

Tyne & Wear Archives & Museums

Value for Money Strategy

Date of approval by TWAM Audit Committee: 27/06/17
Date for review: 26/06/18

Introduction:

Tyne & Wear Archives & Museums (TWAM) commitment is to provide a World-class service that is innovative, imaginative, creative, totally inclusive, secure and sustainable and to minimise the environmental impacts of our operations.

Definition:

Value for Money has three components, economy, efficiency and effectiveness. It is not simply about achieving the lowest price or cost in the short term but must take into account life-time costs and examine the efficiency of any process or function and its effectiveness.

Objectives:

To achieve good VFM, we will:

- Aim to be a self-supporting and sustainable organisation.
- Ensure that value for money considerations are built into both project planning and 'business as usual' activities.
- Ensure that all TWAM activity is focused on achieving agreed outputs and outcomes.
- Assign clear lines of ownership of all efficiency targets; and ensure that adequate resources are made available to enable delivery of the action plans that are designed to achieve efficiency savings.
- Undertake a series of data analysis and benchmarking exercises to identify target priority areas for efficiency gains across the whole organisation.
- Foster a culture where employees, volunteers and Members are open to the possibilities presented by new ways of working through innovation and the use of technology.
- Actively encourage employees, volunteers and Members to identify opportunities to deliver VFM (Efficiency) improvements.
- Take a medium term view of business improvements, to include consideration of whole-life costing where appropriate and the use of invest to save funds to pump-prime projects for which future returns are expected.
- Operate appropriate arrangements to monitor the delivery of planned efficiencies.
- Use our partnerships and networks to share our own best practice and to identify new ways of working which will improve efficiency.

Governance, Management and Value for Money:

- TWAM ensures that there are sound arrangements for risk management, control and governance, and for economy, efficiency and effectiveness.
- The Director is responsible for satisfying the Strategic Board that the conditions of the Financial Regulations are being met.
- Audit Committee receives assurance at the quarterly meetings that satisfactory arrangements are in place to promote economy, efficiency and effectiveness. It maintains an overview and independent judgment on the effectiveness of TWAM's value for money arrangements. Its annual report includes its opinion of the arrangements for promoting economy, efficiency and effectiveness.

External Inspections:

- TWAM is subject to internal and external audit and inspection regimes. The annual reporting from Internal Audit includes an opinion on the adequacy and effectiveness of arrangements for Risk management, governance and efficiency and effectiveness.
- The External Auditor's Annual Audit Summary Report (ISA 260) carried out by Ryecroft-Glenton concluded that the financial statements give a true and fair view of the state of TWAM's affairs as at 31.03.16.

Procurement - We aim to ensure that procurement:

- Helps to deliver value for money and improvements in service delivery arrangements.
- Is planned and undertaken in a structured, controlled and co-ordinated way.
- Contributes to the delivery of the budget and efficiency targets across TWAM.
- Utilises and exploits technology to improve services and generate efficiencies.
- Establishes and develops collaborative opportunities, partnerships and new and more effective ways of working.
- Contributes to delivering TWAM's corporate objectives.

Financial Sustainability achievements 2016/17:

Our Goals for 2016/17	How TWAM met the commitment
Prepare a Business plan for the proposed Trading Company.	<ul style="list-style-type: none"> • Significant work on the revision of the Business plan has been undertaken. • Changes in the proposed staff structure, variability of certain income streams, the proposed introduction of Exhibition Tax Relief and dependencies relating to the proposed technical structure of the Trading company mean that this will need to be completed in 2017-18
Implement Balanced Score Card.	<ul style="list-style-type: none"> • Devised Balanced Scorecard to monitor and report on operational performance on a monthly basis. • Designated variety of different metrics to be monitored, bracketed broadly under the four dimensions of 'Engagement', 'Reputation', 'Performance', 'Service'. Incl. detailed P&L accounts • Focus is on what can be done to influence current and future performance • It is informed by review • This has been implemented and is being used by OMT
Create Operational Management Team.	<ul style="list-style-type: none"> • Team of managers and senior managers meet monthly • Monitor operational plans across TWAM • Review Balanced Scorecard data • Challenge underperformance • Improve commercial performance across TWAM

Benchmark TWAM's commercial performance against partner organisations	<ul style="list-style-type: none"> • Two benchmarking meetings have been held with Birmingham and Bristol Museums. • These have been used to compare performance and to explore and develop new areas of income generation, and provide development opportunities for staff. • Work with Black Radley continues to provide an element of benchmarking.
Identify carbon reduction targets on a venue by venue basis.	<ul style="list-style-type: none"> • A comprehensive Energy Audit was carried out on Discovery Museum in January 2017 and a report produced with recommendations. • Currently in discussions with NCC regarding implementation of recommendations. • This is part of a rolling programme for each venue. Once it has been decided how the information within the report are to be used it will help TWAM identify a target for reducing its carbon footprint.
Ensure the 2016/17 budget requirements are successfully implemented.	<ul style="list-style-type: none"> • Production of monthly Management Accounts • Scrutiny by Strategic Board via regular budget update reports to each meeting on progress of implementation. • 'Substantial' Level of Assurance from Internal Audit Report on Financial Control
Review reserves policy, including an analysis of financial needs, risks, future income streams and cost pressures and consider options to increase general reserves to make up for planned revenue utilisation.	<ul style="list-style-type: none"> • Completed as part of budget setting process 2017/18 budget. • Also reviewed as part of ACE NPO bid process. • Use of reserves at 31.3.17 in line with expectations. • General reserves at 31.3.17 represent 7% budgeted expenditure in line with reserves policy.

Tools:

- Good systems for generating management information and budget monitoring tools in place.

Continual Improvement:

- We will continue to make sure our services are as efficient as possible.
- Continue to ensure we buy goods and services in the most efficient way possible.
- Strengthen our value for money culture.
- Improve the way we measure, report and monitor value for money.

Quality:

- Setting and defining the quality of our work is an important part of the VFM process.

Responsibility for VFM:

- **The Strategic Board** is responsible for specifically considering value for money issues in all decisions.

- **The Audit Committee** is responsible for ensuring that satisfactory arrangements are in place to promote economy, efficiency and effectiveness.
- **The Director** has particular responsibility for ensuring that the arrangements described above operate effectively.
- **Managers** have the responsibility for reviewing and maintaining good practice in their own area of operation and all staff should endeavour to seek and achieve VFM in all activities and to seek to identify activity which does not contribute to TWAM's outputs and outcomes and ensure that these activities are ceased.
- **Staff** should endeavour to seek and achieve VFM in all activities and to identify any opportunities for new areas of profitable income.

Our Goals for 2017/18

- Self-sustaining programme of high profile exhibitions
- Implement the governance changes to create a:
 - Strategic Board
 - Trading Company
- Embed the Customer Experience project
- Implement the recommendations of the fund-raising report
- Rolling programme of carbon reduction targets

The Value for Money Strategy will be reviewed annually.

Chair of Audit Committee

Iain Watson
 Director, Tyne & Wear Archives &
 Museums
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