

Value for Money Guidelines

Rural Transport Programme



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The Rural Transport Programme (RTP) is funded by the Department of Transport and receives a funding from the Department of Social Protection in terms of the Free Travel Scheme

1. Introduction

These guidelines on value for money (VFM) have been developed by the Rural Transport Programme team primarily in response to queries from RTP Groups on the issue of VFM at a local level. Groups are specifically interested in understanding what is meant by VFM and how to apply VFM thinking to the management of their organisations and the delivery of their transport services locally.

The timing of these guidelines reflects the broader macro-economic environment in which the Rural Transport Programme currently operates. It is an environment characterized by a scarcity of resources and a growing recognition of the imperative to achieve value for money and worthwhile impacts as a return on tax payer's money. The timing of the guidelines also demonstrates an increasing concern on behalf of Government (and funders in general) to obtain the best possible programme outcomes and impacts in respect of public services, of which the RTP is a small, but not an insignificant player, especially in rural areas.

It is important to be realistic about the scope of these guidelines. They have been developed as a modest and initial attempt to open up the concept of value for money in the thinking and planning processes of RTP Groups. It is hoped that over time that they will assist RTP Groups to embed VFM in their organisational mindsets, systems, procedures, and policies to the extent that it eventually becomes part of standardised thinking and operating.

It should be noted that the guidelines are not definitive or exhaustive. They are designed to kick start the process of thinking differently about how resources are best utilized to meet unmet needs in the most efficient and effective ways, both in respect of direct service delivery and with relevancy to the organisation delivering the service.

To maximize the effectiveness of the guidelines, they should be read in conjunction with, or cross-referenced to a range of operating policies and procedures already in place for RTP Groups. These have been appropriately highlighted throughout the guidelines.

It should be noted that evidencing VFM with regard to RTP is challenging and complex as the Programme has both an economic and a social inclusion dimension. Both of these aspects are important but may necessitate trade-offs from time to time as one may take precedence over the other, for very legitimate reasons. We hope we have succeeded in capturing in a user-friendly and simplified format some of the complexity that is encountered in the management and implementation of the RTP with regard to VFM considerations.

It is our view that the guidelines provide a good foundation. This can be build on, enhanced and reinforced over time in line with experience and the incremental acquisition of skill, know-how and confidence in managing value for money within the RTP.

We hope that the RTP Groups find in them a useful and helpful beginning in the process of embracing a value for money mindset, culture and practice. This in turn will strengthen the Programme, make it competitive, and help to sustain it over time.

2. Understanding the Term Value for Money

2.1 Defining Value for Money

In the current economic climate value for money considerations are becoming more and more relevant. All areas of public expenditure including the RTP are under increased obligation by the Government and the wider public to deliver value for money practices when managing government funds.

Securing the necessary funding to continue to manage and operate the RTP presents greater challenges as public demand grows for more and better services within the limited resources available. It is critical to ensure, as a Government funded programme, that value for money practices are delivered appropriately throughout the implementation of the RTP at Local and Programmatic level.

The concept of value for money (VFM) can be theoretically defined in a number of ways as discussed in this section. These definitions can help us understand what is meant by value for money and how it can be applied across the RTP.

- “Value for money is a term used to assess whether or not an organisation has obtained the maximum benefit from the goods and services it both acquires and provides, within the resources available to it.” (Erlendsson, 2002)¹
- “Value for money is based not only on the minimum purchase price (economy) but also on the maximum efficiency and effectiveness of the purchase.” (Business Dictionary)²

Quality can also be defined in the context of value for money as outlined below.

- Quality as value for money: “The notion of accountability is central to this definition of quality with accountability being based on the need for restraint in public expenditure.” (Lomas, 2000)³
- “Quality as *value for money* sees quality in terms of return on investment. If the same outcome can be achieved at a lower cost, or a better outcome can be achieved at the same cost, then the ‘customer’ has a quality product or service.” (Harvey & Green, 1993)⁴
- “Value for money is one definition of quality that judges the quality of provision, processes or outcomes against the monetary cost of making the provision, undertaking the process or achieving the outcomes.” (Harvey & Green, 1993)⁴ .

However, the Department of Finance define the concept based on three key criteria – the Three E’s, including economy, efficiency and effectiveness. The Office of the Comptroller & Auditor General also includes equity (or fairness) as a core concept of value for money.

2.2. Three Key Criteria – The Three E’s

As outlined in Table 2.1 (page 5) and subsequently illustrated in Figure 2.1 (page 6), VFM is based on the concept of three key criteria – economy, efficiency and effectiveness.

¹Erlendsson J., (2002), “Value for Money Studies in Higher Education”. http://www3.hi.is/~joner/eaps/wh_vfmhe.htm

²<http://www.businessdictionary.com/definition/value-for-money-VFM.html>

³Lomas, L (2002) “Does the Development of Mass Education Necessarily Mean the End of Quality?”, *Quality in Higher Education*

⁴Harvey, L. and Green, D. (1993), “Defining Quality”, *Assessment and Evaluation in Higher Education*, HEQC (1997), “Graduate Standards Programme: Final Report”, Higher Education Quality Council.

Table 2.1: What is VFM?	
VFM can be described in terms of the 'Three Es' – Economy, Efficiency and Effectiveness.	
3 VFM E's	Economy: "acquisition of resources in the right quantity and of a quality no higher than is needed for the job." <i>i.e. doing things at a low cost.</i>
	Efficiency: "is a comparison of outputs to inputs. It refers to the extent to which the objectives of a policy are achieved." <i>i.e. doing things the right way.</i>
	Effectiveness: "is defined in terms of the extent to which the objectives have been achieved and the planned benefits delivered. It should be kept in mind that the results can be positive or negative." <i>i.e. doing the right things.</i>
Source: Department of Finance, (2007) ⁵ ; Erlendsson (2002) ¹ .	

These concepts can be applied to the management and operation of RTP Groups. They should be at the core of day to day work for RTP Groups, as they should influence what money is spent on, how much is allocated to services and how to go about implementing services.

Economy:

- Has the best price been obtained in areas such as fuel costs, insurance, office overheads and supplies, utilities, printing etc?
- Costs could be compared with similar RTP Groups providing similar services.

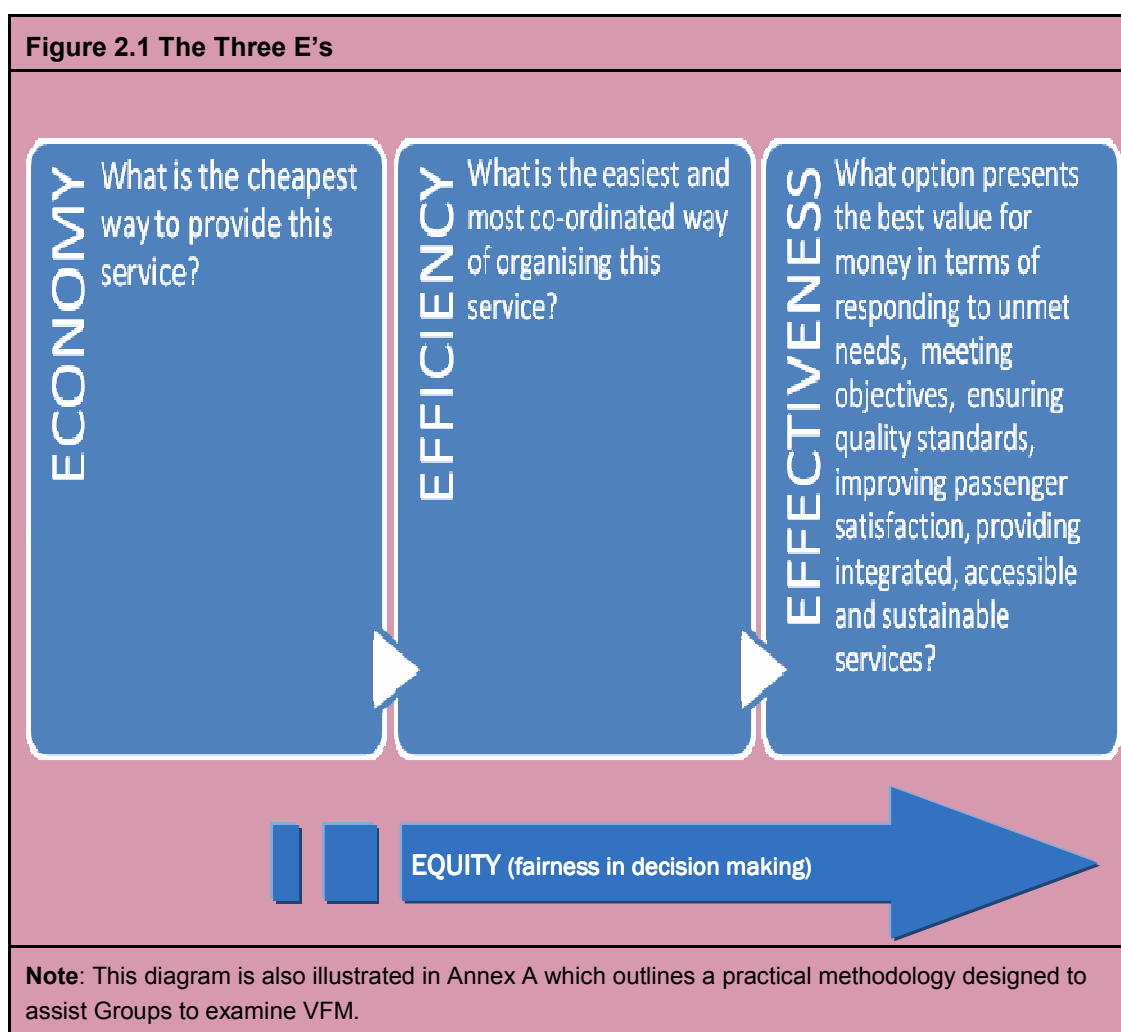
Efficiency:

- Are management and administrative resources utilised effectively?
- Is staff and Board training being continually updated?
- Have operational costs and administration costs been clearly distinguished?
- Is capacity of vehicles in operation appropriate to the number of passengers travelling?

⁵Department of Finance (2007), "Value for Money and Policy Review Initiative, Guidance Manual", Value for Money and Policy Reviewers' Network, Central Expenditure Evaluation Unit, Department of Finance.

Effectiveness:

- Is there satisfaction with the services delivered?
- Could the same results be achieved in a better or cheaper way?
- This can be measured by ongoing monitoring of customer satisfaction through questionnaires/ testimonials/inviting ongoing feedback from passengers/drivers/ staff and Board.

Figure 2.1 The Three E's

2.3 Implications of Not Considering VFM

There can be huge implications for RTP Groups if they do not consider VFM in its entirety. Not thinking in VFM terms can cause RTP Groups to:

- Overlook key needs in their local community;
- Waste exchequer funding;
- Supply poor quality services;
- Mismanage budgets, service performance and operations;
- Overlook key social and environmental considerations (e.g. vehicle accessibility, well-being and the impact of fuel emissions);
- Provide inefficient services;
- Fragment and disperse local services;
- Displace other local transport services.

These are but a few of the consequences of not understanding the importance of embedding on-going VFM practices in the work at local level and programmatically.

2.4 Programme Impact of VFM Delivered Locally

It is important for RTP Groups to be aware that the delivery of VFM at a local level has an impact on VFM across the Programme and its delivery nationwide. The Department of Finance when considering VFM, also refer to the importance of programme rationale, continuing relevance and the impact of Government Programmes. As highlighted in Figure 2.2. (page 9) all of these considerations can have an effect on the preservation of the Programme and thus RTP Groups should be aware of their importance.

- **Rationale:** The rationale of a programme is concerned with establishing why a public policy intervention is necessary in a given area. It requires consideration of the public policy objectives of a programme and the reasons for public sector provision or involvement. In the context of RTP, the rationale for allocating funding to the Programme is the identified need for provision of subsidised transport services on socially desirable yet uneconomic routes in rural areas. Without public sector support and involvement, the services provided by the RTP would not be viable or sustainable.

- **Continuing Relevance:** *What is the justification for the continued allocation of public funds to the programme?* How does the programme fit in with other programmes of (i) the Department, (ii) other Departments, and/or (iii) other public bodies in delivering on the Government's overall policy objectives in the area in which the programme operates? The groundswell of opposition, to discontinuing the RTP as proposed in the McCarthy Report in 2009, demonstrates the political and public acknowledgement of the value and continued relevance of provision of public transport services in rural areas under the Programme.
- **Impact:** The impact of a programme is the difference it has made. It should be kept in mind that impacts can be positive or negative and intended or unintended. Impact is concerned with the wider effects of the programme for a larger group of persons (e.g. a sector) or for society as a whole and identifies what would have happened in the absence of the programme. In the context of the RTP, the impact of each Group can be examined from an economic, socio-cultural and environmental perspective.

Figure 2.2 Programme Impact

Rationale: Does the service fit with the programme & your company objectives? Why are you providing the service?

Continuing Relevance: Would the provision of this service be adding value to the work of other agencies or would it be meeting other policy objectives?

Impacts or Consequences: What will be the impacts of this service for the individuals involved, the community in general, local businesses, public agencies, other providers? Will there be any negative consequences as a result of providing the service? What would be the cost of not providing this service?

Note: This diagram is also illustrated in Annex A which outlines a practical methodology designed to assist Groups to examine VFM.

3. Procedures Designed to Deliver VFM at a Programme Level

3.1 Introduction

The RTP has developed a number of procedures in order to ensure the effective delivery of value for money practices across the Programme. These procedures are at various levels of development and implementation. Here we briefly outline the procedures which clearly assist local RTP Groups in delivering VFM across the local delivery of the RTP. These include the following key procedures:

- Strategic Planning;
- Good Corporate Governance;
- Financial Management;
- Performance Monitoring;
- Mapping RTP Services;
- Risk Assessment.
- Procurement and Tendering
- Health and Safety Management

3.2 Strategic Planning

Each RTP Group develops a three-year Strategic Plan which aims at delivering services to meet local transport needs⁶. Awareness of achieving best value for money should be central to all planning and decision making in implementing the Programme at a local level based on the agreed strategic plan.

The Strategic Planning process represents an excellent opportunity for engaging in VFM practices. Arguably, it is the essential first step in the process of embedding a VFM Approach in the organizational culture and mindset. VFM is a key consideration in developing the strategic plan itself, because it reflects strategic decisions that have been made about the allocation of resources to achieve the effectiveness of the organisation.

The linkages between VFM and strategic planning are evident in a number of areas. Strategic planning ensures that:

- Resources are targeted to areas and communities most in need;
- Local needs are identified and met through efficient use of resources;
- Duplication or displacement doesn't take place;
- Reviewing, monitoring and future planning of services takes place.

3.3 Good Corporate Governance

Corporate governance can be defined as a set of rules or practices by which a board of directors ensures accountability, fairness and transparency in the Group's relationship with all its stakeholders.

⁶The development of a Transport Accessibility Index helps examine transport deprivation and transport needs at a local level.

It is critical for RTP Board of Management to place VFM at the center of all organisational decision making. It is the general experience that where a Group has good corporate governance, it is then easier to adhere to the delivery of VFM at a local level. If good corporate governance and decision making is happening to an appropriate standard at Board level, it will help ensure that VFM practices are met within the organisation. RTP Groups with well-defined and enacted corporate governance procedures (i.e. who adhere to best practices and formal laws) are less likely to face costs in terms of company risks or litigation.

Training has been provided to RTP Groups in terms of corporate governance and guidance has been provided to new RTP Groups. Good corporate governance supports value for money practices as it ensures:

- Clear responsibility of directors who steer the strategic direction of the RTP Group;
- Accountability where RTP Directors are accountable for income and expenditure of RTP funds at a local level;
- Transparency of financial and operational information with which clear actions can be made;
- A clear legal structure with clear decision making channels and procedures;
- Fairness where all shareholders are treated equally;
- The development of policies, processes and clear direction.

3.4 Financial Management

Financial planning is core to achieving value for money as it enables Groups to estimate likely income and expenditure over a given period and to manage their budgets accordingly.

A stringent financial management system is in place for all RTP Groups across the Programme where estimated and actual expenditure is examined on a per Group basis. A financial manual has been developed for the RTP and circulated to beneficiaries for guidance purposes. Every effort has been made to ensure that Groups operate in both an accountable and a transparent manner. A cascade system of audit is also in operation for the RTP Groups.

Effective financial management ensures that money is spent on what it is intended for and is strongly linked to value for money practices as it ensures:

- Effective budgeting and planning;
- The operation of clear financial policies and procedures;
- Financial planning, understanding of income and expenditure, where money is spent;
- Future planning and awareness;
- Effective strategic planning and annual implementation plans;
- Awareness of potential competition.

3.5 Performance Monitoring

The RTP has a performance monitoring system and strategy in place for the Programme. This includes monthly service and passenger journey analysis (age/ gender/ ability), annual monitoring targets and performance indicators. Qualitative monitoring is also collated as evidenced based material and assists in defining the impact of value for money across the Programme.

RTP Groups monitor their own performance in terms of services and passenger journeys. It is also important that Boards of Management are aware of the Programmes performance monitoring strategy and the indicators for the Programme and how they can ensure to meet these locally.

Performance monitoring is clearly linked to value for money as it:

- Enables effective planning and management;
- Examines performance including passenger usage and thus helps design and plan service delivery;
- Helps measure the impact of services including the wider qualitative impact;
- Assists in the implementation and direction of RTP strategies.

Work is underway to enhance the RTP performance monitoring system which will benefit Groups by reducing the burden of administration and by facilitating the improved analysis of performance and management of services.

Please refer to the RTP Performance Monitoring Strategy for further information on RTP Monitoring.

3.6 Mapping RTP Services

A Geographical Information System (GIS) which will allow Groups to map RTP services, among other functions, has been developed by Pobal. This will assist Groups to ensure effective delivery of RTP services as part of the wider public transport system. The system has been designed to allow online mapping of conventional and non-conventional transport services.

Using GIS to map RTP Services is important from a value for money perspective for the following reasons:

- It provides a management tool for RTP Groups to plan and develop services;
- Helps illustrate and monitor services including various transport models e.g. scheduled/ flexible etc;
- Highlights gaps in service delivery and prevent displacement with other transport providers;
- It will examine linkages to other public services and facilities;
- It will facilitate socio-demographic information and trend analysis, thus enabling planning and forecasting;
- Ensures services are meeting those in greatest need in rural Ireland.

3.7 Risk Assessment

Risk assessment and managing risk have direct and indirect benefits from a value for money perspective. Identifying the range of risks that can be encountered will raise awareness of how risk factors can be addressed at local level in a systematic way. It is important to look at risk from the view point of different stakeholders, including passengers, staff, transport providers, Board members, funding agencies, partners etc.

Risk can occur under various headings including: financial risk (e.g. difficulties in generating or predicting income); strategy risk (e.g. overdependence on particular funding sources); operational risk (e.g. storing and protecting data; risk of accidents); sociological risk (e.g. demographic changes) and change of management risk.

A risk management strategy will enable Groups to:

- Identify potential problems;
- Have responses/contingency plan ready;
- Increase confidence in the management of the Group;
- Provide clearer insight into decision making;
- Lead to better business practice;
- Instill confidence in other agencies;
- Reduce costs and enhance performance;
- Bring realism to achievement of objectives in Strategic Plan;
- Develop appropriate systems and structures;
- Provide protection for board, staff, clients and volunteers.

Failure to engage in a risk assessment process could result in unexpected costs, litigation and the dissipation of scarce resources. Please refer to the strategic planning guidelines and the Health and Safety Management System Manual for further information on how Boards of Management can identify and manage risk.

3.8 Procurement and Tendering

Procurement is about the attainment of goods, works, supplies and services whether under formal or informal contract. When attaining goods and services, procurement practice is important from a value for money perspective as it promotes Groups to be:

- Accountable;
- Competitive – seek the best price for the goods/ services sought;
- Non-discriminatory and provide for equality of treatment;
- Fair and transparent—open to scrutiny;
- In a position to conduct business with integrity.

In order to promote fair and transparent procurement processes, tendering guidelines were designed and issued to all RTP companies. Training was also provided to RTP Groups on a regional basis and is available on request from Pobal.

Please refer to RTP Tendering and Procurement Guideline Document.

3.9 Health and Safety Management

The critical role of Health and Safety is addressed through the implementation of the RTP H&S Management System which was developed especially for the Programme. The H&S system, which meets the OHSAS⁷ standard, has identified steps that ensure that the highest standards and training in H&S are in operation.

Operating the RTP Health and Safety management system assists in the delivery of value for money as it:

- Protects the safety of passengers;
- Sets a high quality standard of service;
- Generates local confidence in the RTP and develops the programme's reputation in public transport provision;
- Provides training to private operators thus increasing the standards and professionalism of services outside of the RTP;
- Adds to improvements in operators fleet locally which has a much wider impact on the local community outside of the RTP.

The health, safety and welfare of people is paramount to the RTP and should not be compromised in any way. Lowest cost solutions need to be appraised and viewed from this perspective as they can potentially compromise health and safety and they do not lead to long-term investment and development.

4. Value For Money in Practice at a Local Level

4.1 Introduction

This section focuses on Value for Money in practice at a local level. It looks at embedding a VFM culture within an organisation and illustrates this in a graphic format. In order to establish such a culture the starting point for Groups is to develop an understanding of VFM that embraces the three E's referenced in Section 2.2. It is also important that Groups think about VFM in as broad a way as possible, i.e. from an economic, social and environmental

⁷ Occupational Health & Safety Assessment Standard

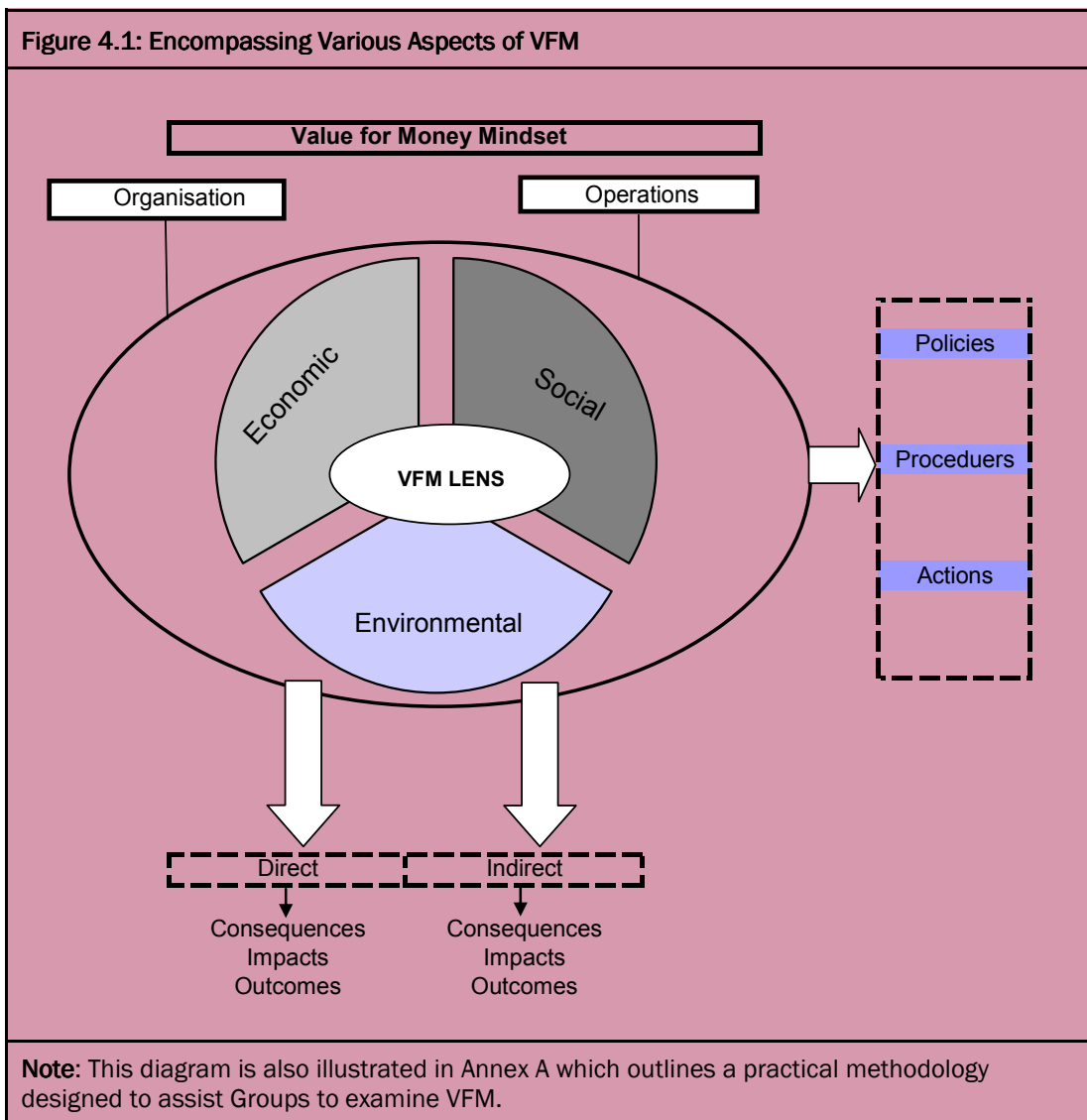
perspective. When RTP Groups are contemplating different ways to approach the delivery of RTP services, it is vital to make decisions that reflect VFM thinking and VFM decisions and anticipated outcomes.

In practice, it must be recognized that it is not always possible to simultaneously meet the VFM challenges of all these perspectives. For example, a service may not be economically advantageous but it may nevertheless be meeting a pressing social need. The delivery of this service can still be justified in VFM terms. However, once Groups consider these aspects of VFM and justify their decisions in VFM terms, they will be moving in the right direction in terms of both creating and operating from a VFM culture, ethos and approach.

This section separately outlines VFM from an economic, social and environmental perspective, purely for illustrative purposes. In reality, they often operate on a cross-cutting basis and inter-sect each other (e.g. volunteerism can have a social, economic and environmental impact).

Developing a value for money culture

Undoubtedly, if value for money is to be achieved in practice, it is essential that Groups aim to embed a VFM culture within their organisations. This in turn will help to create a value for money mindfulness at all levels of decision making within the organisation - Board members, management and staff. Over time and with patience, commitment and positive experiences of the benefits of value for money, it will become established as part of the routine approach to delivering a service and managing an organisation. As Figure 4.1. clearly demonstrates that VFM should be central to all aspects of organizational life, informing strategy, policy, procedures, practices and underpinning all actions and activity. Overall this will result in greater efficiency and effectiveness, enhanced competitiveness, improved quality assurance, and sustained public confidence in the organisation and its services.



4.2 Economic Aspects

There are a number of economic aspects of VFM which are important for RTP Groups to consider. This section outlines some of these key aspects⁸ which influence VFM including the following aspects.

- Costs
- Prioritising services
- Leverage funding
- Volunteerism
- Identifying appropriate transport models and vehicles

⁸There are other economic aspects to value for money but these are seen as the key aspects for RTP Groups to consider. Please refer to Annex B for Table on VFM Deliverables as highlighted in the 2009 RTP Performance Impact Report.

4.2.1 Cost

Cost is a key consideration for RTP Groups when making management decisions and it clearly links to seeking real value for money. Through the management, delivery and operation of RTP services, RTP Groups incur a number of core costs including operational costs (e.g. cost of delivering RTP Services; contracting services; vehicle maintenance etc) and administrative costs (e.g. staffing; overheads; stationary etc)⁹. In determining the extent of these costs, it is important for RTP Groups to achieve the following:

- Be clear on the full costs which are involved;
- Seek the best value in terms of cost;
- Analyze costs over time;
- Refrain from compromising quality when making cost decisions (including for example comprising social inclusion considerations; accessibility; vehicle quality etc).

It is considered good practice for RTP Groups to review their costs at regular intervals. This can allow for savings without comprising quality and can take into consideration changes in the economic environment. On an annual basis, the Programme of Activity (POA) process is an ideal opportunity for Boards of Management and staff to review costs and value for money in a systematic way.

4.2.2. Prioritising Services

Prioritising or selecting what RTP services should be delivered at a local level is important from a VFM perspective as it ensures the most suitable services are provided. Having clear decision making criteria can assist Groups in choosing the most appropriate services (i.e. in terms of being the most effective, efficient and economically advantageous services) for their passengers.

⁹Fleet Owning Groups have additional costs to non vehicle owning groups including vehicle deprivation costs; maintenance costs and additional staffing costs.

Key considerations in prioritising services include:

- Establishing and meeting local needs;
- Potential and projected passenger numbers;
- Ensuring displacement of other local transport services does not occur;
- Cost of the service;
- Potential income;
- Budget available;
- Frequency of the services;
- Vehicle capacity, availability and accessibility;
- Meeting the social inclusion objectives of the programme.

It is considered good practice for Boards of Management to have a policy for prioritising or selecting services.

4.2.3 Leverage Funds

Leverage funding can be defined as working with relevant agencies across sectors to source additional funding which can add value to the funding available from the RTP. Leverage funding often results in initiatives progressing and developing that may not have been able to do so solely from RTP funding, (e.g. providing an additional local service; expanding a service; provision of vehicles through brokerage etc).

Leverage funding can be obtained from a number of sources. RTP Groups have become resourceful in persuading agencies and organizations to invest in the RTP model of integrated service provision. Funds are also obtained from local fundraising, charitable donations and other income generating ideas.

Funds of this nature can enhance VFM at local level as it can:

- Support the delivery of RTP services in rural areas;
- Improve the availability and accessibility of rural transport services;
- Help sustain and develop the growth of RTP Groups;
- Contribute to capital assets (including fleet purchasing or modifications);
- Benefit local partners and passengers by delivering a co-ordinated and integrated approach to service provision.

4.2.4 Volunteerism

While volunteers across the RTP are significant in terms of local knowledge and finding the right solution to address local needs, they are also extremely valuable from an economic perspective.

Volunteerism impacts on the economic dimension of VFM as volunteers:

- Supply their time free of charge and are flexible in their availability;
- Work with RTP Groups in a number of ways e.g. management, passenger assistants, voluntary car schemes, passenger representation;
- Supplement limited resources;
- Provide a broad range of skills and experience (e.g. finance, administration, transport management, community development) to support the delivery of services;
- Create community ownership, shared responsibility and active citizenship.

It would be beneficial for Groups to keep account of the approximate amount of time that volunteers provide to the RTP and to note the areas they support. Furthermore, given the current economic climate, it is also recommended that Groups encourage additional volunteers, who represent target groups in their area such as those recently unemployed, to get involved in RTP services.

4.2.5 Identifying Appropriate Transport Models & Vehicles

Deciding on what transport models¹⁰ and vehicles¹¹ to operate is vital in terms of VFM for RTP Groups as it is necessary to ensure appropriate models and vehicles are effectively utilized to suit passenger demands.

Decisions in this regard can be determined by a number of factors:

¹⁰RTP Models of Transport Include: Groups that own and operate own fleet; Groups that Subcontract private operators; groups that use voluntary organizations; groups that run voluntary car schemes and Groups that operate a combination of the all four models,

¹¹Large Public Service Vehicles (more than 8 seats), Small Public Service Vehicles (8 seats or less) and community cars.

- Local needs and local demand;
- Resources available;
- Transport vehicles available;
- Accessibility features and aids;
- Topography;
- Potential income received;
- Avoiding displacement;
- Most cost effective.

These factors are important to consider as they can help ensure RTP Groups are matching passengers demands with the most appropriate transport model and vehicles at local level. However, it is important to review transport models and vehicle selection over time as demand or local needs will change over time.

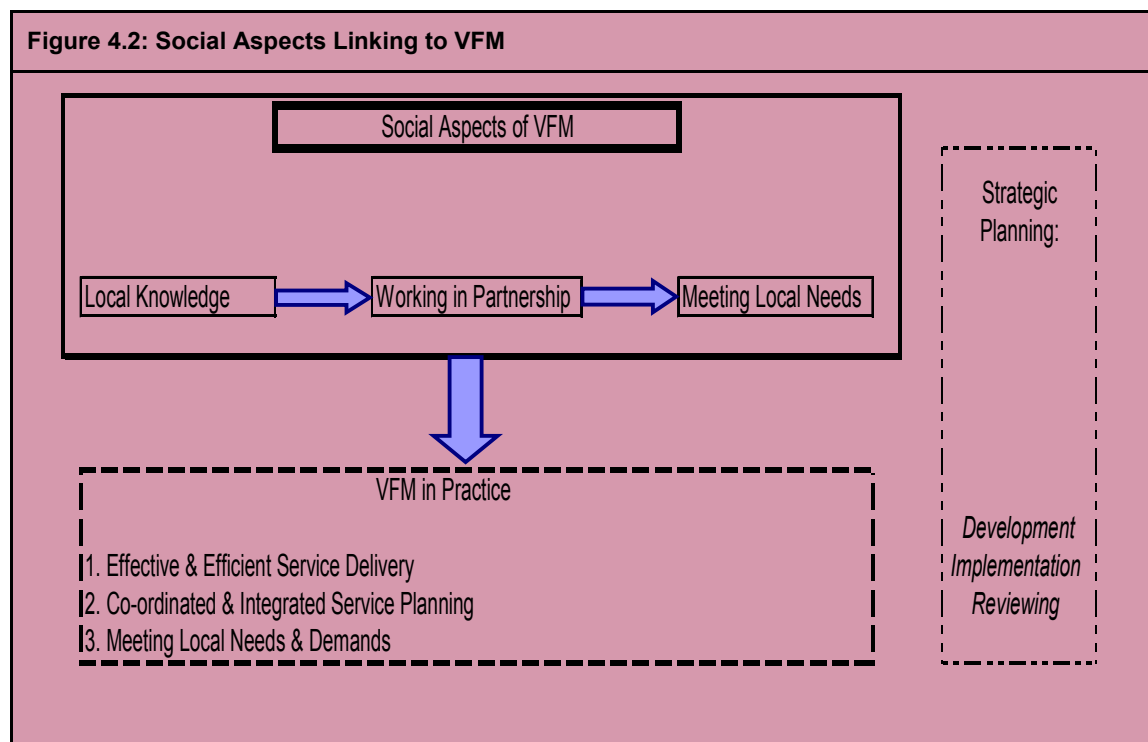
4.3 Social Aspects

It is important that RTP Groups link the social dimension of the RTP to achieving value for money. There are a number of social aspects which enable VFM at a local level by enhancing effective and efficient service delivery as follows.

- Local knowledge.
- Working in partnership.
- Meeting local needs¹².

Figure 4.2 (page 22) illustrates how these social aspects are intertwined. Utilising local knowledge and working in partnership enables Groups to meet local needs more effectively. It also suggests the importance of the strategic planning process in terms of ensuring the social aspects of VFM are adhered to. Developing, implementing and reviewing the RTP strategic planning process can also help steer and direct the RTP Groups in meeting local needs. Ongoing review for the planning and delivery of local services is critical from a VFM perspective, as it helps Groups to identify gaps, trends, patterns and changes in local communities.

¹²There are other social inclusion aspects of Value for Money but these are seen as the key aspects for RTP Groups to consider.



4.3.1 Local Knowledge

Utilising local knowledge is essentially linked to VFM as knowledge of a local area allows for effective and efficient service planning and delivery. It ensures effective targeting of services and resources and therefore shouldn't be underestimated as a component of VFM.

4.3.2 Working in Partnership

Working in partnership with local agencies and the wider community (e.g. HSE, VEC, FAS, Local Development Organisations, Disability Organisations etc) is central to VFM across the RTP as it helps ensure a co-ordinated and integrated approach to rural transport services. It also helps in targeting areas and groups of greatest transport needs in rural areas.

4.3.3 Meeting Local Needs

Identifying and meeting local needs is a key VFM component and is central to the delivery of the RTP to meet the transport needs of those living in rural areas. Utilising local knowledge and working in partnership enables Groups to meet local needs, as illustrated in Figure 4.2. Developing, implementing and reviewing the RTP strategic planning process can help steer and direct the RTP Groups in meeting local needs.

4.3.4 Embedding the Social Inclusion Aspects of VFM

While RTP Groups work in partnership and have taken local needs into account during their strategic planning process and development of subsequent annual plans, it is important that RTP Groups continue to utilise local knowledge, understand local needs and work in consultation and partnership.

RTP Groups can ensure this happens by undertaking a number of key actions as highlighted in Table 4.1. Furthermore, undertaking these actions can be assisted through the delivery of key mechanisms such as passenger surveying, consultation through focus groups etc.

Table 4.1: How to embed social inclusion aspects of VFM?		
Social Inclusion Aspects	Key Actions	Key Mechanism
Utilising Local Knowledge	<ul style="list-style-type: none">• Passenger Profiling• Examination of Deprivation levels• Socio-demographic analysis• Consultation & Dialogue with key stakeholders¹	<ul style="list-style-type: none">• Passenger Surveys and Stakeholder Surveys• Case Studies• Testimonials• Focus Groups• Passenger Feedback• CSO/ Census Data
Working In Partnership	<ul style="list-style-type: none">• Cross sectoral board representation• Passenger user-fora• Involvement in local structures²• Service spot checks• Volunteer input	
Meeting Local Needs	<ul style="list-style-type: none">• Use of Passenger assistants• Service agreements• Integration of services	
Note: 1. Consultation including public meetings, local focus groups (with specific focus on key areas of delivery of rural services); 2. Local Structures such as Strategic Policy Committees, County Development Boards etc.		

4.4 Environmental Aspects

Making organisational and operational decisions in an environmentally sustainable way has the potential to improve efficiencies and effectiveness by reducing energy consumption and making the best use of available resources. This section focuses on some of the considerations that have the potential to

improve value for money in the RTP from an environmental perspective, as outlined below:

- Vehicle selection;
- Eco-driving and advanced driver techniques;
- Preventative maintenance systems;
- Office management.

4.4.1 Vehicle Selection

Vehicle selection is a mechanism whereby fleet owning and non-fleet owning Groups can determine value for money in service provision. For example, placing a lower age limit on vehicles during a tendering process (so long as it is not used to inhibit competition) can promote better emission standards and improved emission technology. It can also result in improved safety and comfort for passengers, with better mobility features.

There may be environmental advantages for RTP Groups to engage with new hybrid vehicle and bio-fuel technologies but this should be assessed within the wider debates around them. The true long-term environmental costs of producing such fuels and running Hybrid and electrical vehicles are not always clear. The availability of financial incentives to procure particular types of vehicles or technologies needs to be considered in conjunction with these debates.

4.4.2 Eco-Driving and Advanced Driver Techniques

Many vehicle manufactures have developed fuel and emissions saving devices however the generally accepted principle is that motivating drivers in fuel-efficient driving techniques is one of the most cost-effective approaches to fuel saving (Byrne, J 2009. CILT)¹³.

Significant environmental benefits and reduced costs in terms of fuel and maintenance, emissions and safety, can be achieved through the concept of eco-driving and advanced driving techniques. These techniques can be developed through practical training and changing driving practices. The

¹³Byrne, J. 2009, "Linkline" Chartered Institute for Transport Logistics Ireland (CILT) Magazine December Addition.

following are some examples of how a proactive approach to driving efficiently can be implemented:

- Minimise revs in the driving process;
- Change gears efficiently;
- Read the road effectively;
- Check tyre pressures;
- Switch the vehicle off at pick up stops, particularly if it takes time for the passengers to embark the vehicle.

4.4.3 Preventative Maintenance Systems

A proactive preventative maintenance programme should be encouraged as it has the potential to save costs, time and the environment. Furthermore it ensures that legal requirements are met and that all public service vehicles are maintained in a roadworthy condition. In the event of an accident, failure to maintain vehicles in the appropriate way could result in a case being brought against your Group for criminal negligence.

A good preventative maintenance system aims to prevent breakdowns and prolong the working life of vehicles. It also assists in maintaining good resale values for vehicles.

4.4.4 Office Management

It is important for RTP Groups to minimise the environmental impact of office management. A clean and energy efficient office workspace can benefit staff and the environment. Good energy efficient office management practices include:

- Appropriate waste recycling and disposal;
- Efficient use of heating and ventilation systems;
- Favourable usage of suitable lighting;
- Maintaining the building, water supply and plumbing systems;
- Keeping printing to a minimum, printing on both sides and aiming to reduce electricity usage;
- Purchasing of appropriate office equipment and supplies.

4.4.5 Long Term Considerations

Ascertaining value for money from an environmental perspective in terms of rural transport can involve considering trade-offs and wider cost implications. These trade-offs need to be considered in order to achieve a balance between:

- Direct and indirect costs e.g. the cost of providing one public transport service compared to the cost of several private cars as alternatives;
- Immediate gains versus long term implications e.g. purchasing an environmentally inefficient vehicle can be cheaper in the short term but can have other consequences in the longer term, such as increased fuel costs, higher carbon emissions and a negative impact on climate change;
- Local needs versus international consequences e.g. balancing the local need for mobility with the national/ global impact of producing pure bio-fuels to sustain that mobility .

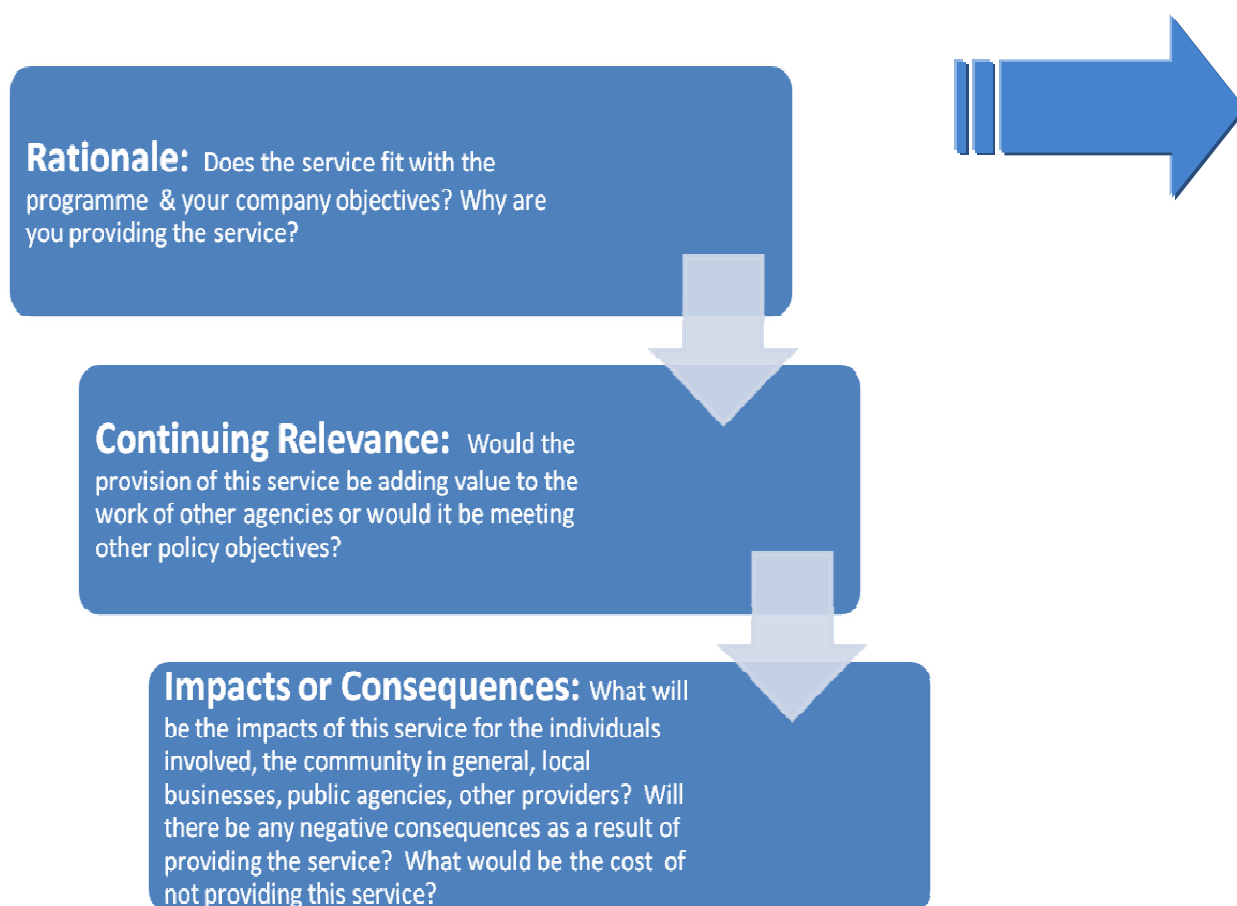
Thus, the operational decisions taken today have to be viewed against the implications of these decisions in terms of future and indeed national and global implications.

Annex A: Practical Methodology for Examining Value for Money

With tight budgets and an increasing demand for services and valuable resources, RTP companies are faced with difficult decisions on a daily basis. Determining value for money involves considering and justifying decisions from a range of perspectives.

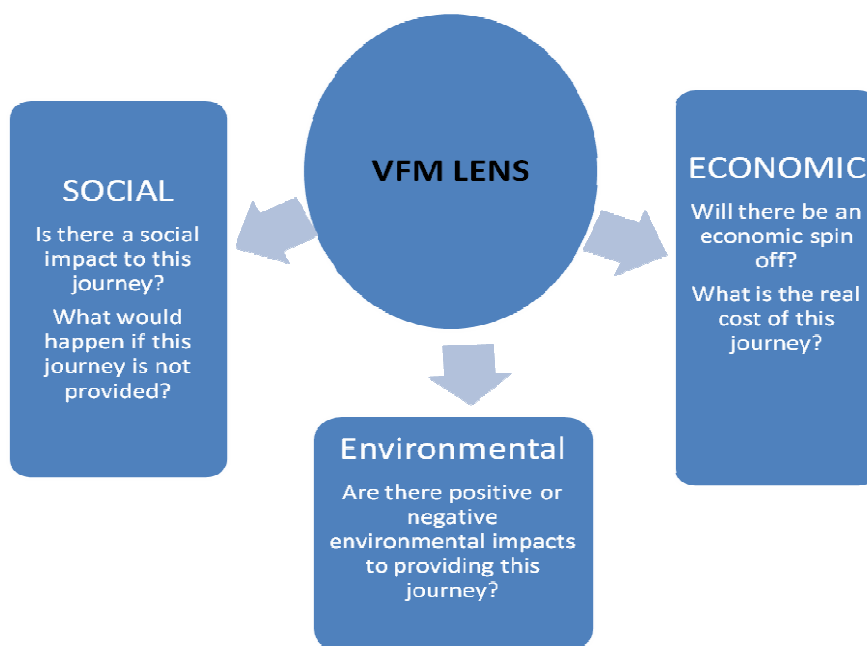
The following methodology, which follows on from the information outlined in previous sections, is a visual representation of how VFM can be considered in three practical steps. In this example, a series of sample questions are included to help scrutinize the decision on whether or how to fund a particular service. This methodology can assist in developing a value for money mindset .

Step 1— Initial Screening



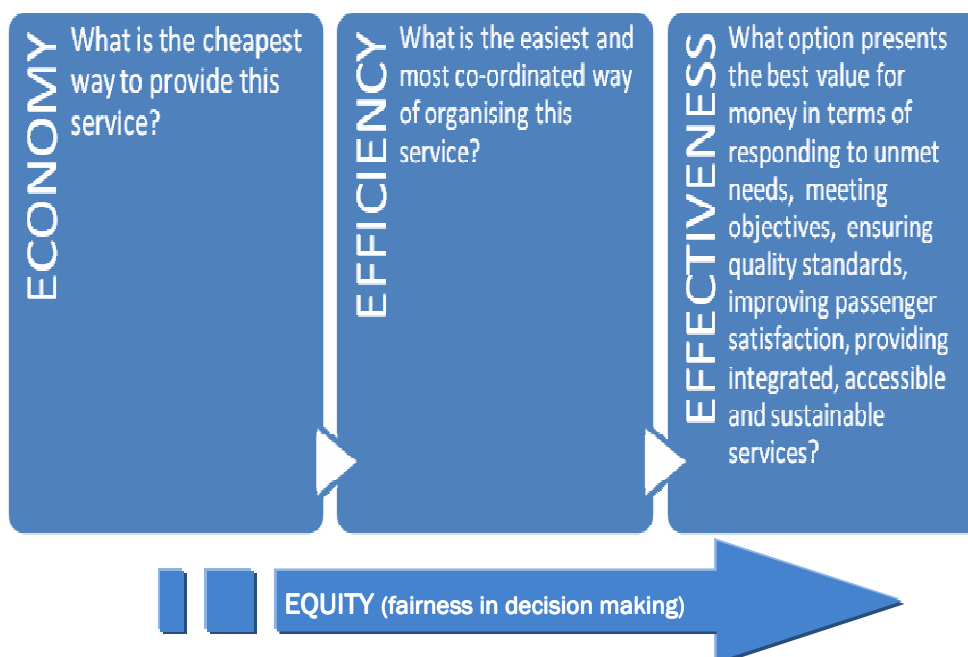
Please refer to Section 2.4

Step 2—Establishing a Value for Money Mindset



Please refer to Section 4.1

Step 3—Taking Action



Please refer to Section 2.2

Annex B: RTP Value for Money Programme Deliverables

VFM Deliverables	Economic	Social/ Cultural	Environmental
Exchequer			
Transport services	✓	✓	✓
Partnership model which shows the co-ordination of key public services (health and transport) in a local community.	✓	✓	✓
Value for money is manifest from the costs saved by the HSE in particular and the wider economic impact on the local community. (e.g. <i>Administration & Co-ordination/ operation</i>)	✓	✓	✓
High proportion of RTP taxation going back into the exchequer – PAYE, VAT etc	✓		
Transport & Accessibility			
Environmental impact of collective travelling rather than travelling by private car.		✓	✓
Accessibility in two terms – physical and geographic	✓	✓	✓
Social Contact & togetherness		✓	
Linkages and integrated transport services	✓		✓
Local knowledge	✓	✓	✓
Open to all	✓	✓	✓
Passenger assistants	✓	✓	
Driver training	✓	✓	✓
Feedback from the community		✓	
Door to door services	✓	✓	✓
Volunteerism	✓	✓	
Empowerment & Choice		✓	
Save costs in communities/ added social value	✓	✓	
Improved safety standards nationwide	✓	✓	✓
Increased net value of service and fleet and driver/assistant levels	✓	✓	✓
Local operators are utilised and displacement of services does not occur.	✓		
Operators are building a loyalty towards the RTP and also benefit from passengers requesting other private runs.	✓		
Greater competition, where the initiative has opened the service to operators outside of the HSE contracts.	✓		
Improvement in private operator standards and vehicles due to RTP policies and procedures (Health and Safety in particular)	✓	✓	✓
Great Vehicle Utilisation & Linking of Public Services.	✓	✓	✓
Less mileage and waiting around time due to more efficient co-ordination.	✓	✓	✓
Local Employment/ Local Development			
Local Employment (Transport Groups themselves/ Private Operators/ Passenger Assistants)	✓	✓	
Spin off Employment & Expenditure in local towns & villages due to increased mobility of people	✓	✓	
Local sustainability of rural communities–post office local shop, religion.	✓	✓	✓
Public Services			
Retaining other services e.g. Day care	✓	✓	
Increased access to training & education	✓	✓	
Appointments are often rearranged - reduction in non-attendees	✓	✓	
Central Co-Ordination Point – greater reliability and confidence.	✓	✓	✓
Co-ordination of key public services (transport & health) through working in partnership.	✓	✓	✓
Tendering – ensuring the best price	✓		✓
Source: RTP Performance & Impact Report 2008 & 2009			

Annex C: RTP Guide to Tendering Procedures

RTP Programme Guidelines

RTP Strategic Business Plan Guidelines

RTP Performance Monitoring Strategy.

RTP Tendering & Procurement Guidelines.

RTP Health and Safety Management System Manual.

RTP Financial Manual.

Department of Finance, "Value for Money and Policy Review Initiative, Guidance Manual."

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Value for Money Guidelines

Rural Transport Programme

