

Invitation - Uniac Round Table Session Value for Money (VFM) – the next stages

3rd March 2017 10am – 1pm
Torrington Room, Senate House, University of London

This session will be relevant to:

Governing body and audit committee members. VFM reports will need to be received and approved by an institution's governing body or a delegated sub-committee before submission to HEFCE.

Senior executives with responsibility for the institutional VFM strategy and ensuring relevant processes and monitoring frameworks are in place.

The session is a chance for all to input to the changing VFM agenda over the next few years.

Context

Although the concept of value for money is long standing, it remains difficult. Economy and efficiency are frequently, and incorrectly, conflated. To get the full picture, both economy and efficiency need to be considered in the context of outputs and outcomes – effectiveness.

HEFCE report an increasing expectation by the government that the sector will do more to *demonstrate* the VFM that it offers. As well as direct funding routed via research councils and HEFCE, the government is looking for value from the public money loaned to fund tuition fees.

In August 2016, HEFCE issued a letter to all Heads of HEFCE funded higher education institutions setting out their requirements for the submission of a VFM report as part of the Annual Accountability Return that were due in December 2016, including:

- a requirement (it was hitherto optional) for all institutions to submit a VFM report in 2016, although not within a prescribed format
- a request for feedback from the sector on VFM reporting guidance
- an undertaking from HEFCE to provide guidance on VFM reporting in time for the December 2017 submission. HEFCE are moving towards a common framework of key efficiency information that institutions can use to inform their own VFM reports.

If institutions are to address economy, efficiency and effectiveness comprehensively in an annual report that could require significant effort. The sector needs to assess how it can do this sensibly – and whether other reporting such as ASSUR continues to be useful.

Sector colleagues and governing body members with experience in business sectors may well be bemused by the need to “demonstrate” value for money. Delivering maximum value at minimum cost is the fundamental point of most businesses, without resorting to costly value for money frameworks. The government wants the sector to better demonstrate value for money. Arguably though, the government's own higher education and research bill may yet take the value for money debate in a radically different direction over the medium term.



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Event Details

Steve Butcher (HEFCE – Head of Procurement) will set out HEFCE’s perspective including:

- the government’s expectations
- the limitations of current reports (in light of the above)
- how HEFCE’s expectations link with institutional VFM governance best practice
- the next steps including sector guidance and timescales.

Steve is keen to seek attendees’ views on how the sector might respond most effectively to government and iterative developments over the next few years and, specifically on how this might best be translated into guidance.

Andrew Murphy (Chief Financial Officer, University of London) will then facilitate an open session covering, for example:

- institutional stances on VFM – are governing bodies’ / audit committees’ expectations and objectives on VFM (and VFM reporting) different from HEFCEs? Non-executives have a responsibility to satisfy themselves that VFM is being achieved. How is this discharged? Can / should their requirements and those of HEFCE be the same?
- HEFCE have suggested a number of institutional activities that might be considered in the annual reports. Are they the right ones? What is the balance between reporting on economy, effectiveness and efficiency? Should income generation be considered and what about the student perspective?
- If hard data is required, what are the most appropriate indicators? Are they already in the ‘system’ or will / should they be new ones?
- Who is best placed to draft institutional VFM reports and how onerous a task could it be?

12.30 - Lunch

If you would like to reserve a place, please reply to Angela Gilchrist (agilchrist@uniac.co.uk / 0161 237 1174 / 07770 336 490) by 20th February 2017.

Closing Thoughts

1. Are hard measures dangerous? For example, what does a low ratio of staff costs to income prove in isolation from measures of student outcomes – retention; progression; degree classification; and graduate destinations? Does it signify efficiency or maybe that non-pay costs are poorly controlled? Can hard measures be used sensibly? How will HEFCE detect institutional cherry picking of favourable measures?
2. Rather than requiring value for money reports from all, should there be direct challenge and explanations required from institutions whose data suggested cause for concern? Value for money reports will use nationally available data which can already be accessed. This approach would allow most institutions to concentrate on delivering value while holding those that don’t to account. Current proposals may emphasise institutional autonomy, but is this at the cost of greater all round inefficiency?

If you have other areas / questions that you would like to explore – please let us know in advance and we will ensure that they are covered on the day.



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