

Measurement template

Field	Notes
Short title	% of DFT's approved project spending that is assessed as high or very high value for money (VfM)
Technical definition	<p>The indicator reports the VfM ratings presented to ministers when spending decisions are made, using the Department's VfM process.</p> <p>The Department's VfM process was introduced in 2004 to consistently present to Ministers a summary of the benefits, costs and value for money of transport proposals. The Benefit to Cost Ratio measures the expected benefits to each pound of spending covered by the appraisal process.</p> <p>The VfM process covers all major schemes that are subject to ministerial approval, including:</p> <p>Highways Agency major schemes;</p> <p>Local authority major schemes;</p> <p>Rail: major rail projects the Department is contributing to the costs of; and rail franchise support (changes in rail services provided through the renewal or alteration of train operating franchises)</p> <p>This indicator does not assess the money spent within the period indicated, but rather covers those schemes that ministers have given final <i>approval</i> to within the period indicated.</p>
Rationale	The value for money assessment measures the expected benefits to each pound of spending covered by the appraisal process. The Department wants to ensure it achieves the best value for money possible within its objectives and priorities.
Formula	<p>The value for money measure is derived from the benefit cost ratio (BCR) of a scheme. The following BCRs are associated with the following value for money categories:</p> <p>BCR of less than 1 = poor value for money</p> <p>BCR between 1 and 1.5 = low value for money</p> <p>BCR between 1.5 and 2 = medium value for money</p>

	<p>BCR between 2 and 4 = high value for money</p> <p>BCR above 4 = very high value for money</p> <p>Non monetised impacts are then considered to ascertain whether those impacts are great enough to shift a scheme into a different category. The final VfM category is then assigned.</p>
Start date	This indicator will be first reported in May 2011. The Department has been reporting on value for money in a slightly different format since 2004.
Latest data	This indicator will be first reported in May 2011. However, the Department reported on the % schemes approved in the CSR 2007 period, broken down by different value for money categories. This can be found in the resource accounts 2009-10.
Performance	It is important to remember that value for money is not the only consideration when approving a scheme. Treasury guidance supports a five case business model based on the strategic, economic, financial, managerial and commercial case. However, all other things remaining equal, we would expect this indicator to increase to demonstrate an improvement.
Behavioural impact	Collecting this data encourages scheme promoters to ensure their schemes achieve the best value for money possible.
Comparability	This measure is not comparable with other countries.
Collection frequency	The underlying data used to calculate this indicator is collected continuously and reported to DfT investment boards and Ministers in submissions regarding spending proposals. The business plan indicator will be calculated and published every 6 months, with a 6 month lag between publication of the indicator and the end of the 6 month period that the underlying data covers.
Time lag	The indicator will be published 6 months after the end of the 6 month period covered by the underlying data.
Data source	The data is collected and calculated within the Department
Type of data	Management information
Robustness and data	All value for money assessments are independently checked within the Department to ensure they are an accurate reflection of the

limitations	data and information generated from the scheme appraisal.
Collecting organisation	Department of Transport
Return format	Percentage
Geographical coverage	UK
How indicator can be broken down	The indicator can be broken down by the different VfM categories and by types of scheme (Highways Agency, local authorities, and rail).
Further guidance	Guidance on the value for money process can be found on the Department for Transport website.