

Guidance on completion of the Value for Money Tool (VFM) (Section 5d of the Contract Review Form)

Please note that the information required for the VFM should cover the period 01 April 2011 to 31 March 2012. You will therefore need to forecast for the remainder of the financial year.

1. Introduction

1.1 As part of our ongoing approach to getting service costs 'right', ensuring 'value for money', planning for the current financial challenges and procurement rules & legislation we are committed to an ongoing benchmarking drive locally to ensure services maintain a level of revenue which maximises direct support delivery.

1.2 As part of this ongoing process we have developed a Value for Money tool. The purpose of this tool is to allow providers in receipt of funding from Health & Adult Services – HAS (previously ACS) to show:

- **What they spend HAS funds on.**
- **Whether or not they are spending it on relevant tasks.**
- **Whether it represents a reasonable cost.**
- **An audit and verification to ensure that funding is being used as was intended.**

2. General overview and purpose of the Value for Money tool

2.1 The aim of this tool is to allow providers of HAS funded services to show how their money is being spent. The spreadsheet is broken down into the following sub headings:

- Overheads
- Direct Staffing
- Direct Non Staffing

2.1.2 Under each of these sub headings the provider is asked to list what they currently spend HAS funding on for each contracted service.

2.1.3 This tool has been built into the Contract Review Form used when reviewing block contracted services funded by HAS, or jointly funded by HAS and another agency, i.e. NHS North Yorkshire & York.

3. Completion of the form

3.1. Overheads (please note that this section relates solely to the individual contract and not the organisation as a whole)

3.1.1 Overheads refers to an ongoing expense of operating a business. The term 'Overhead' refers to general organisational expenses that are necessary to run the service. You should enter the cost to HAS as an annual figure.

3.2 Direct staffing (this section may include entering data not solely relating to the service)

3.2.1 Direct staffing means front line staff (full time, part time, temporary) who deliver direct support to service users, as well as management and admin for the service. It is important that all staff involved in the delivery of the service are included on the form.

3.2.2 Job Title

The job title for each person employed in the delivery of the contracted service should be listed. **The name of the actual worker is not required.**

3.2.3 Number of hours each person works each week

This is the number of hours the person is contracted to work with the provider. **This may be different to the hours working on the contracted service.**

- 3.2.4 Number of hours each person works on this contract
This relates to the number of hours each worker spends on the delivery of the contracted service. **This could be the same as above or less if the person divides their time between services.**
- 3.2.5 Salary each person gets
You should enter the total annual salary for each person. If they are not salaried and therefore paid a wage then you must calculate the annual pro-rata figure as if they did receive an annual salary.
- 3.2.5 NI and pension
Here you should enter how much the organisation pays towards national insurance (NI) and pension. This is on top of the salary. Please indicate if this is not applicable.
- 3.2.6 Cost £
This will self calculate once all the details above have been entered. It will be based on how many hours your member of staff works on service tasks as a percentage of how much they get paid.
- 3.2.7 Time spent on this contract
This simply calculates the percentage of time spent on the contracted service.
- 3.2.8 Total % percentage to HAS
This calculates each item as a percentage of the total cost of the service. This is an important section because it will help us see whether the costs are reasonable in relation to each sub heading.

The following rows calculate the direct and overall cost of the service:

3.3 Direct Non Staffing Costs

- 3.3.1 Direct Non Staffing Costs are costs essential to support staff to deliver the service. This includes materials, equipment and costs associated with supporting service users.

The table below shows examples of what you should include in Direct Non Staffing

Telephone – accommodation based office
Telephone – Mobile
Travel – accommodation based
Travel – volunteers
Training – costs associated with the price of the seminar/course
Subsistence – where applicable and linked to eligible claims such as food.
Stationary (e.g. postage, printing, photocopying) – not equipment
Equipment – such as computers and office furniture
Translation/interpreter costs
Subscriptions and memberships, attendance at conferences
Surplus

4. Benchmarks

- 4.1 The information supplied in the Value for Money tool will enable HAS to benchmark the costs of services against other contracted services. This will enable HAS to consider how the overall value of the service (cost and quality) is viewed along side similar services.

Please ensure that the Value for Money form is fully completed and attached to the Contract Monitoring Form.