

Corporate Plan  
Value for Money & Procurement Framework  
2019 - 2022



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## Introduction

We were created in 2007 and are a locally based Housing Association in and around Northamptonshire with a commitment to:

- Develop a diverse range of new homes to meet local needs
- Work with our customers to provide **great** homes and Value for Money services
- Invest in communities where it supports our customers and protects our business

### Our mission

We will work successfully with our customers and communities to provide **great** services and high quality living environments.

### Our values



#### Respect

We will treat each other and anyone who deals with us with respect and recognise everyone as an individual.



#### Trust

We will be open and honest with our colleagues, customers and external partners and we will deliver on the commitments that we make.



#### One Team

We will be one team, working collaboratively, listening and communicating clearly with our customers, to deliver **great** services.



#### Empowered

We will be bold, progressive, seek to empower our customers and be confident in the decisions we make.



#### Efficient and Effective

We will work efficiently and effectively, continuously looking for ways to improve and deliver Value for Money.



# Executive summary

Our new Corporate Plan 2019 - 2022 is based on the four key strategies of:

- Transforming our Future
- Growth
- Asset Management
- Finance

The Corporate Plan Value for Money and Procurement Framework is one of four frameworks which underpins the strategies.

With the uncertainty surrounding the economic and operating environment on a national level, and proposed changes to Northamptonshire County Council on a local level, as well as the impact that the Government's Green Paper will bring to the housing sector, there is no doubt

that as an organisation we will need to ensure we are delivering Value for Money (VFM) in everything we do. We need to be able to provide assurance that we are an organisation that is run efficiently and effectively by creating and enabling value for us and our customers.

## **We will do this by:**

- Doing the right things
- Using the right resources
- Developing the right processes
- Embedding the right culture
- Delivering the right outcomes

This framework will be reviewed on an annual basis and measured by using operational and key performance indicators (OPIs and KPIs).



# Context

This framework sets out our approach to ensuring that Value for Money (VFM) is delivered throughout the organisation.

It is one of four corporate frameworks that underpin our four key strategies:

- Transforming our Future
- Growth
- Asset Management
- Finance

There is no one universally accepted definition of VFM. However, the National Audit Office uses the following:

**“Good Value for Money is the optimal use of resources to achieve the intended outcomes.”**

It is important that each organisation defines their VFM objectives in a way which is meaningful to them and their customers.

For us this means using a measure of the three E's:

**Economy:** Minimising the costs to obtain the inputs required i.e. a measure of good value.

**Efficiency:** Obtaining the best outputs given the inputs i.e. a measure of productivity.

**Effectiveness:** Maximising the outcomes both in terms of quality and quantity from the outputs i.e. a measure of impact.

The relationship between economy, efficiency and effectiveness is also known as the “Value Chain” – optimal balance between all three will lead to maximum VFM (low cost, high productivity and successful outcome). Therefore, Value for Money for us is more than just being low cost; it is also about achieving better quality and a social return for investment.

We are classed as being part of the wider public sector and are therefore subject to Public Contract Regulations (PCR) 2015.

All of our VFM procurement and activities are supported by our internal Financial and Contract Regulations.

Delivering Value for Money is not a one-off or isolated activity; for it to be successfully delivered it must be an ongoing activity which is practised throughout the organisation. VFM will be embedded throughout our organisation by involving every manager and team in the delivery of this objective. All staff will be aware that the decisions that they make on a day to day basis all have implications for VFM. Staff will use these skills to continuously review the services and processes that are used along with the procurement activities that are undertaken.

A regulatory framework outlining economic and consumer standards has been in place for several years with the Regulator for Social Housing (RSH) to ensure that the social housing sector is viable, efficient and well-governed.

We have to comply with all of the standards though the VFM standard is the most relevant to adhere in relation to this framework. Supporting the VFM standard are key metrics which we have to measure and benchmark on to show financial stability.

Social Housing is of huge importance locally and nationally. In England 3.9 million households (17% of the population) live in a home provided by a council, housing association or not for profit organisation at a below market rent. There is a rising demand for social housing as people even on relatively high incomes cannot afford to buy or rent a home. Despite this there has been no significant increase in the supply of social homes for over a decade.

This framework has been set against the context of a challenging external environment including local, economic and housing sector uncertainty.



We are a financially strong, well-managed and ambitious organisation. Over the life of our Corporate Plan 2019 - 2022, we will continue to become more efficient and ensure that good quality business as usual continues to be a priority.

As at March 2018 we owned 4705 properties which provide homes to local people and their families. Whilst the majority of our properties are in Wellingborough from 2017, we have expanded our portfolio to include Northampton and East Northamptonshire.

### **Corporate Plan 2019 - 2022**

Our areas of focus for 2019 - 2022 are based around four key strategies of:

- Transforming our Future: Implementing our Customer Charter and new ways of delivering services. Embracing digital technology and identifying efficiencies.
- Growth: Increasing the number of homes we own and manage for ourselves and others, expansion and/or improvement of our Customer Charter and increasing our financial capacity through enhanced asset value.

- Asset Management: Providing well maintained, safe and secure homes and high quality living environments that meet the needs of our current and future customers.
- Finance: Ensuring we have secure long term funding in place to achieve our aspirations to deliver 1,000 additional homes over the next 10 years, invest in our existing homes and estates, and that we remain a financially strong business.

Our value of Efficient & Effective - we will work efficiently and effectively, continuously looking for ways to improve and deliver Value for Money – is ingrained in everything we do as an organisation.

### **Customer Charter**

We have a responsibility to our customers and actively work with them through our Customer Assembly (CA) and other customer panels. We also engage with them through events and consultations – in 2018, our customers helped to create our Customer Charter launched in April 2019 and our set of customer commitments, based on the Regulatory Standards.



The following statements are taken from our Customer Charter for providing 'Great Value for Money' services includes:

- “We will provide services in-line with our agreement with you (your tenancy agreement or lease).”
- “For any services we are offering outside of your tenancy agreement or lease we may seek to pass on those costs.”
- “We will make it as easy as possible for you to access our services online and this will be our preferred method of working with you.”
- “We will understand you better to provide a more effective service.”
- “We will keep our promises and keep you informed.”
- “We will be more visible and available within your neighbourhood.”

Description	2015/16 Actual	2016/17 Actual	2017/18 Actual	Performance Direction of Travel	HM Benchmarking Group 2017/18	2018/19 Target (Budget)
Gearing %	42.6%	35.3%	30.5%	↑	Upper	39%
Interest Cover EBITDA MRI %	N/A	340.9%	370.5%	↑	Upper	352%
Headline unit cost*	£2,703	£2,664	£2,596	↑	Upper	£2,745
Operating margin (overall) %	34.2%	34.7%	38.5%	↑	Upper	31%
Return on capital employed %	N/A	8.9%	8.9%	↔	Upper	6.78%
Reinvestment %	N/A	11.2%	9.8%	↓	Median	16.2%
New supply delivered (social units) %	N/A	2.01%	0.94%	↓	Median	2.9%

### Financial viability and procurement

Our contracts range from £4k for waste recycling to £4.2m for boiler service and repair. Some of our largest contracts are in relation to our development programme and we expect those to continue to grow in-line with our development ambitions.

We have a very robust financial plan with a turnover of nearly £23 million and an operating surplus of £9.3 million in 2017/18.

We measure the key VFM metrics as set out in the VFM Regulatory Standard and we benchmark our position via HouseMark (HM) against a peer group of similar sized organisations.

All of our VFM metrics are reported annually as part of our financial statements.

Led by a skills-based Board, we are in a strong place to deliver our Corporate Plan priorities that will shape us for the future and deliver the services that meet our current and future customers' needs.



# Key achievements over the past four years

Since 2015 we have delivered £1.359 million of recurring savings as well as further one-off savings.

	Recurring savings	One-off savings
2015 - 16	£481,000	£0*
2016 - 17	£474,000	£117,000
2017 - 18	£404,000	£262,000
Total	£1,359,000	£370,000

We have delivered some major projects, made operational VFM improvements and created efficiencies in the way we do things.

In the last four years, we:

- Established and launched our In-House Repairs Team generating an expected year on year saving of £286k.
- Set up a Treasury Task and Finish Group which recommended financing for an additional 1,000 homes to be built over the next 10 years including expansion of our market rent portfolio.
- Agreed a future vision for Independent Living which will inform the strategic direction of the service and underpin future investment decisions.
- Became Rentplus' preferred partner for Northamptonshire. Rentplus is a new form of affordable housing tenure aimed at aspiring home owners who cannot afford to buy their own home.
- Reinvested in Mobysoft, a rent arrears tool which assists with early identification and intervention in rent accounts in arrears, helping us to reduce rent arrears from 3.4% in 2015/16 to 2.53% in 2017/18.
- Implemented an electronic tendering portal to create streamlined processes and support the organisation in delivering VFM in regards to cost and quality of new contracts.
- Achieved a social return ratio of 1:6 for every £ invested in our communities.



# Purpose & objectives

The purpose of this framework is to create and enable value by embedding VFM in everything we do; therefore delivering the three E's of economy, efficiency and effectiveness and ensuring that we are a financially viable organisation which sees appropriate return on capital in all of our investments. We will involve our customers to ensure they will benefit from the **great** Value for Money services we provide.

Creating value will be in areas where processes, practices and principles require development in order to improve VFM.

Enabling value will be in areas where expertise and capability drive value and performance through effective activities.

## We will do this by...

- 1 Doing the right things**
- 2 Using the right resources**
- 3 Developing the right processes**
- 4 Embedding the right culture**
- 5 Delivering the right outcomes**

### Doing the right things

We have a clear mission, a vision of who we are and what we do; and a new Corporate Plan 2019 - 2022 which is based around four key strategies of Transforming our Future, Growth, Asset Management and Finances.

Doing the right things means that everything we do is aligned to those strategies, our Corporate Plan objectives and the impact on our customers. If it is not then we need to ask ourselves the question of why we are doing it.

### Using the right resources

Resources include everything from our properties, to our staff and to our stakeholders.

#### Stock Assets

By using Asset Performance Evaluation (APE) information for our stock will allow us to ensure that we are making the best use of our assets to meet the needs of our customers.

#### Staff

We will continue to ensure we have the right capacity and skills within our teams to ensure we deliver **great** Value for Money services to our customers.

#### Procurement Models

We will assess the right model for all of our procurement exercises to ensure we get the best mix of cost and quality for our contracts. We will explore joint ventures and collaborative procurement if these benefit us and our customers.

### Partnership Working

We will continue to expand working in partnership with other agencies where the service provides better value to our customers.

### Developing the right processes

In order to reduce costs and provide more flexible services we will expand our digital offer to our customers putting in place processes that are agile, paper-light and easy to access while at the same time ensuring that we are compliant with procurement, financial and data protection regulations.

### Embedding the right culture

As an organisation we have embraced the five values of respect, trust, one team, empowered and efficient & effective. We will continue to embed our Values and Behaviours Framework which ensures that all staff adhere to these values and we incorporate them into our day to day activities when we are interacting and transacting with our stakeholders.

### Delivering the right outcomes

We will involve and consult with our customers whenever a decision, change or project will have a direct impact on the homes and services we provide. This will ensure that we deliver Value for Money in the investments and improvements we make by meeting the needs and expectations of our customers as well as protecting our organisation.





# Outcomes

By achieving the objectives of this framework, we will be able to realise benefits for us, our stakeholders and specifically our customers. We will have created and enabled value across the whole organisation.

- We are able to make decisions that meet current and future customers' needs and expectations because customers have been consulted and involved in changes that will have an impact on them.
- Our investments will provide an appropriate financial or social return.
- We will be reducing costs, creating efficiencies and providing better quality in the contracts we are entering into and the services we are delivering.
- Social value will be achieved by supporting customers' lives and improving their living environments.
- Financial benefits could be achieved as a by-product of customers' general circumstances improving.

- Our procurement function will be efficient because processes are embedded, right procurement models are being used and effective contract management is in place to deliver value for customers and protect the business.
- By embedding procurement processes and delivering Value for Money we will be compliant with all VFM legal and regulatory requirements we have to meet as an organisation.

Delivering the objectives and achieving the outcomes of this framework will enable us to:

- Develop a diverse range of new homes to meet local needs.
- Work with our customers to provide **great** homes and Value for Money services.
- Invest in communities where it supports our customers and protects our business.



# Measuring success

In order to measure success in the delivery of this framework we will be using key performance indicators (KPIs) that link to our risks and the delivery of our objectives.

The VFM Standard 2018 outlines key VFM metrics which we have incorporated into our overall balanced scorecard. These will be supported by operational performance indicators (OPIs) around customer satisfaction, social value and procurement statistics.

Targets will be set as part of the annual Corporate Planning cycle and will be aligned to priorities, strategies and risks.

Measure	Link to
Social return on investment	Housing Associations' Charitable Trust (HACT) model and Customer Involvement Framework
In-year savings	Statutory accounts, budgets
Recurring savings	Statutory accounts, budgets
Non-cashable savings	Statutory accounts, budgets
Operating margin	VFM metric
Headline unit cost	VFM metric
Return on capital employed (ROCE)	VFM metric
Customer satisfaction with VFM for rent	Survey of Tenants and Residents (STAR) metric
Percentage of rent arrears	Balanced scorecard
Average re-let time of all properties (GN & HfoP)	Balanced scorecard
Average Net Present Value (NPV) of stock	Asset OPIs
Percentage of services with a contract	Procurement OPIs
Percentage increase in contractual spend	Budgets
Percentage reduction in approved suppliers	Procurement OPIs



# Monitoring the framework

In order to ensure our objectives are met, we will review this framework on an annual basis and report the outcomes of the review to the Executive Management Team.

We will report Value for Money performance as part of our annual statutory accounts which also includes an overview of our performance against the VFM metrics. Furthermore, this information with benchmarking statistics will be made available on our website.

Customers will review our compliance with the regulatory framework including how we adhere to the VFM standard.

# References

Corporate Plan	<ul style="list-style-type: none"><li>Underpins the Corporate Plan 2019 - 2022 – Doing the right things</li></ul>
Growth Strategy	<ul style="list-style-type: none"><li>Using the right resources – Procurement Models and Partnership Working</li></ul>
Transforming our Future Strategy	<ul style="list-style-type: none"><li>Developing the right processes – Digital and agile</li><li>Embedding the right culture - Values</li></ul>
Asset Management Strategy	<ul style="list-style-type: none"><li>Using the right resources – Assets</li></ul>
Finance Strategy	<ul style="list-style-type: none"><li>Delivering the right outcomes - Investment</li></ul>
Privacy and equality implications	<ul style="list-style-type: none"><li>Ensuring VFM in everything we do will benefit our customers and our business.</li><li>While we are moving towards online processes and services which could disadvantage customers that are less digitally enabled, this will actually allow us to focus on spending more time with those customers that are more vulnerable and need our support the most.</li></ul>
Customer consultation and implications	<ul style="list-style-type: none"><li>The Customer Assembly was consulted and agreed the principles of this framework in August 2018.</li></ul>





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