



# VALUE FOR MONEY STATEMENT

2022/23



Creating the right environment for people to flourish



[www.linc-cymru.co.uk](http://www.linc-cymru.co.uk)



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# Our Approach

We are committed to delivering services that meet the needs of our customers to ensure that we achieve value for money in all that we do.

## What is Value For Money?

Great quality services are an essential part of Value for Money or VfM, delivering high levels of satisfaction and positive outcomes for customers, communities, and our colleagues.

Delivering and demonstrating VfM is a requirement of the Welsh Government's Regulatory Framework for Housing Associations Registered in Wales. It is not about saving money but ensuring we operate economically, efficiently, and effectively whilst maintaining equity at the heart of our business. It is commonly known as the relationship between economy, efficiency, effectiveness, and equity, sometimes known as the "4 E's".



### ECONOMY

#### Doing things at the correct or right price

The price paid for what goes into providing Linc products and services. Economy is about minimising the cost of resources for an activity.



### EFFICIENCY

#### Doing things the right way

A measure of productivity, how much you get out in relation to what is put in. Efficiency is primarily associated with the process and delivery i.e. performing tasks with reasonable effort.



### EFFECTIVENESS

#### Doing the right things

Value for money is achieved when a balance between all three elements is delivered; relatively low costs, high performance and successful outcomes and impacts for our customers.



### EQUITY

#### Doing things fairly

The quality of being fair, impartial, and accessible in all decision making. Equity is the thread that runs right through our approach to VfM.



# Our Principles

Our five VfM principles have been established to support and embed VfM. This is to ensure that the use of our resources fully supports our strategic priorities. Our customers have taken part in defining the five principles and what they mean in practice.



# External Factors during 2022-2023

## **Economic Turbulence and Cost of Living Crisis**

The post COVID economic environment including the UK's mini-budget in 2022 along with the war in Ukraine have brought about changes in both the UK economy and more broadly around the world, resulting in a cost-of-living crisis. We have been working hard to support our customers whilst also ensuring our business remains financially sustainable. We have

- Been working with our partners Baobab Bach, supporting 14 community pantries across Bridgend. The pantries offer more than just food by giving people a chance to meet, socialise, and access a range of community services.
- Worked with our Tenant and Resident Strategic group to identify what mattered to them most and together we set up a Cost of Living Cupboard. Using a combined total of £31,000 of grant from the National Lottery Community Fund and Welsh Procurement Alliance we bought food, toiletries, and energy vouchers for customers to access. We also worked with our active customers to reach out to their communities to support access to the Cost of Living Cupboard.
- Worked closely with key contractors and suppliers to minimise as far as possible the increases in contract rates that have been applied by adjusting specifications and processes.
- Only passed on costs to our tenants through service charges and in other ways where it was absolutely necessary and unavoidable.

## **Global Energy Crisis**

The global energy crisis brought about as a direct result of the war in Ukraine resulted in an exponential increase in the cost of energy for both domestic and commercial customers; Linc was no exception. Our fixed price contracts for electricity and gas unfortunately had to be renewed in October 2022 meaning we were contracting for new fixed prices during the peak in market pricing.

We appointed a specialist broker to assist us in securing the best possible prices and to support us with navigating the complex government support schemes for commercial energy contracts. We ensured we registered all qualifying sites for the additional government support that was available and issued targeted communications sign-posting our customers to the different support schemes available including those from the UK government.

We also worked to reprioritise our capital works programmes where possible to ensure we maximised the investment we could make on measures to improve the efficiency of our homes and therefore reduce running costs for customers.

# Our Delivery

## Right Activities

### Linc's Business Plan 22/23

The OneLinc Business Plan for 2022/23 featured 4 distinct priorities to help us achieve our purpose, 'creating the right environment for people to flourish'. These priorities set and guide the "right activities". Our Plan highlighted our continued digital journey to ensure efficient and safe services that meet the expectations of customers, colleagues, and partners, alongside activities to improve outcomes in relation to equality, diversity and inclusion and reducing our carbon footprint.

**People &  
Place**

**Culture &  
Innovation**

**Data &  
Insight**

**Growth &  
Society**

### Active Engagement from a Broad Customer and Stakeholder Base

Over the past year, our customers have engaged with us in a range of ways helping us to continue to shape and modernise our services around their needs. We have also worked with other key stakeholders too in an effort to maximise benefits across the communities in which we operate.

- Our placemaking event held in September brought a range of staff and community representatives together to agree priorities for projects that help build resilience and community cohesion. Residents told us green spaces and spaces to play, relax and socialise were important for them. We worked with a range of customers from our communities to engage them in greening and improvement initiatives with Keep Wales Tidy.
- Customers have consistently told us how important communication is to them. We setup a review of information and communication, with over 500 customers responding saying they wanted more information from us. This led us to share an Impact Report directly with them, detailing all that we are doing to engage with communities and improve service delivery.
- The Blaenau Gwent Reach Project, led by the Open University Wales, ran a successful exhibition of artwork created by two communities from Blaenau Gwent at St Fagans Museum in Cardiff, that drew in over 2,000 visitors. The project's overriding success has resulted in it being upscaled for the forthcoming year.
- Lincs Tenant and Resident Strategic Group met seven times during the year to talk about issues such as communication, rent setting, engagement, neighbourhoods, and future planning.
- We completed our first tranche of music therapy sessions supporting over 20 residents. Funding for the clinical supervision and musical instruments was secured via Newport City Council's Participatory Budgeting Programme and the project made possible by the University of South Wales through student placements hosted by Linc.

# Right Assets

## New Homes

Our target last year was to deliver 215 new homes. However, we experienced delays on a few schemes and delivered 208 new homes. The remaining 7 will be delivered within the first quarter of 2023/24.



## Planned Component Replacement

We have a rolling programme renewing different components in our properties to ensure our customers have a comfortable place they can call their home.

Component	Target	Actual
Kitchens	198	106
Bathrooms	244	46
Windows	153	60
Doors	350	170
Boilers	146	92
Roofs	6	4



Repairs, Adaptations and WHQS Compliance

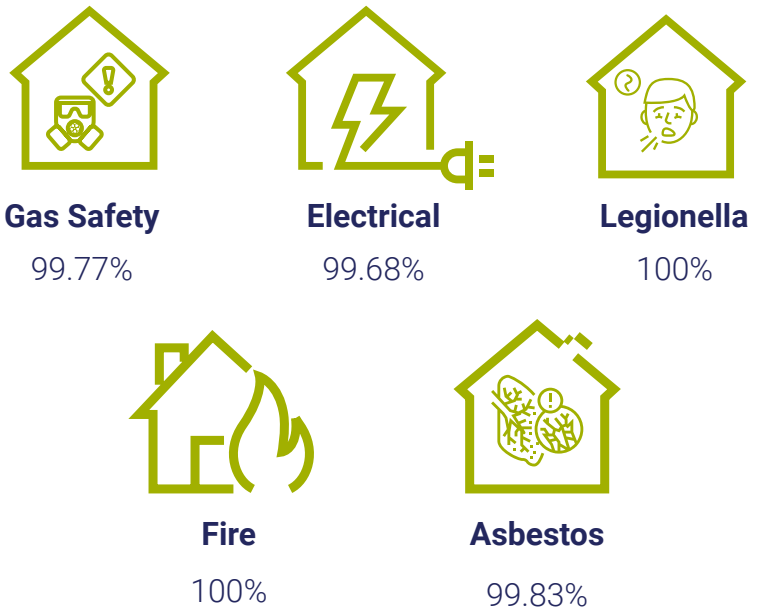
	2020/21	2021/22	2022/23
Number of Repairs	11,052	11,272	9,465
Average Cost Per Repair	£200	£190	£233

During 2022/23 we carried out 9,465 reactive repairs to our homes a decrease from the previous two years, however the average cost of each repair has increased due to inflation.

We carried out 117 adaptations.

In 2022/23, we claimed £633,277 in grant funding from the Welsh Government to enable adaptations to our customers’ homes to assist them to live independently and safely.

Health and Safety Compliance



At the end of 2023, Linc was 100% compliant with WHQS including acceptable fails (16%)





# Right People

An average of **75.5%** of colleagues **agreed or strongly agreed** that their manager and colleagues **cared** about their wellbeing.

## Colleague Retention

In response to the national issue of increased colleague vacancies and turnover, we closely monitored our staffing position and put controls in place to ensure continued service delivery. We...

- Continued to review and digitise our recruitment process reducing time to hire.
- Rebuilt connections with local colleges and universities to offer employment opportunities to students.
- Attended career events at schools to educate and raise awareness of employment in the housing sector for younger people.
- Enhanced flexibility of working contracts.
- Reviewed benefits and rates of pay to ensure Linc remained competitive.
- Increased the number of sponsorship programmes for overseas candidates for nurse roles and Senior Carer roles.
- Began monitoring recruitment and retention of staff as a strategic risk.

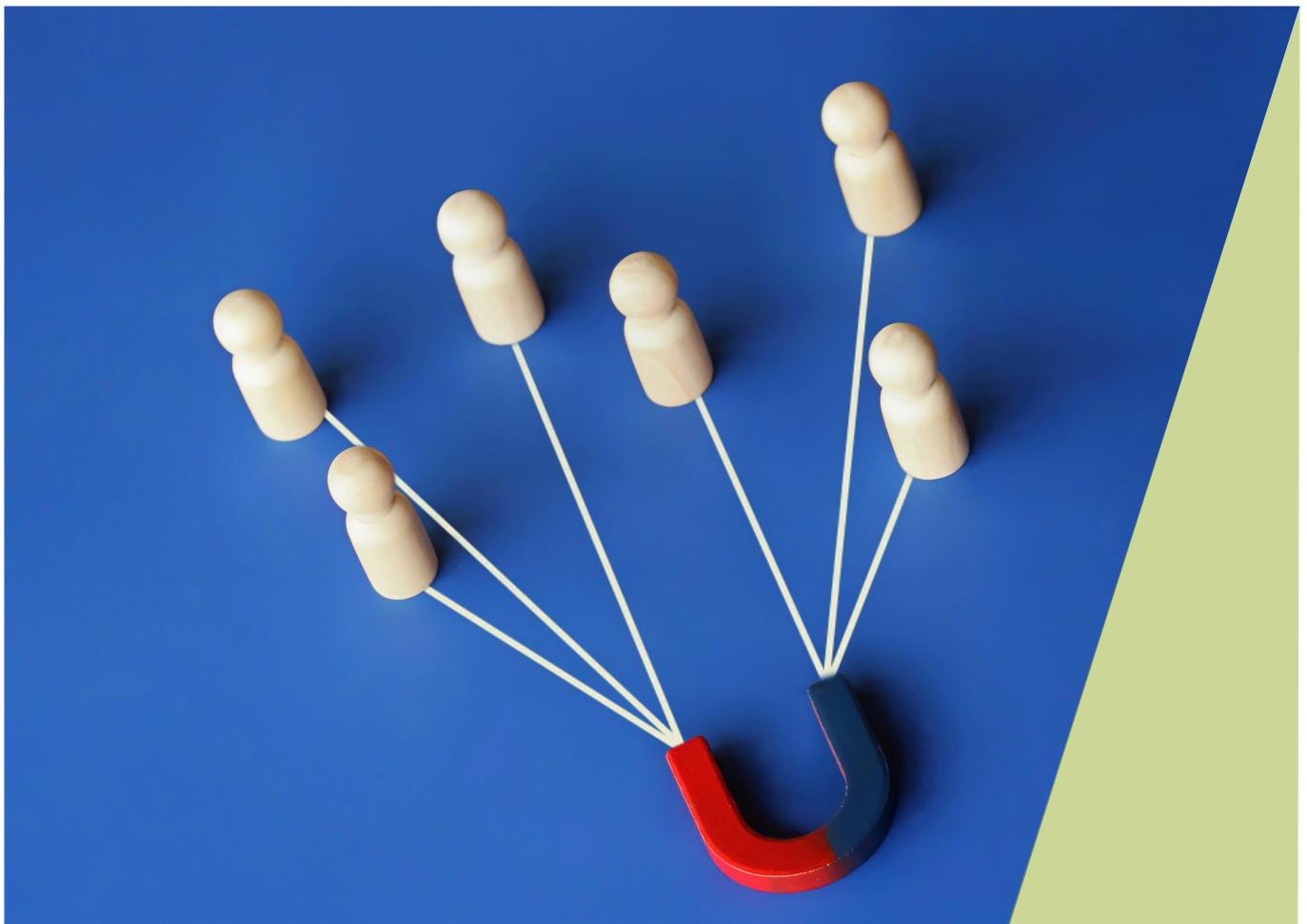


Overall, the number of vacancies advertised dropped by almost **30%** from last year to this year.



## HIGHER EMPLOYEE RETENTION

Turnover in Care from 2022  
dropped from **42.1%** to **26%** in 2023;  
a decrease of **38%** over the year.



For the rest of Linc, turnover decreased from **23.3%** to just below **21%**, showing the value for money investment in recruitment and retention was successful.

## Agile Working

The introduction of our agile working approach contributed to Linc's overall aim of creating an environment for people to flourish. A staff survey conducted in June 2023 demonstrated 99% of colleagues felt agile either always or mostly allowed them to be flexible and responsive to customers' and colleagues' needs. It found that managers always (91%) trust colleagues and give them the freedom to work their hours and do what is required of them within their roles. All respondents answered positively to agile working enhancing their health and wellbeing.

Our agile approach has provided colleagues with more autonomy on how they conduct their work within their contractual hours. Trust between the business and colleagues has been essential in ensuring this approach works, and it is clear that the positive impact this has had on both colleagues and customers is paying off.

Agile working continues to be reviewed to understand and appreciate any improvements or changes that may be required, with a focus always being on the needs of our customers and stakeholders; they are our colleagues' priority and always will be.



# Right Delivery

## Customer Satisfaction













Our latest STAR survey carried out in 2022, showed improved satisfaction in many areas compared to the previous survey.

We introduced automated transactional satisfaction surveys for key services across the organisation and include the findings in our Board Key Performance Indicators. The findings show positive results.

Our latest STAR survey carried out in 2022, showed improved satisfaction in many areas compared to the previous survey.

The number of complaints fell from **157** in 2020/21 to **105** in 2021/22 and to **55** in 2022/23.

We received **35 compliments** about our colleagues and services.


Question	2021/22	2022 Banchmark	
Service provided by landlord	86%	81%	
Overall quality of your home	88%	81%	
The way repairs and maintenance are dealt with	75%	75%	
Neighbourhood as a place to live	88%	81%	
Rent provides value for money	88%	80%	
Service charge provides VFM	67%	65%	
Listens to tenants' views and acts upon them	61%	67%	
Provided with a home that is safe and secure	91%	85%	
The way anti-social behaviour is dealt with	92%	65%	
Opportunities to participate in decision making processes	59%	61%	
Given a say in how services are managed	58%	61%	
I trust Linc	85%	77%	



## Repairs Satisfaction

Our customers were reporting they were less satisfied with our repairs and maintenance service year on year. We reviewed our scope of service for repairs and used customer journeys, insight, and data to make improvements.

This year, we were pleased to see the changes made resulted in our customer satisfaction increasing by 19% compared to last year. Going forward we will be ensuring our 'customer journey' is included in the specification for our repairs and maintenance related contracts when they are procured.



75% (2021 75%) of our customers were satisfied with the way their repair was dealt with.

## Average Days to let a Property

The days average days it took us to re-let a property has slightly increased to 46 days. There have been several long-term empty homes brought back into management, and there were some challenges letting some older persons accommodation after the covid pandemic.

# Right Outcomes

## Progress in Our Areas of Focus

Our 2021/22 Value For Money Statement set out our objectives and the outcomes we aimed to achieve for the 2022/23 year. Below is an update on the progress we have made.

### WE WILL CONTINUE TO DEVELOP AND MAINTAIN AN INCLUSIVE CULTURE WHICH ATTRACTS AND RETAINS TALENTED COLLEAGUES

The number of overseas employees Linc provides sponsorship to, has increased by 56.4% from last year to this year. This inevitably develops a more diverse and inclusive culture and increases loyalty and therefore employee retention. Positive action is also taken at the recruitment stage to provide greater opportunities for people from ethnic minority groups. This has already been successful in roles that were previously under-represented.



### WE WILL SECURE ADDITIONAL FINANCING TO FUND OUR PROPERTY DEVELOPMENT AMBITIONS DELIVERING NEW HOMES FOR OUR COMMUNITIES

Our approach to VFM in our treasury strategy is to take advantage of long-term facilities at competitive fixed rates but balancing this with short term revolving credit facilities for working capital liquidity to ease the burden of unnecessary carry costs of financing.

During 2022/23 Linc raised £60 million in new finance from a private placement with a UK based pension fund investor. This secured favourable fixed interest rates in a climate of rising rates. Long term facilities with repayment dates between 20 and 30 years were secured. This gives certainty on borrowing costs and will contribute the private finance for approximately 400 new homes.

Additional Value for Money was achieved within the treasury function from a repayment of an existing £21 million variable rate loan facility. This will save an estimated £550,000 in interest costs in the 12 months following its repayment and removes a restrictive interest cover covenant to allow Linc additional capacity to invest in its current properties to deliver energy efficiency improvements in coming years.



**WE WILL IMPLEMENT A NEW HOUSING MANAGEMENT SYSTEM AND SECURE IMPROVED BUSINESS EFFICIENCY AND INCREASE CUSTOMER SATISFACTION.**

New modern systems and ways of working have reduced the number of manual processes we carry out and increased customer satisfaction.



**WE WILL CONSTRUCT 200 NEW HOMES.**

We delivered 208 new homes, against a target of 215.



**WE WILL DIGITISE OUR CARE SERVICE SYSTEMS IMPROVING COMPLIANCE AND ALLOWING CARE STAFF TO SPEND MORE TIME WITH RESIDENTS.**

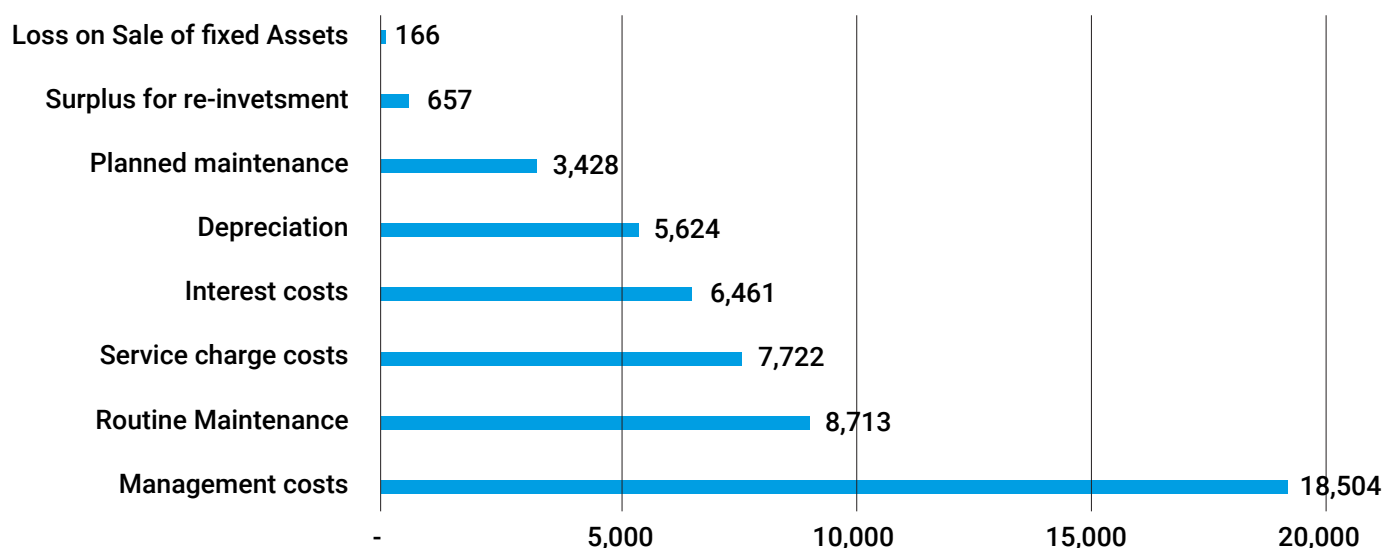
We have completed the digitalisation of our Nursing Homes increasing our compliance, reducing paperwork, and increasing time spent with residents.



## How we spent our income in 2022/23

2022/23 was a challenging year for the housing sector with cost inflation (CPI) in April 2022 at 9% and closing the year in March 2023 at 10.1% in comparison to a rent increase capped at 3.1%. Interest rate increases from a base rate of 0.75% in April 2022 to 4.25% closing in March 2023 also increased overall borrowing costs for the sector and added pressure on meeting lender requirements. Despite these challenges Linc was able to maintain its investment in its asset base and generate financing to maintain future development.

### How we spent our income in 2022/23 ■ £'000



In addition to this £3,138,000 was added to the value of existing properties through the replacement and improvement maintenance programme and £19,544,000 was spent on constructing new properties.

## Evictions

We carried out **3** evictions during 2022/23.

Evictions are treated as a last resort and would only be pursued when all other available interventions have been exhausted. Our income team worked with customers and partners to help maximize income to pay rent and arrears, supporting customers to access additional sources of income including Discretionary Housing Payments and access to Homelessness Prevention Funding.

We continue to work with local authorities and our RSL partners to ensure where possible, that no-one is evicted into homelessness.

During the last year our Neighbourhood Officers and Community Safety Teams worked with a number of families to assist them sustain their tenancies.



## Ending of Tenancies

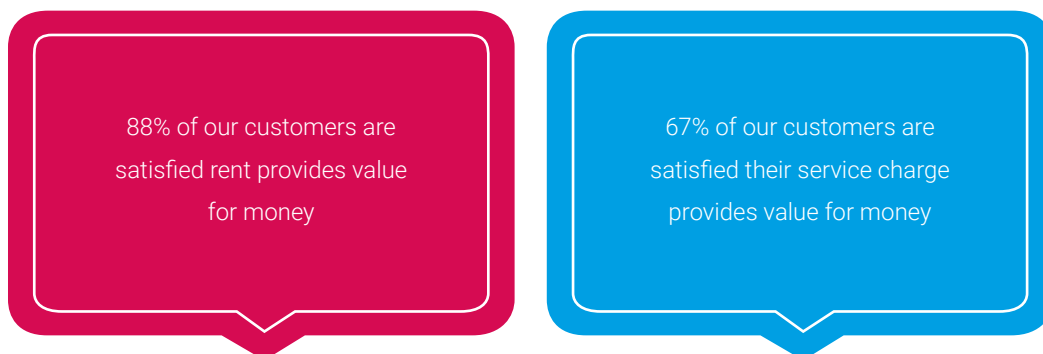
The number of customers choosing to end a tenancy for reasons within our control such as dissatisfaction with their property has decreased significantly over the past three years. We continue to review the reasons why customers leave us and use the insight gathered to help us to improve our services, neighbourhoods, and homes.

## Strive

Our in-house, core funded housing support team, known as 'Strive', provides support to our customers to sustain their tenancies. In 2022/23 Strive supported 184 customers of which 106 received support with wellbeing, advice, and practical support. 78 cases were related to domestic abuse.

## Rent

We introduced a Local Rent Affordability Policy built upon consultation with our customers who fed back on how rents should be set and reviewed. The new policy has seen rents frozen for some.



## Social Value

We have embedded a new approach to social value by developing and implementing a policy and framework which aims to create a culture of good practice, enabling us to have a deeper understanding and therefore a more positive impact in local communities. A focused and structured approach to improving the economic, social, environmental, and cultural wellbeing for our communities, enables us to integrate new communities and existing communities building relationships that maximise opportunities. We are better able to review, report and to celebrate the value that we create as a socially responsible business. The team have a focussed remit, working very closely with our Project and Contract Managers and the wider business to ensure that we embed social value approaches and realise opportunities from the outset of a project.



102 hours of contractor time, skills, and expertise donated free to our communities.



£54,973 of Community Investment money received from our contractors.



6 Apprenticeship places.



1 long term unemployed returned to work.



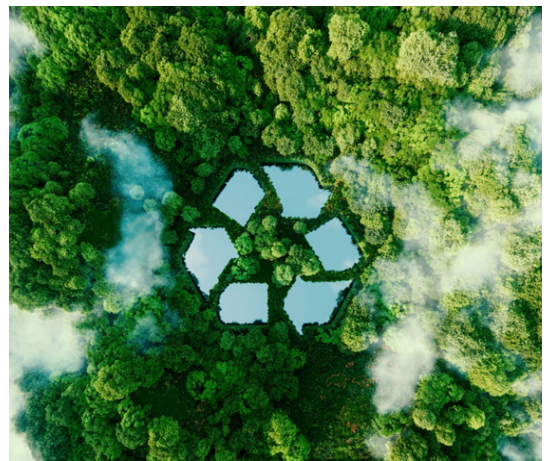
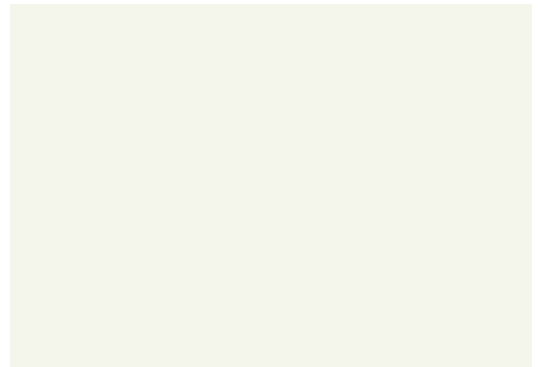
6 training, work experience and other voluntary work placements.



8 jobs in Wales retained that would otherwise have been lost.



1,218 tonnes of waste diverted from landfill.



## Pentwyn Drive.

Through the delivery of our 28 apartment development at Pentwyn Drive, Cardiff, one of Linc's existing tenants, Jay, who lives near to the site is thriving in his carpentry apprenticeship with the appointed contractor delivering the scheme. His mother Charmaine has also had the opportunity to deliver pottery workshops making ceramic tiles with the children at Bryn Celyn Primary School. These tiles will form a permanent mosaic feature on the steps to our new building.

Charmaine has also been supported to launch an intervention project at the school. 'Just be you', brings two children together, one of who is being bullied by the other. They work together using clay and conversation to rebuild relationships and have planted a time capsule to put the past behind them. They were presented with an achievement award at school by our Project Manager Jo Yellen.



## Carbon Reduction Measures

We recognise our responsibility in meeting the ambitions of Welsh Government and keep the Wellbeing and Future Generations Act and its seven goals at the forefront of our minds as we shape our future ambitions and priorities.

As we build more affordable homes, we continue to extend our use of Modern Methods of Construction (MMC) and off-site manufacturing techniques to speed up construction, encourage the use of more sustainable construction materials and reduce the impact of construction works on the communities in which we work. We are working with the sector to look at ways we can collaborate to gain efficiencies in this area and to ensure continuity of pipeline for supply chain partners.

We continue to hone our approach to the delivery of EPC A standards required by Welsh Government and are looking at different technologies and methods of achieving this, but always with the consideration of the impact on our customers, energy bills and future maintenance requirements.

We have secured £1.7 million of Welsh Government Funding via the Optimised Retrofit Programme which is about improving homes and bringing them up to energy efficient standards, making them more comfortable to live in. Working with residents to ensure we do what is right for them, we will be improving 343 homes whilst at the same time stimulating the local economy. Work will include installing PV, new MHRV heating, internal and external wall insulation works, new roofing including loft insulation, windows, and boilers.

As part of the delivery of our Retrofit Programme, we are working on a test and learn study with Wales and West Utilities and the Institution of Gas Engineers and Managers around the potential use of hydrogen gas as a zero carbon replacement for natural gas in the home. The learning from this project will help Linc and the wider social housing sector better understand the different future options and approaches for delivering decarbonisation.



## Devonshire Place.

At our scheme at Devonshire Place, Port Talbot, which is a former primary school, we are demolishing the buildings on site to make way for a new build residential development of 43 social rented units. However, with the historic nature of the existing buildings, we have approached the demolition elements as sensitively as possible. Following an early community engagement exercise the proposed scheme design retains a significant acknowledgement to 'what once stood'. By reclaiming as many material facets as possible from the existing structures, and materials within the existing buildings we have created a sympathetic and more sustainable new development which not only reduces carbon but fits well within the existing context / community and nods to the past use of the site.

Reclaimed stone from the older buildings will be used for the façades on the new build houses. This reclamation approach not only looks to give a historic affirmation but also significantly bolsters sustainability within the construction of a new housing by using recycled materials. Through diligent research and design, we have realised a £380,000 saving, utilising the highly cost-effective Sure Cav engineering solution that allows stone cropping rather than having to wet cut the stone.

Reclamation of the former school's Parquet flooring will allow us to reuse this material within the ground floor of the houses. This approach will provide another historic and sustainable scheme but also provide robust floor coverings with a high-end finish as well as providing a significant contribution to the circular economy.

To further increase the project's sustainability, we have engaged with a number of Not-for-Profit Organisations to reuse other materials and remaining items within the disused buildings. We have gifted the remaining school commercial kitchen facilities to a local homelessness charity and donated material items to the Community Impact Initiative (CII) who renovate local properties and train young unemployed people to help them improve their confidence and skills and provide them with the support to get back into work.

## Environmental Social Governance (ESG)

We have adopted a business wide approach to ESG and produced our first ESG Statement in 2022/23. We adopted the Sustainability Reporting Standard (SRS) for Social Housing to produce our Statement, which identifies a set of 12 themes aligned with the UN Sustainable Development Goals (SDG). Within our ESG Statement, we reported against each of the 48 criteria within these themes. Our first ESG Statement has provided us with a baseline from which we will create a continuous improvement plan which is both achievable and aspirational.

## Research and Innovation

This year, we've continued to strengthen our research and innovation profile, in partnerships with several academic bodies including the University of South Wales and The Open University Wales.

We've started a project called 'Live Brief Challenges' with post graduate online Psychology Conversion students from the the University of South Wales. This involves us providing a range of real-life scenarios or problems that the students research and present data, ideas, and solutions back to us. The current focus has been on poverty and tenancy sustainability, cost of living and greening communities.

Through our partnership with the University of South Wales an academic placement funded by them worked with us to identify potential for student placements and potential areas for research and continued professional development opportunities. This has led to the development of a series of job descriptions and a greater awareness of research priorities. In addition, we continue to support two masters students in research projects related to post covid activities in our Extra Care settings.

In partnership with the Open University Wales alongside the Blaenau Gwent Reach Project, we also worked with them to develop an online learning hub which enables colleagues and customers to access a range of free *OpenLearn* Courses.

The collaboration with our partners is bringing real benefits for communities and as well as contributing towards helping us achieve value for money by attracting and maximising resources across our communities. The work with universities also helps to achieve their civic mission objectives. The Tenant and Resident Strategic Group support the great range of initiatives.

## Project Funding

The community fund was re-launched in October 2022 with the aim of helping communities' weather the cost-of-living crisis through poverty reduction initiatives. The fund is available for internal and external applications and its purpose is to empower local communities to flourish, despite the challenges we are all facing.

The aim of the fund is to support local projects that could deliver more if additional funding were available. The only qualifying requirement is that the outcome of a proposed project is in line with the well-being goals set out by Welsh Government for a globally responsible, healthier, prosperous, resilient Wales with a vibrant culture.

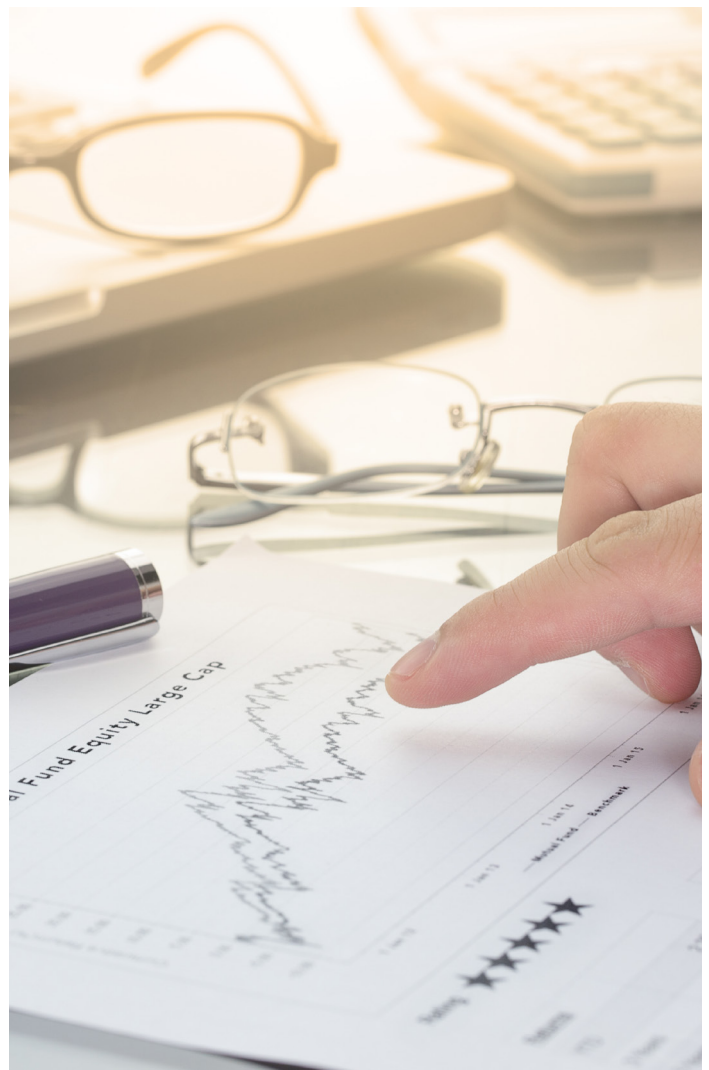
Our Community Fund has donated £15,675.00 and had a positive impact in 11 local authority areas across Wales supporting 31 community groups benefitting over 3000 people.

## How We Compare

Linc monitors "doing things at the correct price" over time, whilst also benchmarking against sector indicators. Each year, the Welsh Government and Community Housing Cymru produce indicators from the financial statements of the largest 33 housing associations in Wales. We measure our performance against these indicators, known as the *Social Housing Indicators*.

Any bench marking must be taken with some caution and context since there can be some significant differences in the social housing organisations across Wales.

Total operating costs per unit includes service charge costs and as Linc are the largest provider of Extra Care in Wales it has a high proportion of service costs. These additional costs are offset by higher than sector average turnover per social housing unit which includes service charge cost recovery.



In general, due to the high inflation in 2022/23 all the indicators based on cost rose in 2022/23 compared to 2021/23. Positive items are gross arrears remained static from prior year and the weighted average cost of capital although rising was under the bank base rate and lower than the Welsh sector average.

Social Housing Indicator	2020/2021 Linc	2021/2022 Linc	2022/2023 Linc	Linc Trend	Welsh Sector Average 2022
Total Operating Costs per Social Housing Unit	£4,180	£4,685	£5,406	↑	£3,864
Management costs per Social Housing Unit	£1,446	£1,335	£1,489	↑	£1,471
Reactive repair costs per Social Housing Unit	£1,144	£1,169	£1,353	↑	£1,260
Major repairs and component costs per Social Housing Unit (capital)	£379	£527	£651	↑	£917
Major repairs and component costs per Social Housing Unit (capital and revenue expenditure)	£463	£784	£962	↑	£1,324
Bad debts per Social Housing Unit	£1	£0	£0	→	£24
Weighted average cost of capital	3.38%	3.45%	4.07%	↑	5.1%
Free cashflow £	£1,592	£407	£658	↑	£599
Gross arrears / Social Housing turnover	3.80%	4.6%	4.6%	→	4.6%
Turnover per Social Housing Unit	£6,646	£6,713	£7,497	↑	£6,216
Rental void loss per Social Housing Unit	£137	£147	£189	↑	£91



# Looking Forward

We will continue to develop and refine operational delivery plans to maximise our achievements against our targets in the context of the increasingly uncertain and challenging external operating environment.

Our Value For Money Strategy will be reviewed and approved by the Board to ensure it is aligned to our business plan and strategic corporate objectives and we will report on our progress in internal and external publications including our Annual VfM Statement.

## **Our Areas of Focus for 2023-24**

We have identified the following five areas of focus for 2023/24.

We will identify VFM opportunities from the collaboration talks with the Pobl Group and, should the Business Case be approved, the new merged group.

We will deliver our Optimised Retrofit Programme commitments.

We will continue VFM in our treasury function by offsetting interest costs by maximising interest received on cash holdings whilst interest rates remain high.

We will construct 87 new homes.

We will work actively with a range of key academic partners to achieve our outcomes based on the effective use of data and insight.