

## UNIVERSITY OF TEESSIDE VALUE FOR MONEY STRATEGY

### 1. Introduction

1.1 Teesside 2020 sets out a new vision for the University that raises the aspiration and ambition of Teesside University to be an international University with a reputation for academic excellence. It seeks to further grow student numbers in addition to building upon our renowned reputation for working with business in order to increase our income streams and research activity. We recognise that the Higher Education market is becoming much more competitive with much greater emphasis on student choice and that we need the staff, processes and systems to enable us to change and continually improve our performance to meet these evolving needs. We recognise that our VFM strategy is a key enabler in helping us to fulfil our Teesside 2020 ambitions and that the VFM activities that will ensue from our VFM strategy will enable us to achieve competitive advantage by performing in a way that makes best use of available resources. .

1.2 Our definition of VFM is connected to our Vision and Mission. It is about recognising the resources available to us and maximising opportunities with our resources to achieve academic and service excellence which will enhance our students' experience and increase return on investment for both the University and our students.

Delivering excellence and opportunity for all in teaching, research and knowledge exchange.

1.3 VFM is generally defined as the relationship between economy, efficiency and effectiveness. It is about achieving the right balance between the 3 E's in order to reduce waste, extravagance and inefficiencies.

- Economy – obtaining appropriate resources at best value, taking price, quantity and quality into account.
- Efficiency – a measure of productivity i.e. achieving maximum output for any given set of inputs.
- Effectiveness – a measure of the impact achieved to obtain the intended result which can be either quantitative or qualitative.

Our approach to VFM is to recognise the expectations of all of our stakeholders and to consider economy, efficiency and effectiveness in everything that we do. .

1.4 The VFM Strategy follows the guidance issued by HEFCE and the Memorandum of Assurance and Accountability August 2014.

## 2. Objectives

2.1 To ensure that we have a comprehensive approach to VFM we have identified 7 objectives:

- A robust approach to strategic decisions ensuring that VFM is a key element within the decision making process e.g. investment or divestment.
- To appraise the University's operational effectiveness and to promote a culture of continuous improvement within our business planning process to maximise the efficiency and effectiveness of our resources i.e. considering activities in terms of process, systems and resources in the delivery of Teesside 2020 ensuring long term resources are appropriate.
- To integrate VFM principles within existing management, processes and to respond to opportunities to enhance the economy, efficiency and effectiveness of activities.
- To continue to challenge current practices and apply lessons learned in order to improve performance university-wide and position the University to meet future challenges.
- To benchmark the University's activities against other similar activities and organisations where considered appropriate.
- To demonstrate actively to both internal and external stakeholders that the achievement of VFM is sought in all activities undertaken throughout the University.
- To maximising our capacity to achieve our priorities by working in partnership and procuring goods and services in the most sustainable economic way possible.

## VFM FRAMEWORK

### 3. Responsibility

3.1 The Board of Governors ('Board') is required to satisfy itself that VFM is being sought and achieved from the use of public funds. The Board has determined that the University should extend this principle to all of its funds and resources.

- 3.2 The VFM Strategy is approved by the Audit Committee on the recommendation of the Vice Chancellor.
- 3.3 The Audit Committee is required, under the HEFCE Audit Code of Practice, to satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness (VFM). The Committee is required to relay its view on the adequacy and effectiveness of the arrangements to the Board of Governors in its Annual Report.
- 3.4 The University Executive Team has responsibility to keep the Board and the Audit Committee advised of VFM issues (for example, the publication of relevant advice or reports). The University's Senior Management Team (USMT), in liaison with the Internal Auditors, has the executive responsibility to put in place arrangements that will ensure VFM is being sought and achieved. The VFM Advisory Group, reporting to USMT, is responsible for providing advice to the Vice-Chancellor and USMT on VFM matters.
- 3.5 The Chief Operating Officer is Chair of the VFM Advisory Group and provides regular reports to USMT on work undertaken by the Group.
- 3.6 All managers have the executive responsibility to maintain an awareness of good practices in their own area of operation and to ensure that they are followed appropriately.
- 3.7 The VFM Strategy is communicated to all staff to ensure that they recognise that the responsibility for pursuing VFM is a continuing obligation that is shared by all staff who should endeavour to seek and achieve VFM in all activities and to bring to management's attention any opportunities for improvement. In addition case studies and good practice will be promoted through internal communications.

#### 4. **Membership**

##### **Standing Members**

Chief Operating Officer (Chair)  
Director of Finance and Commercial Development  
Deputy Director of Finance  
Deputy Director of HR  
Assistant Director (Campus Services)  
Procurement and Purchasing Manager  
Assistant Director of ITaCS  
Assistant Director (L&IS)

##### **Members to be drawn from the following;**

School Assistant Dean  
School Manager  
School Technician

### **Co-opted Members**

Co-opted members (as and when required) based on their knowledge and expertise will be invited to attend a particular meeting(s), to represent an area of interest or issue for consideration. Those representatives are not members of the Value for Money Group.

### **Secretariat duties to be provided by**

Legal Services,

## **5. Meetings**

5.1 Meetings will be held on a quarterly basis.

## **6. Standing Agenda**

The standing Agenda is as follows:

- Apologies
- Minutes from the previous meeting
- Matter Arising
- Procurement
- Progress reports on current VFM Actions
- Internal Audit Recommendations
- Potential new projects
- AOB
- Future Meeting Dates

## **7. Our Approach to VFM**

7.1 Our approach is informed by relevant internal and external data from a wide range of sources.

7.2 The University's strategic planning process (Planning and Performance Model) ensures that all activity is considered, developed and delivered through a VFM lens. The Business Planning templates include a section on VFM which focuses each school and service area to consider their proposed contribution to VFM and provides detail of how they will operationally achieve their VFM objectives. Performance of VFM activities are quantified within Annual Close Out reports produced by Schools and Services which summarise VFM cash and non-cash achievements versus planned.

7.3 The University Senior Management ensure that:

- The School and Service plans have staffing (workforce planning), non-pay and capital investment appropriate to meet their strategic objectives in the most cost-effective way.

- VFM is considered throughout key stages of investment/divestment decision making processes. A review of decisions should be performed to ensure VFM is considered for example within recruitment, major projects, procurement, course development and contracting.
- Business cases for investment/divestment will include an evaluation of short term costs of delivery and medium to long term cost savings in addition to considering VFM contribution to the University through efficiency and effectiveness.
- Post investment appraisal is undertaken on completion of major projects, highlighting benefits realised versus project plan to ensure lessons learned are captured and shared for future projects.
- Staff development plans are in place to increase staff efficiency and effectiveness.
- Schools and Services report their performance on a regular basis against appropriate Key Performance indicators, externally benchmarked where feasible.
- An annual report is produced by the Chief Operating Officer for submission to the Audit Committee on VFM achievements which will include reference to ongoing or routine activities that contribute to achieving VFM in addition to VFM projects.
- Business Assurance team perform specific VFM studies as appropriate

#### 7.4 The Audit Committee will:

- Produce an Annual Report for the Board that includes its opinion on the adequacy of the arrangements that are in place to promote economy, efficiency and effectiveness and which will include reference to ongoing or routine activities that contribute to VFM.
- Obtain an annual opinion from the Internal Audit Service on the adequacy and effectiveness of the University's VFM arrangements.
- Ensure that all audit reports produced by the Internal Audit Service give an opinion on VFM in relation to each assignment carried out.
- Engage Business Assurance and Internal Audit to perform specific VFM studies as appropriate.
- Obtain an annual Procurement Performance report from the Director of Finance and Commercial Development.

7.5 The remit of the Value for Money Group will encompass:

- An annual review of the VFM Strategy with stakeholders to measure progress against targets and to ensure that the objectives remain fit for purpose.
- To propose Corporate VFM initiatives, with business cases, for the forthcoming year to USMT for approval and to Sponsor delivery of the initiatives.
- Promoting a culture of continuous improvement throughout the University and through its role, will share and encourage the adoption of good practice.
- Liaison with the Internal Auditors to determine the nature of reports on the VFM reviews and the inclusion of recommendations for future development.
- Achieving Corporate VFM initiatives including identification and elimination of inefficient processes and waste by identifying areas of activity for review, focussing on key issues, (including existing and proposed new activities, as well as those that are multi-disciplinary or cross-functional) and taking into account:
  - 1 Any evidence of existing performance (ideally comparative information), either over time or between institutions, to give an indication of the range of possible benefits.
  - 2 Materiality and/or the likelihood of benefit from a review, or other reasons why an activity might require attention (for example, because it is new or recently structured).
  - 3 The extent of recent changes which may mean that an activity is more or less likely to benefit from a VFM review.
  - 4 The different methodologies available to conduct VFM reviews of activities.
  - 5 Any other evidence or management assessment of the performance of activities. [This might cover activities that are already known to adopt good practice, and areas where there is, or may be, scope for improvement.]
  - 6 The date of the last review of an activity, and by whom it was conducted.

7 How far ahead the University should look at any one time.

Summary of our VFM Strategy

Objective	Action	Outcome	Frequency
To promote a culture of continuous improvement	Establish an effective internal communication plan	A VFM strategy that is clear and easy to understand that ensures that all staff recognise their continuing VFM obligation i.e. to see VFM for the University as part of their role.	Annual refresh
	Ensure that schools and services plan strategically in the most cost effective way	Strategic Planning, 5 Year plans and Annual school and service plans	Annual
To integrate VFM principles within existing management, processes and to respond to opportunities to enhance the economy, efficiency and effectiveness of activities.	Ensure that schools and services have long-term and non-pay plans appropriate to their requirements	Planning and Performance Model	Annual
	Ensure that staff development plans are in place	Clear personal targets of performance to enable each person to take personal responsibility for their own development	Annual
	Ensure that services are funded appropriately to achieve service excellence	Planning and Performance Model	Annual
A robust approach to strategic	VFM to be considered at	Maximise VFM Contributions	Embedded within Stages of

decisions ensuring that VFM is a key element within the decision making process e.g. investment or divestment.	each key stage i.e. Business Case, Resource Allocation, Project Management and Delivery, Post-Investment evaluation		Decision making process
To challenge current practices and apply lessons learned in order to improve performance university-wide and position the University to meet future challenges.	VFM Group and Staff- Identifying areas of activity for review, focussing on key issues, (including existing and new activities, as well as those that are multi-disciplinary or cross-functional)  Post investment appraisals	Maximise use of resources	Annual Plan
To benchmark the University's activities against other similar activities and organisations	Investigate areas where the benchmarks suggest that we are underperforming or underachieving	Improved performance	Annual
To demonstrate actively to both internal and external stakeholders that the achievement of VFM is sought in all activities undertaken throughout the University.	VFM indicators to be agreed for each school and service within Business Planning process	VFM contribution to be measured annually (cash and non-cash) within each School and Service Close Out review of the year	Annual
	Annual VFM report to Audit Committee	Annual Report	Annual
	Audit Committee Annual VFM report to Board	Annual Report	Annual

	Annual Procurement Performance report to Audit Committee	Annual Report	Annual
To procure goods and services in the most sustainable economic way possible.	Analyse procurement spend by supplier to identify where cost savings could be made through centralising purchasing through a single supplier	VFM procurement efficiencies	Ongoing
	Inclusion of a VFM section with our tender documents to capture how our suppliers can support the University achieve VFM and social value	Annual Procurement report	Annual
	Procurement team and VFM Group to consider how we maximise our capacity through working in partnership	Procuring goods and services in the most sustainable and economic way. Record all cash and non-cash savings in the Annual Procurement Report	Annual