



ROYAL COLLEGE OF MUSIC

VALUE FOR MONEY STRATEGY

Summary

- The College's Value for Money Strategy and Policy have been updated to reflect the publication in 2019 of the Office for Students' value for money strategy 2019 to 2021
- The main revisions are to include more explicit reference to objectives for VfM for students and to outline the ways in which these objectives are met

Action

- Directorate, Finance & General Purposes Committee, Audit Committee, Council to approve

Introduction

1. The Royal College of Music recognises its responsibility to achieve value for money from all its activities.
2. The RCM is committed to the pursuit of economy, efficiency and effectiveness as part of its overall aims and objectives. The RCM will seek to adopt good practice and incorporate VfM principles in all its activities.

Objectives

3. To achieve good VfM, The RCM has set itself these objectives:
 - to integrate VfM principles within existing management, planning and review processes;
 - to adopt recognised good practice where this is appropriate;
 - to undertake VfM studies on areas identified as requiring attention and where the review is expected to yield significant benefits;
 - to benchmark RCM activities against other similar activities and organisations where this is considered useful;
 - to respond to opportunities to enhance the economy, efficiency and effectiveness of activities;
 - to promote a culture of continuous improvement;
 - to demonstrate actively to both internal and external observers that the achievement of VfM is sought in all activities undertaken;

- to ensure that all staff recognise their continuing obligation to seek VfM for the RCM as part of their routine activities.
4. It is also a priority for the College to provide value for money for students. Key objectives to support this are:
- To ensure that all students, from all backgrounds, receive value for money,
 - To ensure that all 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

In support of these objectives, the RCM will support student participation (in ensuring fair access, progression and supporting professional career success), and provide a positive student experience and outcomes. The College's Access and Participation Plan, its Learning, Teaching and Assessment Strategy, its quality assurance and enhancement structures, and its wide range of services for students, such as the Creative Careers Centre, all support VfM for students in these areas. The College's governance structures, which ensure regular reporting to and engagement of the Council and its committees with the full range of these student matters, the RCM Code and procedures, the Student Protection Plan, compliance with Competition and Markets Authority (CMA) guidance for higher education providers and terms and conditions among other policies and strategies are all intended to provide support and protection for students in support of VfM.

Responsibilities

5. The Council is responsible to satisfy itself that VfM is being sought and achieved from the use of public funds. The Council has determined that the RCM should extend this principle to all its funds.
6. The Audit Committee is responsible to satisfy itself that satisfactory arrangements are in place to promote economy, efficiency and effectiveness. The Committee relays its view on these arrangements to Council in its annual report.
7. The Directorate has the executive responsibility to put in place arrangements that will ensure VfM is being sought. The Directorate also has responsibility to keep Council and Audit Committee advised of VfM issues.
8. Managers have the executive responsibility to maintain an awareness of good practices in their own area of operation and to ensure that these are followed appropriately.
9. All staff should endeavour to seek and achieve VfM in all activities and to bring to management's attention any opportunities for improvement.

RCM VALUE FOR MONEY POLICY

Introduction

1. RCM must ensure that it conducts its business in a way that extracts the maximum benefit from the resources available. Value for Money (VfM) not only measures cost, it also takes account of quality and fitness for purpose to determine whether goods and services represent good value. The College needs to have systems in place to determine if it is operating:
 - economically - using the minimum level of resources for a given service level),
 - efficiently - maximising its delivery of services within a given level of resource) and
 - effectively - taking the most appropriate actions to meet its objectives).
2. The benefits from VfM may be classified as either 'cashable' (where there is a direct financial saving or benefit) or 'non cashable' (where costs are not lower or where there is no increase in income but there is improved performance from the resources used).
3. The Value for Money Policy supplements the Value for Money Strategy and together these documents form a key component of the wider framework for ensuring the College is well managed.

Scope

4. The College's approach to VfM is integrated into its overall approach to the management of change generally and improvements in its systems and processes. The VfM policy is one of the levers used to change the culture of the RCM to one where continuous improvement is sought by staff.
5. Traditionally Value for Money is defined in terms of economy, efficiency and effectiveness (the 3 "Es"). However it is useful to also consider the following factors which need to be taken into account to achieve VfM:
 - Inputs – in terms of price, quantity and quality
 - Outputs – in terms of price, quantity and quality
 - Processes – activities that convert inputs into outputs
 - Strategy - how our aims and objectives are translated into reality
 - Allocative efficiency – the deployment of limited resources to deliver the maximum overall benefit to the organisation in terms of its agreed Strategy
 - Structure- the way the College is organised to implement our Strategy
 - Culture - the way or style in which the College carries out its affairs.
6. This list is wide ranging and many of the above items are interrelated. The list acts as a reminder that the most effective approach to VfM will be achieved by viewing it as a broad concept and a mode of operating that should permeate all aspects of the organisation.

Objectives

7. The VfM Strategy contains a number of objectives which may be summarised as:

- Integration of VfM into decision making, planning and reporting
- Recognising responding to and implementing VfM measures as appropriate
- Ensuring systems are in place for the monitoring of the achievement of VfM through reporting and, where appropriate, benchmarking
- Ensuring that the principles of VfM are understood and that it is all staff's responsibility to pursue VfM in the College's activities
- Contribution to the process of promoting the RCM culture to one of continuous improvement.

Roles and Responsibilities

8. **Council.** RCM Council has overall responsibility for VfM. In particular Council has a duty imposed by the Financial Memorandum with OfS. Council, however, delegates regular oversight of VfM matters to the Audit Committee.
9. **Finance & General Purposes Committee.** F&GP monitors implementation of the College's VfM Strategy. In particular, it will wish to see that VfM has been taken into account in proposals which have a budgetary dimension.
10. **Audit Committee.** Audit Committee, on behalf of Council, ensures that reasonable processes and procedures are in place to ensure that VfM is being achieved. The Committee scrutinises, approves and if appropriate will amend the RCM VfM Strategy and Policy on behalf of Council.
11. Audit Committee receive reports from the Directorate and internal audit (at least annually) on VfM activities to:
 - Satisfy itself that VfM extends to all areas of College's activities;
 - Review annually the College's approach to VfM and
 - approve changes or improvements to key elements of its processes and procedures.

The reports received enable Audit Committee to discharge its duty to report formally to Council on whether or not it is satisfied with the arrangements in place to promote VfM.
12. **Directorate.** Members of the Directorate have individual and collective responsibility for VfM. The Directorate as a whole has overall responsibility for ensuring practical steps are taken to achieve VfM across the range of College activities. The Directorate:
 - ensures the mechanisms are in place for achieving the goals of the VfM plan
 - ensures VfM considerations are incorporated into relevant College Policy and guidance
 - ensures VfM considerations are taken into account as part of the business planning process
 - provides leadership on all aspects of VfM
 - ensures arrangements are in place to embed VfM into the College's day-to-day activities
 - promotes a culture of continuous improvement.
13. **Role of Director.** The Director provides leadership on VfM matters and will actively promote the culture of continuous improvement.

14. **Role of Deputy Director.** The Deputy Director has responsibility for keeping the Audit Committee and Council advised on VfM matters. The Deputy Director should seek to ensure that adequate systems are developed to maximise the achievement of the aims of the VfM Policy. The Director of Finance advises the Deputy Director that VfM arrangements satisfy the requirements of the Financial Strategy.
15. **Role of Directorate members.** Directorate members are responsible for ensuring adequate consideration is given to VfM arrangements in the departments/areas for which they are responsible and, where appropriate, disseminate information and actively encourage the spread of best practice. Directorate members are also expected to ensure that VfM considerations are given sufficient priority at an early stage in the planning process, such as, when strategies are being developed.
16. **Role of internal audit.** The internal auditors are expected to conduct all audits in a manner that meets the objectives of the VfM policy. VfM considerations should influence the scope of the annual audit programme and the scope of individual audits. Where necessary the College will also commission specific VfM studies from the internal auditors.
17. Internal audit will provide a written opinion on the College's VfM arrangements which will be reported to the Audit Committee, Council and ultimately OfS.
18. **Role of External Audit.** External audit is expected to comment on VfM arrangements as part of the external audit programme.
19. **Role of Heads of Departments.** Heads of departments should:
 - Implement policies on VfM as agreed by the Directorate and approved by Audit Committee on behalf Council.
 - Ensure there is a continual review of the most significant aspects of the department's operation to ensure VfM is being achieved.
 - Provide adequate information in a timely manner on the status of VfM arrangements, as and when required.
20. **Role of all staff.** There is a general duty on all staff to ensure that VfM in the use of resources and the delivery of services is achieved.

Review of Policy

21. The Policy will be reviewed from time to time by the Directorate and amendments will be reported to the Audit Committee.

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2008; last reviewed July 2019, April 2020