



**VALUE FOR MONEY POLICY**

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Policy Owner	Director of Finance
Lead Officer	Finance Manager
Review Officer	Accountant
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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 of 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 Public Contracts (Scotland) Regulations 2015
- 2.1.3. The Procurement (Scotland) Regulations 2016
- 2.1.4. EU Procurement Directives 2014

### **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. Definition**

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

- 3.1. Economy means minimising the cost of resources acquired or used, bearing in mind the quality;
- 3.2. Efficiency covers the relationship between the output of goods or services and the resources used to produce them; and

3.3. Effectiveness covers the relationship between the intended and the actual results of projects and programmes.

## 4. Objectives

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

- 4.1. Integrate and enable adoption of value for money principles within the existing management, planning and review processes.
- 4.2. Promote a College culture of continuous improvement and development on value for money issues.
- 4.3. Adopt recognised best practice from Advanced Procurement for Universities and College (APUC) and Scottish Government Procurement regulations and guidelines where appropriate.
- 4.4. Provide a framework to benchmark the College activities against other similar activities and organisations where this is considered useful.
- 4.5. Ensure that through the internal audit process, value for money activities are reviewed.
- 4.6. Provide the opportunity to enhance the economy, sustainability, efficiency and effectiveness of activities.
- 4.7. Ensure that financial savings for the College will be achieved without compromising any aspect of the quality of service delivery, or access or inclusion.
- 4.8. Provide evidence to both internal and external auditors, that the achievement of value for money is sought in all activities undertaken by the College.
- 4.9. 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.
- 4.10. Work or collaborate with other UHI partners in delivering best practice or to deliver collaborative agreements.
- 4.11. Identify the total lifecycle costing and impact mapping in order to capture potential long term cost savings.

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## 5. Responsibility

- 5.1. The responsibility for value for money lies with all staff within Inverness College, and is not restricted to those with financial responsibility or senior management.
- 5.2. 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.
- 5.3. 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.
- 5.4. Managers have the responsibility to be aware of good practices in their own area of operation and to ensure that these are followed appropriately.
- 5.5. 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. Monitoring

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

- 6.1. 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.
- 6.2. 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.
- 6.3. By using internal performance indicators, with reports going to the Board of Management on a quarterly basis. Indicators used are:

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- 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).

6.4. Monitoring of contract management and associated costs including the identification of cost savings and cost avoidance. Local cost savings data will be reported to SMT. National cost savings will be reported by the APUC.

## **7. Review**

7.1. This policy will be reviewed in July 2020 and every three years thereafter.