



**LIVE
GREAT
WELL**

 **Greatwell
Homes**

Finance and value for money framework

2022-2025

Introduction



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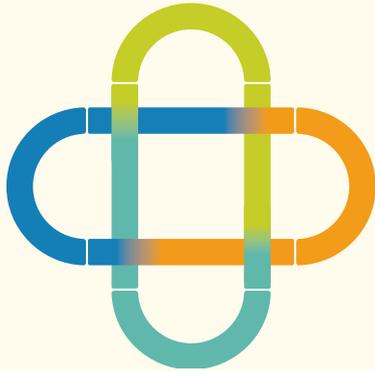


We believe that living well starts at home, and that a home is much more than a place to live.

As a community-based housing provider, we're all about creating safe, secure and sustainable homes for people in and around North Northamptonshire. We also want to shape great communities and deliver services that work well for local people.

Our vision

Great communities where people live **well**.



Our mission

We partner with customers and communities to shape places people are proud to call home.

Our promise

We provide homes and services that work for you.

Our values



Inclusion

We value difference and respect every person



Collaboration

We trust our team family and work together openly



Kindness

We are friendly, wish others well and look out for each other



Customer focused

We take pride in working with customers and communities



Adaptability

We look for ways to be more efficient and effective in what we do

Summary

Our **Live Greatwell** corporate plan is based on the four key strategies of:

 Live proud

 Live green

 Live happy

 Live safe

The **Finance and value for money framework** is one of six frameworks underpinning these strategies. It sets out how we aim to remain financially viable in light of the challenging economic times and outlook. The framework shows how we will achieve this in the following areas:

- Treasury management
- Income management
- Value for money (VFM)
- Procurement
- Financial viability
- Environmental, Social and Governance (ESG)
- Merger and acquisition.



Context

We live and work in fast-changing, challenging times. Economic uncertainty, the long-term effects of the coronavirus pandemic, decarbonising our homes and business and the impact of new North Northamptonshire unitary authority are just some of the external influences that mean as an organisation we will need to ensure we remain financially strong. To assist this, we must ensure value for money in everything we do in order to maintain Greatwell Homes' long-term financial stability.

We will do this by creating:

- **Effective services** – that work for local people and empower communities
- **Impactful partnerships** – working well together with customers, communities and partners to increase impact
- **Great culture** – attracting talented people to work together, learn together and celebrate diversity
- **Efficient business** – driving progress towards our vision through effective strategies and practices.

To ensure we meet our objectives, we will review this framework annually and report the outcomes of the review to the Board, Strategic Alliance Management (SAM) Team and Executive Management Team (EMT).

We report on finance and value for money as part of our annual statutory accounts (available on our website), including benchmarking information.



Purpose



The purpose of this framework is to maintain a strong financial position and embed value for money in everything we do. We will co-create services with our customers to ensure they benefit from value for money.

We align activities to our strategies and the impact on customers as follows:

Stock assets

Our asset management system helps us make best use of property assets to meet the needs of customers. We will ensure that money is spent wisely on improving homes.

Staff

We will continue to ensure we have the right capacity and skills within our teams to deliver great, value-for-money services to customers.

Procurement

We will assess the right model for procurement to ensure we get the best mix of cost and quality from contracts. We will explore joint ventures and collaborative procurement if these benefit us and our customers. Where possible, we will use the scale generated by joint ventures to influence the market.

Partnership working

We will continue to expand partnerships where this can provide better value for customers.

Developing the right processes

To reduce costs and provide more flexible services we will continue to expand our digital offer to customers, putting in place processes that are agile, paper-light, and easy to access, while complying with procurement, financial and data protection regulations.

Embedding the Greatweller culture and values

We have embraced five values of inclusion, collaboration, kindness, customer focused and adaptability. We will continue to embed the Greatweller culture which ensures that all staff live by these values when we are interacting and transacting with our partners and each other.

Delivering the right outcomes

We will involve and consult customers whenever a decision, change or project has a direct impact on their homes or services. This will ensure that we deliver value for money in the investments we make by meeting the expectations and aspirations of customers as well as protecting the organisation.

We will do this by:

Delivering on our customer commitments for:

Treasury management

We will:

- Have funds available at the lowest possible cost to match our investment plan
- Minimise the cost of managing capital funds
- Ensure funding availability is aligned to our strategies
- Avoid restrictive covenants to ensure that future activities are not unduly curtailed
- Keep refinancing risk within acceptable limits
- Keep the number of properties charged to lenders to a minimum to ensure future growth
- Comply with the treasury management policy and control all risks.

Income management

We will:

- Maintain existing margins and aim to maximise surplus levels where possible
- Invest in new and existing homes and services where funding allows
- Consider additional income streams where they are financially and/or socially beneficial and do not detract from the core business
- Collect income in an efficient manner, with support for those who need it
- Only write-off income due where there is no realistic prospect of collection and/or it is not economically viable to pursue
- Let all our homes and as many garages as possible to maximise rental income.



Value for money (VFM)

Value for money for us is more than just being low cost; it is also about achieving better quality and a social return on investment. Delivering value for money helps us to achieve long-term financial sustainability by:

- Operating within financial and contract regulations
- Ensuring every member of staff understands and contributes to VFM
- Monitoring the Regulator of Social Housing's VFM metrics
- Delivering long-term financial stability
- Logging our VFM activity.

Procurement

Our contracts range from thousands to millions of pounds. Some of our largest contracts are for development and planned investment programmes. To achieve value for money, we will:

- Ensure procurement is supported by our financial and contract regulations
- Carry out procurement in the most cost effective way
- Ensure procurement provides good-quality services and work at the most advantageous price
- Ensure goods and service contracts offer the best possible value
- Consider environmental impact and social value when procuring good and services.



Financial viability

To ensure that our business plan is strong we will:

- Maintain Greatwell Homes' long-term financial stability and ensure our business plan is capable of withstanding stress scenarios
- Manage cashflows to ensure the business has robust liquidity for its day-to-day operations and can release cash to invest in services and homes
- Maximise value for money while meeting our corporate and social objectives
- Comply with all our corporate and charitable status responsibilities.



Environmental, Social and Governance (ESG)

ESG refers to a way of measuring the performance of an organisation in terms of its environmental and social impacts and risks, and the quality of governance.

The commercial world has been developing ESG strategies and reports for many years, and investors have become increasingly adept at using these reports to assess and filter suitable investments.

For the housing sector to deliver on its capacity to help solve the housing and climate crisis, it is crucial that funding is aligned to both the financing needs of the organisation and positive social and environmental outcomes.

Organisations are now expected to report on ESG in their statutory annual accounts. So it is vital for us to establish ways measuring the progress and how we embed improvement into the organisation. We will adopt the Sustainability Reporting Standard (SRS) for Social Housing.

Merger and acquisition

In September 2021, the Board restated its position statement as follows:

'The Board of Greatwell Homes has adopted the National Housing Federation's Merger and Acquisition Code, with an expectation of remaining independent but with a willingness to consider opportunities if they demonstrably provide substantial improvements for customers and an ability to markedly accelerate the growth ambitions of Greatwell Homes.'

We will keep this position under review during the life of the **Live Greatwell** plan based on a series of triggers.

Success will look like

Success against this framework will mean:

- Co-creating VFM opportunities with customers
- Investments providing an appropriate financial or social return
- Reducing costs, creating efficiencies, and providing better quality in contracts and services
- Creating social value or positive environmental impact in services we procure
- Effective and compliant procurement and contract management
- Embedding VFM in everything we do
- Ensuring we have the right ESG reporting to make us an attractive investment
- Ensuring we have robust liquidity for day-to-day operations, and cash to invest in services and homes
- Ensuring we are fully compliant with all corporate and charitable status responsibilities.



Measuring success

To measure our success in delivering this framework we will use the VFM metrics incorporated in Key and Operational Performance Indicators (KPIs and OPIs) for customer satisfaction, social value and procurement.

Measures

Measures	Tracked through
Social value created in procurement	Procurement OPI / ESG reporting
Environmental impact in procurement	Procurement OPI / ESG reporting
Social return on investment (SROI)	HACT** model and Customer Involvement OPI
In-year savings	Statutory accounts and budgets
Recurring savings	Statutory accounts and budgets
Non-cashable savings	Statutory accounts and budgets
Operating margin percentage	Finance KPI / VFM metric
Headline unit cost	Finance KPI / VFM metric
Return on capital employed (ROCE)	Finance KPI / VFM metric
Customer satisfaction with rent	STAR*** survey
Percentage of rent arrears	Income Services KPI
Average re-let time for all homes (general needs and housing for older people)	Letting KPI
Average net present value (NPV) of stock	Asset Investment OPI (introduce in Q3 of 2022/23)
Gearing percentage	Finance KPI / VFM metric
Interest cover EBITDA* (most recent interim)	Finance KPI / VFM metric
Reinvestment percentage	Finance KPI / VFM metric

* earnings before interest, taxes, depreciation and amortisation

** Housing Associations' Charitable Trust

*** Survey of Tenants And Residents



Monitoring the framework

We will:

- Review this framework annually and report the outcomes to the Executive Management Team and Board
- Report all KPIs and OPIs by exception quarterly to the Performance and Assurance Clinics and Customer Assembly, and review the indicators annually.

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