

Assessing Value for Money and Activity Based Budgets - Summary

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All project proposals will be assessed for value for money against 3 headline criteria:

- **Economy:** have costs have been reduced as far as possible
- **Efficiency:** will the project deliver the best product for the best price
- **Effectiveness:** will the project support and deliver against FCO objectives

A clear and appropriately detailed Activity Based Budget (ABB) is essential in order to assess value for money:

Good ☺

| Activity | Component | Unit | Number of units | Cost per unit | March | April | May |
|---|---------------------|------------------------------|-----------------|---------------|-------|-------|-----|
| 1.1 Visit to UK by 8 scientists | Flights post-London | Return flight, economy class | 8 | 320 | 2560 | | |
| | Hotels | Night in marker hotel B&B | 8 | 110 | 880 | | |
| | Meals | Lunch and dinner per day | 16 | 30 | 480 | | |
| 1.2 Development of policy recommendations | Scientists' fees | Day | 20 | 100 | | 2000 | |
| | Printing | Copy of recommendations | 35 | 5 | | 175 | |
| 1.3 Briefing for Finance Ministry on visit and policy recommendations | Venue | Daily use | 1 | 0 | | | 0 |
| | Trainers' fee | Daily rate | 3 | 150 | | | 450 |
| | Sandwich lunch | Per person | 15 | 5 | | | 75 |
| TOTAL | | | | | 3920 | 2175 | 525 |

☺ Costs linked numerically to activities in the project proposal

☺ Activity costs broken down into constituent parts

☺ Costs minimised

☺ Unit costs identified, as well as number of units, to show exactly what the FCO is getting for its money

Bad ☹

| Activity | Total | March | April | May |
|-------------------------|-------|-------|-------|-----|
| Flights | 2560 | 2560 | | |
| Accommodation and meals | 1435 | 1360 | 75 | |
| People costs | 2450 | 2000 | | 450 |
| Printing | 175 | | 175 | |
| Admin charge | 1000 | 333 | 333 | 334 |
| Contingency (5%) | 380 | 200 | 90 | 90 |
| TOTAL | | 6453 | 673 | 874 |

☹ Costs not linked directly to activities

☹ Unclear how many units (eg flights) are included and how much we are paying for each

☹ Admin charge disproportionately high

☹ Budget includes a contingency