurement and Commercial Improvement Programme (PCIP) Audits will be carried out by APUC in line with the required frequency and threshold levels, showing areas of strength, development areas and an action plan.
- 7.2. Through competitive tendering activity and/or seeking alternative quotations. This will be done by an ongoing process through Budget Holders using the Financial Regulations and Finance Procedures.
- 7.3. By using internal performance indicators, with reports going to the Board of Management on a quarterly basis. Indicators used are:
 - contract usage data from APUC and the Scottish government;
 - PECOS usage data including analysis of savings achieved and annual spend with consortiums of which we are members;
 - VFM tests conducted through internal audit following audit recommendations;
 - Internal Audit reports to the Audit Committee;
 - results from reviewing the outcomes of an activity (i.e. tendering, quotations).
- 7.4. Monitoring of contract management and associated costs including the identification of cost savings and cost avoidance. Local cost savings data will be reported to EMT. National cost savings will be reported by the APUC.

8. Compliance

- 8.1. An annual report on the above by the appointed independent auditors will be made to the Audit Committee prior to the December meeting of the Board of Management.
- 8.2. An annual procurement and value for money report is produced by procurement.

9. Review

- 9.1. This policy will be reviewed every three years.

Appendix 1

UHI INVERNESS

Procurement Step by Step Guide

This guide is to aid all staff when purchasing goods or services on behalf of UHI Inverness, to ensure public procurement regulations are adhered to.

Step 1	Define the <u>need</u>			
	<ul style="list-style-type: none"> ✓ Do we need to purchase or is there an alternative solution? ✓ Has budget been approved? ✓ Is sign off required from another department such as DPO, IT or Estates, if so, engage with relevant staff member. ✓ Create a robust specification for product or service required. ✓ Is the purchase exempt from Procurement Regulations, please refer to Non-Competitive Action policy. 			
Step 2	Determine contract value (excluding VAT)			
	<ul style="list-style-type: none"> ✓ Is the spend a one-off purchase? If so, follow the applicable route below. ✓ Is the spend likely to be recurring over the next 4 years? If so, multiply the annual spend by 4 and follow the applicable route below. 			
	< £5000 Devolved Route 1	>£5000-£49,999 Devolved Route 2	£50,000 - £177,887 (Procurement Reform Act 2014) Regulated Route 3	>£177,887 (Government Procurement Agreement) Regulated Route 4
	<ul style="list-style-type: none"> ▪ Use a National Framework or local contract. ▪ If not available, must obtain one quote and attach to PECOS order. 	<ul style="list-style-type: none"> ▪ Use a National Framework or local contract. ▪ If not available, must obtain three written quotes and attach to PECOS order. ▪ Contracts above £50K should have a Contract Strategy and advertised and awarded on PCS Quick Quote unless a direct award via a National Framework. 	<ul style="list-style-type: none"> ▪ Procurement must facilitate tender and will require stakeholder input. ▪ Contract Strategy and Award Recommendation to be signed off by DLA. ▪ Use a National Framework or local contract. ▪ If not suitable, publish open tender and award notice on PCS. ▪ Publish on OJEU if EU funded. ▪ Publish Contract on Register. 	<ul style="list-style-type: none"> ▪ Procurement must facilitate tender and will require stakeholder input. ▪ Contract Strategy and Award Recommendation to be signed off by DLA. ▪ Use a National Framework or local contract. ▪ If not suitable, publish open tender and award notice on Find a Tender portal. ▪ Publish on OJEU if EU funded. ▪ Publish Contract on Register.
For assistance, please contact the procurement team: Derek Cowie: Derek.cowie.ic@uhi.ac.uk Stuart Murray: Stuart.murray@uhi.ac.uk			www.publiccontractsscotland.gov.uk 	