



**INCLUSION**HOUSING

**ANNUAL  
REPORT  
2015/16**

# MESSAGE

2015/16 has been a dynamic year at Inclusion Housing, and one of great progress across our business, services and communities. We have focused on four main strategic objectives:

- Boosting our financial viability
- Strengthening the governance of the business
- Enhancing our organisational capability
- Promoting excellence across our services.

We are pleased to advise that we have made essential progress against all of our objectives. We have also positioned the business so that it is able to grow further and meet our Business Plan objectives, whilst, at the same time, being more efficient and enhancing our services.

Financially, we have achieved our best ever financial year out turn, with turnover doubling and surpluses increasing five-fold. This has allowed Inclusion Housing to strengthen our balance sheet, and enhance cash reserves. As we grow, within the next five years we will increase surpluses further and reinvest them back into the business to ensure even greater financial viability.

The Board of Management has been strengthened and we have full membership, with a comprehensive array of skills and experience, including finance, development, care, governance, human resources, and business. Additionally, two committees have been established to ensure greater scrutiny and consideration of detailed business issues: the Audit and Risk Committee, and the Remuneration Committee. In addition, a full review and approval of strategies, frameworks and policies will ensure that we have a set of comprehensive documents, which will inform the business going forward and meet our regulatory requirement.

Providing specialist supported housing on a national basis is a great privilege and responsibility. To ensure that we have the knowledge and capabilities within the business to raise standards and strive for excellence, new leaders have joined the business during 2015/16 at chief executive, property director and operations director level. In addition, we have recruited talented people across the business at an operational level to help us to pursue our ambition of customer excellence, including managing agents, property managers, a data analyst and a debt controller.

Our services are being enhanced on a weekly basis, demonstrated by our progress against our Delivery Plan. Adopting a new performance framework has provided us with detailed analysis of all our services; through this approach, we have seen a significant decrease in rent arrears, and improvement in rent collection. We have also reviewed and updated our property management systems to ensure greater focus on improving our repairs service, and delivering planned maintenance improvements where required - we already have evidence of significant improvements.

Our focus during the last year has been to ensure that the business is fit for purpose, both financially and in terms of governance - we are delighted to say that this has been achieved. Next year, our focus will be on substantially improving our customer and property services to achieve excellence. Work on this has already begun through new leadership and modernising the way we work.

Through strong and effective partnerships across the country with commissioners, investors, caring organisations and developers, we have doubled our units in management during 2015/16. Next year, we expect more significant growth, with approximately 400 units of specialist supported housing. Through our work, Inclusion Housing is providing hundreds of the most vulnerable with a quality of life, security of tenure, and independence that they are unlikely to have experienced before.

We are proud of what we do and what we achieve in partnership with a first rate and talented team. We look forward to even more progress and success in 2016/17, and beyond.

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Pete Ottowell  
Chair



Neil Brown  
Chief Executive

Inclusion Housing is a national social enterprise company in the housing/facilities management market, with a significant development programme. Our vision is to be the leading health and social care landlord for vulnerable adults.

We have a variety of supported living schemes, designed to meet a range of housing needs for adults with learning disabilities, mental ill-health, acquired brain injuries, physical and sensory disabilities, and those needing extra care, including a specialist dementia scheme. We work in partnership with other organisations to meet the specific care and support needs of those groups with particular specialist requirements.

Inclusion Housing is currently developing new supported living schemes across England and Wales, with an ambition to move into Scotland. The properties we manage are a mix of Inclusion Housing-owned and long-term leases (via institutional investment partners).

The Inclusion Housing team operates as a cutting-edge and innovative health and social care landlord. We are unique in our sector: well-placed to identify a large number of commissioning authorities, and support organisations requiring good quality social housing for vulnerable people. Our strategy is unique, and we have operational experience in all orientations of community-based care and housing support. Our nomination for Innovation at the UK Housing Awards demonstrates our progressive thinking.



Inclusion Housing’s USP is ‘HomeLife’: ‘HomeLife’ and Inclusion Housing work in partnership to enable vulnerable people to find a pathway towards both employment and health and wellbeing programmes. This combination of skills and experience puts Inclusion Housing in a unique position, where we can further develop and expand our organisation across the UK to become a nationally-recognised health and social care landlord.

Through experience gained whilst directing and managing similar organisations, and also in diverse, sector-related, previous careers, the Inclusion Housing team has established excellent relationships with the key commissioning decision makers in many Local Authority CCGs. Consequently, as commissioners increasingly outsource their property requirements, Inclusion Housing is ideally positioned to respond. We can provide local and responsive community-based accommodation, with the advantage of several years’ experience over any competitor in terms of product development, market entry, and experience curve effects.

There is no other organisation in the UK that, through its own officers, and with its strategic partners, has the benefit of such long-term relationships with commissioners, has the necessary skills to develop supported living and other schemes, or has the strategic intent to compete in this area on a national basis.

Inclusion Housing manages a substantial, and growing, national portfolio of social housing properties, and will grant residential tenancies to vulnerable people who receive daily support from specialist support providers. Continued business growth will include supported living accommodation in the social and healthcare sector.



Recently, we re-launched our HomeLife project. HomeLife enables us to provide support and encouragement for people, so they can engage with the community, gain life skills, and grow in confidence.

Kerry came to live at one of our schemes in February this year. This was at a time when Inclusion Housing was looking to formalise our facilities work, such as scheme cleaning, gardening, and window cleaning.

Kerry asked if she could be considered to do the cleaning at the scheme where she lives, under the HomeLife initiative. Inclusion Housing were able to assist Kerry to register as self-employed, and obtain the relevant insurances she needed to start this work.

KERRY SAYS:

“I AM REALLY PLEASED THAT INCLUSION HOUSING HAS GIVEN ME THE OPPORTUNITY TO DO THE COMMUNAL CLEANING AT MAGNET COURT. IT IS ONLY A FEW HOURS A WEEK, BUT IT MEANS I CAN GET SOME WORK EXPERIENCE AND EXTRA MONEY. I HOPE I CAN DO MORE WORK IN FUTURE.

I AM PROUD TO BE LIVING AT MAGNET COURT AND I HOPE MY CLEANING WILL BE APPRECIATED BY RESIDENTS, STAFF AND VISITORS!”



Inclusion Housing is a Community Interest Company (CIC – Social Enterprise) regulated by the Government CIC Regulator, and a Registered Provider of Social Housing (regulated by the Homes and Communities Agency), which was granted in June 2011. We are a not for profit, voluntary organisation, a public benefit entity and a member of the National Housing Federation, and continue to work with, and on behalf of, vulnerable people.

Inclusion Housing is one of the leading national providers of non-government grant-funded supported accommodation, designed to meet a range of housing needs for adults with learning disabilities, mental ill-health, acquired brain injuries, physical and sensory disabilities, and those needing extra care, including a specialist dementia scheme. With nearly 1,000 units in management, located across 59 local authority areas, we work in partnership with other organisations to meet the specific care and support needs of client groups with particular specialist requirements. Tenancies are granted to vulnerable people who receive daily support from specialist support providers.

Inclusion Housing is an entrepreneurial, cutting-edge company that can respond quickly to new opportunities or ideas. We are not bureaucratic or hierarchical, so you can contact the senior management team easily and without delay.

Continued business growth is helping us to meet the demand for supported living accommodation in the social and healthcare sector.

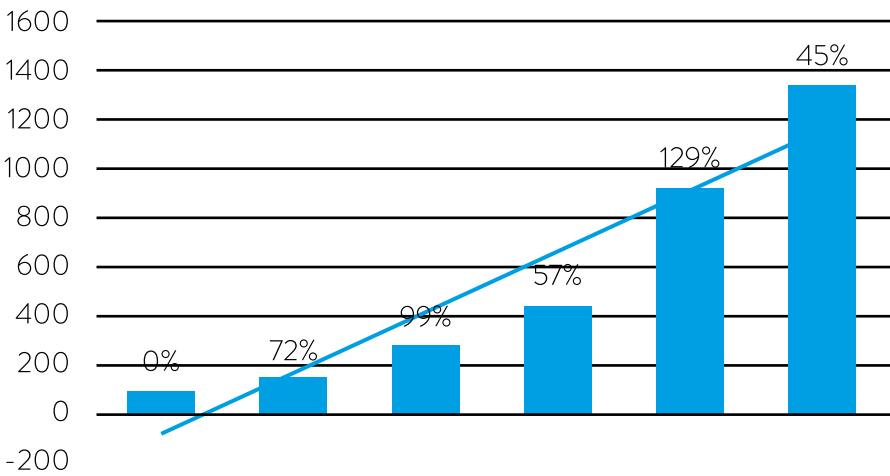
We are running these primary business activities due to the following factors:

Specialist supported housing (SSH) provides better care in line with government policy on independent living.

- Inclusion Housing’s specialist supported housing is tailored to residents, allowing them to live more independently in the community.
- Residents enjoy a quality of life that would not be possible in a residential institution.
- Units can be adapted easily, and are customised to the particular needs of each resident (in line with regulations). This offers an alternative to living with elderly parents or finding an increasingly rare residential placement.

- With the decline of the residential care home sector, our model creates housing and care for people with complex needs who might otherwise have nowhere to go.
- Schemes are only ever developed in response to local demand and the explicit support of care commissioners.

Unit in Management



	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
Units in Management	80	138	275	433	917	1334

Units in Management      Linear (Units in Management)

Recent research (drawing from government sources, amongst others) shows that:

- The cost of supporting people in SSH can be half the gross cost of residential care placements, and the average net saving achieved by moving from residential care to supported living is at least £185 per week.
- Implementation of adaptive technologies can result in savings of up to £7.8 million, or 20% of a typical council budget stream. This is particularly important at a time when adult social care funding is falling (down by £4.6 billion since 2010), but medical advancement and longer life expectancy are pushing up demand for later-life care.
- Lack of specialist supported housing accommodation is pushing those with learning disabilities, dementia and a range of chronic conditions into more expensive residential care, including hospitals.
- 29,000 people with learning disabilities are living with parents aged 70 years or over: councils have planned alternative housing in only 1 in 4 of these cases.
- An independent study estimates that the provision of specialist supported housing to disabled people alone could result in an annual national saving of £72 million.
- In addition, local authorities may also be able to benefit from capital receipts from decommissioned residential care homes.



To be the leading health and social care landlord for vulnerable adults, providing flexible, innovative housing solutions and life opportunities - in partnership with key organisations that support our growth and development.

Strategic Priority 1	Strategic Objectives	Issue	Key Outcomes	IH Value
Asset Management	<b>Maintain Assets</b> - The delivery of high performing, efficient and compliant property maintenance and servicing arrangements that deliver excellence and maintain our property portfolio to a high standard	Property	<b>Top quartile maintenance service satisfaction</b> <b>Reduced average property costs within Business Plan</b>	Excellence
	<b>Develop New Business</b> - Fully appraise each development opportunity as Inclusion Housing expands its portfolio across the country as a unique housing and social enterprise.	Growth	<b>3000 properties in management by 2021</b>	Entrepreneur

Strategic Priority 2	Strategic Objectives	Issue	Key Outcomes	IH Value
Business Viability	<b>Organisational Development</b> - To encourage innovation and flair within the team, combined with a reward structure that encourages individuals to always continue to demonstrate extra commitment to 'get the job done'.	People	<b>National Top Employer award</b> <b>Investor in People accreditation</b>	Inclusive
	<b>Continuous Improvement</b> - To continuously improve our operational systems and service delivery.	Delivery and Customer	<b>Investors in Excellence accreditation</b>	Collaborative
	<b>Management Viability</b> - Be effectively governed and professionally managed.	Governance	<b>G1 Governance Rating</b>	Trusted

Strategic Priority 3	Strategic Objectives	Issue	Key Outcomes	IH Value
Customer Excellence	<b>HomeLife Tenant Involvement</b> - Support and encourage volunteering, training and employment opportunities, and the related benefits they bring to an individual's lifestyle.	Resident Involvement	<b>TPAS Accreditation</b> <b>Top quartile customer satisfaction</b>	Inclusive Excellence
	<b>Customer Excellence</b> - Meet the housing needs of vulnerable people, and provide a range of housing-related services to enable tenants to live a happy and sustainable lifestyle.	Diversity and Choice	<b>Customer Excellence accreditation</b> <b>Investors in Diversity accreditation</b>	Excellence Inclusive

Strategic Priority 4	Strategic Objectives	Issue	Key Outcomes	IH Value
Financial Viability	<b>Financial Viability</b> - Be financially viable, and professionally managed.	Finance	<b>Deliver against our Business Plan</b>	Trusted
	<b>Value for Money</b> - To be efficient in our drive to provide a range of housing and related services of a recognised quality to all our current tenants and customers.	Value	<b>Value</b> <b>Reduce average operational costs by 15%</b> <b>£1m annual surplus</b>	Collaboration

PURPOSE

To meet the housing needs of vulnerable people, providing a range of housing related services to enable tenants to live a happy and sustainable lifestyle.

To support and encourage volunteering, training and employment opportunities and the related benefits they bring to an individual's lifestyle.

VALUES

ENTREPRENEURIAL

Being **entrepreneurial** and innovative in order to grow our company.

INCLUSIVE

Being **inclusive** and people-centred to promote diversity across all our activities.

EXCELLENCE

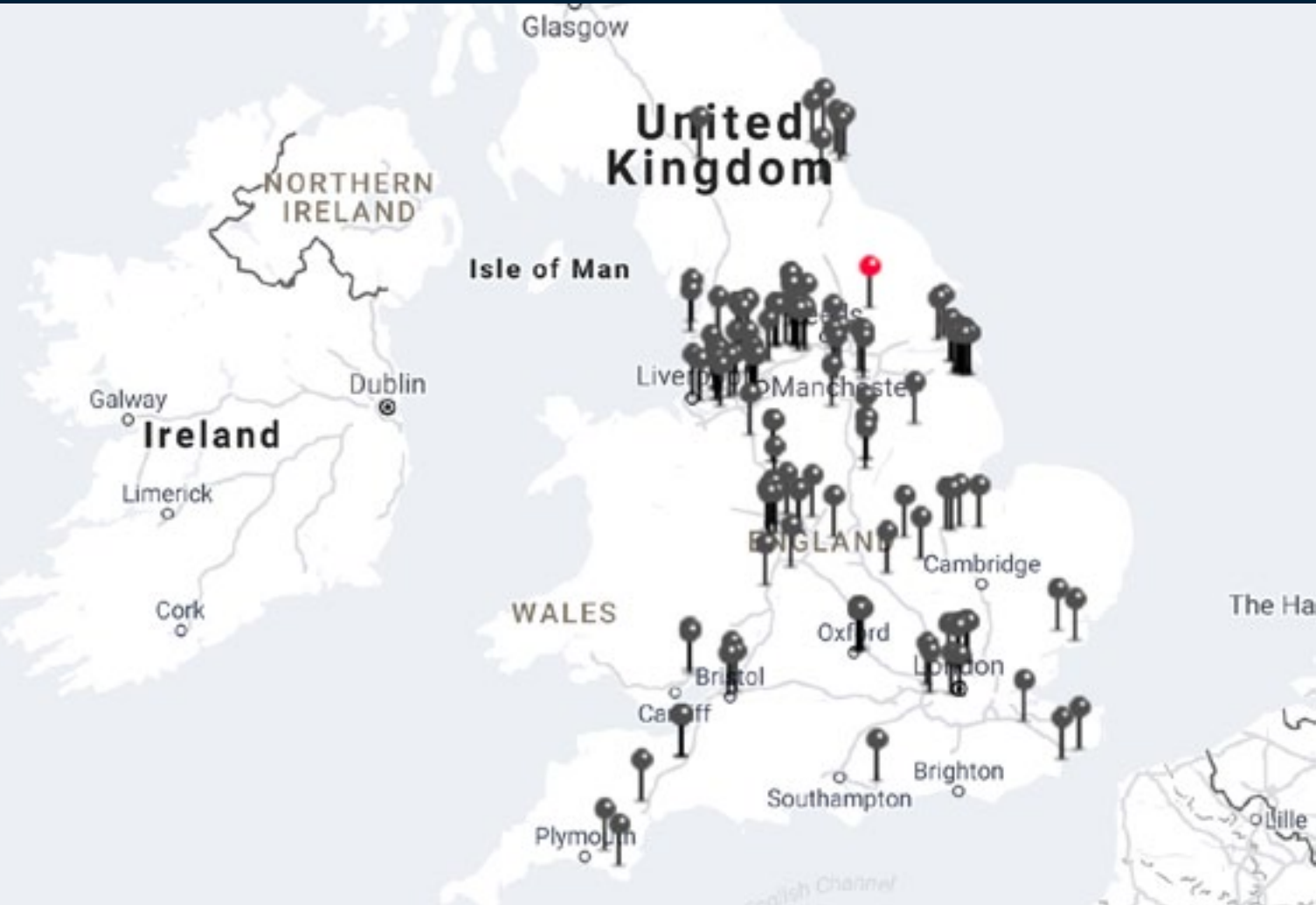
Delivering **excellence** across all our activities and services.

TRUSTED

**Trusted** by being open and accountable to our stakeholders.

COLLABORATION

Working in **collaboration** with all stakeholders to ensure improvement.



‘A NATIONAL OPERATION WITH A LOCAL PRESENCE’

Though Inclusion Housing has a national portfolio of properties, we provide a local service through designated local representatives. They visit homes at least every two weeks, supported by a local network of service contractors. We provide intensive housing management visits to residents on a fortnightly basis; these help us to sustain tenancies, manage the signing-up process, assist with housing benefit claims, and respond quickly to issues and concerns through a personalised local service.

Inclusion Housing is currently developing further new supported living schemes on a national basis. We have a range of funding sources, including banks, social enterprises, and grants. The properties we manage are a mix of Inclusion Housing-owned and long-term leases via institutional investment partners.

The Board has gained assurance that Inclusion Housing has complied with the Regulators’ Value for Money (VfM) standard through its integrated approach, including:

- Annual review of VfM aims and objectives and VfM strategy, to ensure Inclusion Housing reflected regulatory updates and any changes within the organisation;
- Reviewing annual self-assessment, and providing direct scrutiny where required;
- Approval of five-year business and growth plan, ensuring consistency with the corporate priorities and VfM aims;
- Confirming that VfM is fully embedded within culture of the Inclusion Housing organisation, and part of everyday activities.

It is our assessment that Inclusion Housing has an effective foundation (and track record) in place. This enables us to confirm that Inclusion Housing has a robust and comprehensive approach to achieving, demonstrating, and comparing performance in relation to VfM. Not only is the approach comprehensive, it also tangibly shows that Inclusion Housing is generating real VfM outcomes and positive benefits for the business, its residents, and stakeholders.

Therefore, it is the Board’s assessment that Inclusion Housing meets the requirements of the VfM standard. It has a robust and comprehensive approach, whilst demonstrating real VfM outcomes and tangible benefits for its residents and stakeholders.

The Board will continue to review progress against the Business Plan and assess progress against the delivery of agreed priorities and targets, including those that are VfM related. It will also continue to review this VfM self-assessment process in the context of its wider role of monitoring and ensuring compliance, and helping to drive further improvements across the business.

The Board consists of nine members, who have adopted the Inclusion Housing Code of Governance in line with the National Housing Federation code: complying with its principle recommendations. Details of appointments at Companies House are included in the financial statements at the end of this report.

The Board’s role is to provide strategic direction and to govern, control and scrutinise our operations. The Board meets regularly to review the performance of the business.

**Chairman**  
Pete Ottowell

**Board Members**

Ian Brown	Jonathan Gibson
June Grimes	Brenda Kirby
Keith Lewis	John McHale
Guru Naidoo	Anthony Bell
Kevin Harwood (Co-optee)	

NEWLY-CREATED BOARD ROLES IN 2016

Remuneration Sub Committee	Role
Guru Naidoo	Chairman
Responsible for overseeing terms and conditions of employment, remuneration, and the Board member appraisal process.	

Audit and Risk Sub Committee	Role
Brenda Kirby	Chairman
Responsible for overseeing integrity, risk management strategy, and internal and external audits.	

Board member remuneration was introduced in October 2015, with each Board and committee member expected to attend at least 90% of meetings each year. All Board and committee members are subject to regular performance appraisals.

The regulator considers value for money an integral part of providers’ compliance with the economic standards, via its In-Depth Assessments (IDA). The regulator will seek assurance that providers and their Boards are challenging themselves to make the best possible use of their resources, in order to deliver their social purpose and objectives.

Where the regulator does not have sufficient assurance that this is the case, this will be reflected in the provider’s published governance grade.

DELIVERY

The Executive Team is responsible for delivering value of money through business planning, forecasting, and the budget process (through day-to-day scrutiny of performance management). Delivery plans are focused on driving efficiency by ensuring that value for money is integral the everyday management of Inclusion Housing’s activities. Throughout the year, the Executive Team monitor financial performance through monthly reviews of management accounts and rolling forecasts.

The Board play a key role in the delivery of value for money: setting the strategy, scrutinising the annual assessment, and ensuring that value for money becomes a key part of all Board decisions. The five-year Business and Growth Plan demonstrates the commitment to improved financial performance year-on-year.



**BOARD OF MANAGEMENT**

**PETE OTTOWELL – CHAIR, BOARD DIRECTOR AND MEMBER**

Pete has been Inclusion Housing’s chair since the beginning. He has gained more than 40 years’ experience working within the social housing sector, and is a member of the Chartered Institute of Housing. Pete started his career at a junior level in 1974 as a front line housing officer, and ended it with retirement in 2010 from his role as managing director with Four Housing Group. Pete is also involved within Broadacres Housing Association, based in North Yorkshire, as a Board member, and is chair of their house building subsidiary, Mulberry Homes Yorkshire.



**BRENDA KIRBY - BOARD DIRECTOR AND MEMBER**

**Chair of Risk and Audit Committee, Member of Remuneration Committee**

Brenda is an experienced Board member, who has a wealth of knowledge about social housing, health and safety, and employment law and practice. She qualified as an environmental health officer in 1972, before moving into housing and regeneration. Brenda was the executive director for Corporate Services of Erimus Housing, until her retirement in 2010. She then developed a portfolio of non-executive roles in social housing and local charities. Brenda is currently a member of the Independent Monitoring Board at Holme House Prison, a lay member of the Employment Tribunals, a vice chair of governors at a local academy, and sits on the Board of Unite.

**GURU NAIDOO - BOARD DIRECTOR AND MEMBER**

**Chair of Remuneration Committee, Member of Risk and Audit Committee**

Recently retired, Guru joined Inclusion Housing’s Board in 2015. He worked in the public and social housing sector for 32 years, spending the last 15 years in a senior management role with Broadacres Housing Association as their business support director. In 2016, he was appointed chair of Catalyst: a voluntary community and social enterprise organisation that provides specialist support to voluntary agencies on Teesside. He has lived and worked on Teesside since 1985. Guru recognises and appreciates the critical role that affordable housing plays in meeting the needs of diverse communities, and the contribution it makes to local communities and people in need of specialist housing. Guru is also chair of the Remuneration Committee.



**ANTHONY BELL - BOARD DIRECTOR AND MEMBER**

Tony joined Inclusion Housing’s Board in June 2016. He has over 20 years’ experience at Board level in the education and social housing sectors, and has also held senior roles in the private sector. Tony is a qualified accountant, and is currently employed as group commercial director at the Grimsby Institute of Further and Higher Education; he previously held the position as director of finance at City College Manchester. In addition, Tony has been a non-executive Board member at The Guinness Partnership/ Northern Counties Housing Association, and concluded his term on the group’s Audit and Risk Committee in March 2016, prior to joining Inclusion Housing. In addition to his role at Inclusion Housing, Tony is deputy chair of a managed workspace complex company and a non-executive director at Greater Manchester Mental Health NHS Foundation Trust.





## IAN BROWN - BOARD DIRECTOR AND MEMBER

### Member of Risk and Audit Committee

Ian joined Inclusion Housing's Board in October 2015. His 30-year career has predominantly been in the public and social sector; Ian has 20 years' experience in senior leadership roles across a diverse range of public health, and both private and social housing activities, including a role dedicated to developing communities, new build homes, regeneration, and housing management. During this period, he developed detailed knowledge of business assurance, organisational governance, and regulatory frameworks, and has taken the lead in audit and risk management in an executive role. Ian is a fellow of the Chartered Institute of Housing, and a member of the Chartered Institute of Environmental Health.



## KEITH LEWIS - BOARD DIRECTOR AND MEMBER

### Member of Remuneration Committee

Keith joined Inclusion Housing's Board in October 2015. His background lies in both local government and house building, including extensive work with a number of registered providers. Keith has held principal planning officer positions in local government, dealing with development control, conservation and local plans; in addition, he has also held roles in recreation and amenities, heading up the development and management of leisure and community facilities. Keith's experience also covers working for several national house builders and developers, dealing with land acquisition, planning and project management. Now retired, Keith also sits on a Board and acts as company secretary for a North East-based environmental charity.

## JONATHAN GIBSON - BOARD DIRECTOR AND MEMBER

### Member of Remuneration Committee

A Board member of Inclusion Housing since 2011, Jonathan has spent over 25 years working in the housing development sector. He is currently the senior development manager at the Joseph Rowntree Housing Trust. Jonathan has extensive knowledge of general needs and supported housing schemes, for both rent and sale, ranging from individual properties to developments of 500 homes. Jonathan has a BA Hons in Housing Studies and is a member of the Chartered Institute of Housing.



## JOHN MCHALE - BOARD DIRECTOR AND MEMBER

### Member of Risk and Audit Committee

John also joined Inclusion Housing's Board in October 2015. John, who is retired, spent most of his career at the Housing Corporation, holding a variety of senior roles - most recently as head of regulation. He holds professional qualifications in housing and finance, and has previously been a Board member with both Accent and Johnnie Johnson Housing. John's interests are governance, finance and audit. Having had lifelong hearing difficulties, he is passionate about the needs of those with disabilities.



## JUNE GRIMES - BOARD DIRECTOR AND MEMBER

### Member of Risk and Audit Committee

June joined Inclusion Housing's Board in October 2015. She began her career in social housing, and has over 30 years' experience in a variety of roles in local authorities and housing associations at a senior management level. After leaving the housing sector, June gained experience in the commissioning and inspection of adult residential care schemes. She taught up to degree level, and most recently, was employed by Project North East as a consultant, delivering training and development to the third sector. Before retiring in 2015, June was the regional director for the national homeless charity Crisis. June has held trustee positions and has sat on a number of Boards in a variety of sectors, including housing organisations and business membership organisations.



## KEVIN HARWOOD - BOARD CO-OPTEE

Kevin is currently employed as Vice President VP in the Real Estate Debt Finance Team. He is responsible for leading the delivery of real estate debt transactions (above £10m debt levels), from client negotiations through to credit approval, due diligence and draw-down. He has completed major financial deals, including over £500m-worth of transactions in 2015 (mainly commercial investments), and has delivered over £300m in 2016 to date. He has provided full relationship management across Barclay's Real Estate customers in the North West of England. Kevin's credit risk skills have been formally recognised in his appointment to the Barclay's Real Estate 'Expert Lender' panel, where he provides input and guidance to colleagues within the Real Estate Team and across the wider Corporate and Commercial Teams.



Our value for money (Vfm) approach is one of Inclusion Housing’s strategic objectives, and essential to our vision. Our Vfm objective is to: **‘Ensure robust business planning that delivers value for money’**

Value for Money achievements in 2015/16	
Key Strategic Priority	Self-Assessment
Asset Management	<b>Growth in Business</b> <ul style="list-style-type: none"><li>&gt; Completed 484 new units in management, with plans to deliver 417 in 2016/17, and to achieve over 400 units per year in line with the strategic plan.</li></ul>
Business Viability	<b>Continuous Improvement</b> <ul style="list-style-type: none"><li>&gt; 12% year-on-year reduction in the staffing overhead costs per property.</li><li>&gt; Increased the number of ways to pay, introducing direct debit rent collection.</li><li>&gt; By strengthening in middle management capability, the annual rent debit setting and negotiation process is now completed in-house – a saving of £36K across the 2015/16 financial year.</li><li>&gt; Realigning areas covered by managing agents to reduce non-productive working, travel time and fuel costs.</li></ul>
Financial Viability	<b>Financial Viability</b> <ul style="list-style-type: none"><li>&gt; Achieving a 5% surplus in line with budget. Focus for the next five years is to improve the surplus to 6% by reducing our core cost base, and through better procurement.</li><li>&gt; Improvements in insurance procurement in 2015 saved over £67K, which will benefit tenants and partners through reduced service charges.</li><li>&gt; Change in lease payment terms, from month end to 20 days following month end, was reflected in a positive cash flow position - cash funds increased by £879K in the year, in line with surplus before property sinking fund.</li></ul>
	<b>Vfm</b> <ul style="list-style-type: none"><li>&gt; Worked with partners towards agreement to self-insure voids lost income - £86K saving on insurance premiums.</li></ul>

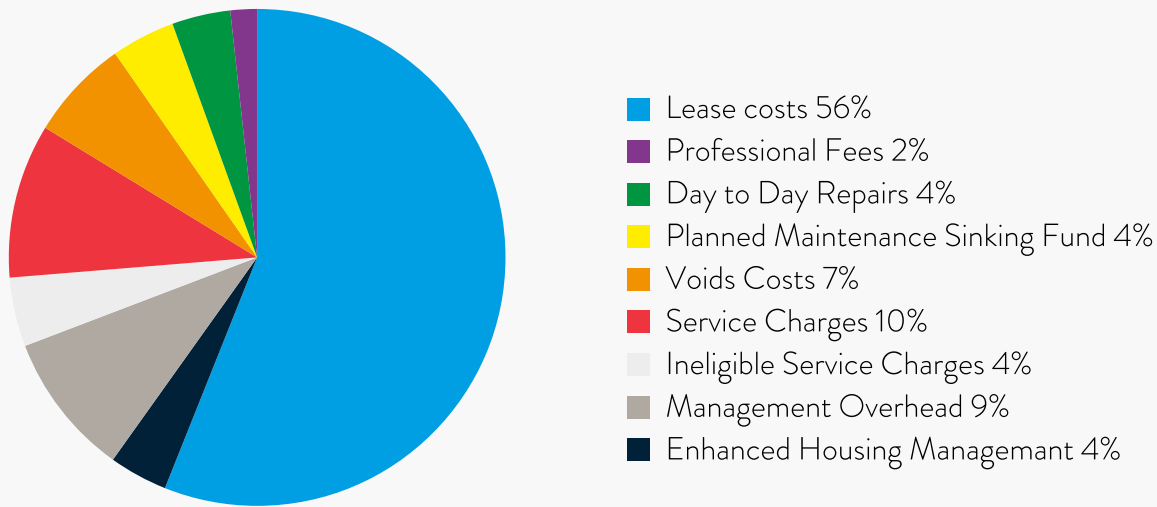
Some of the above savings have been realised in 2015/16; however, the majority will be reflected in 2016/17, along with the redesign of facility contracts to an enhanced specification. In the future, all service contracts are to be procured through a framework agreement, which will ensure that we receive the best quality at the most competitive rates. In 2015/16, we made savings in the following areas:

Title	Description	Saving
Utility Costs	Bulk contracts established at competitive market rates.	Estimated 30% saving: £130K
Void Assurance Policy	New insurer sourced policy on more favourable terms.	£144K
Property Insurance Costs	Market tested – procured on more favourable terms.	£67K
Bad Debt	Focus on debt collection reduced year-on-year bad debt provision: 2014/15, £149K ; 2015/16, £83K.	£66K
Banking Facilities	Strong cash flow removed the requirement for an overdraft facility.	£3K
Recruitment	Electronic methods used, resulting in savings against budget in 2015/16.	£8K
Stock Condition Survey	Undertaken in-house – no external fees incurred.	£12K
Bank Charges	Number of units in management increased by 111% - from 433 to 917. With the introduction of electronic methods of payment and collection, the bank charges costs remained at 2014/15 total cost.	Estimated saving £6K
TOTAL SAVINGS		£436K

As a percentage of the overall operating costs (£10.214M), the £436k saving for the year represents an approximate 4.3% efficiency on an annual basis.

AVERAGE RENT BREAKDOWN

The chart below highlights the rent breakdown profile for Inclusion Housing. We remain committed to reducing overhead costs and maximising value for money. Our Business Plan demonstrates that, as we grow, our average operational and overhead costs reduce.



FINANCIAL VIABILITY

As a housing provider, it is essential that we make a healthy surplus so we can fulfil our core strategic priorities. All our surpluses are reinvested into either bringing new units into management or into improving services for our residents.

The Board are pleased to report a surplus for the year of £542K, after spending £808K to maintain the existing units in management, together with creating a property sinking fund of £323K to be spent on future investment in the properties managed, so that we can continue to provide high-quality homes for our residents.

The two-year income and expenditure account is summarised below:

	2015/16 £'000	2014/15 '000
Income – Units in Management	10,363	4,368
Other Operating Income	716	312
Operating Income	11,079	4,680
Property Lease Costs	6,466	2,815
Repair and Maintenance Costs	808	274
Service Charge Costs	1,079	405
Management Costs	1,337	713
Other Operating Costs	523	407
Property Sinking Fund	323	0
Operating Costs	10,536	4,614
Operating Surplus before Tax	543	66

The increased surplus generated in the year was largely due to the 136% growth in income, which created economies of scale. This enabled procurement gains, control of costs, and an opportunity to reduce management costs.

With a focused approach to cash flow management and improvements in arrears collection rates, the surplus generated in the year has been realised in cash balances.

Key financial indicators derived from the financial statements, and used to monitor and report performance, are shown below:

	2015/16 Target	2015/16 Actual
Liquidity Ratio (Liquid Assets / Short Term Liabilities)	>1.01	1.25
EBITDA%( Before planned Maintenance Sinking fund)	>= 8%	7.83%
Cash Flow (Headroom)	£500k	£713K
Employee Costs % Turnover	10%	10%
Sickness Absence	<3%	2.1%
Lease Costs % of Income	58%	55%
% CTA (Wk52 HB Lag lowest point)	5.28%	5%
% of Properties with a Valid CP12 Certificate	100%	100%

2015/2016 has been a challenging and exciting time for Inclusion Housing; there has been a strong focus on performance management, improved service delivery, VfM, and the collection of up-to-date and accurate property information.

A number of property related strategies, policies and procedures have been devised to standardise the way in which we deliver our services, and collect and store all property information, whilst ensuring that there is a clear link to the corporate plan.

Listed below are some key areas where improvements were achieved to support the planned growth of the business, now and in the future:

1. Property strategies, policies and procedures were developed.
2. Improved accessibility to all property compliance certification.
3. Review of repair reporting and monitoring procedures.
4. Clear performance targets set and communicated to the teams.
5. Service contracts reviewed and retendered.
6. Stock condition survey programme implemented.
7. 2016 / 2017 investment programme devised.

Inclusion Housing has now dedicated resources to ensure all CP12s, EPCs, electrical test certificates, asbestos surveys, legionella surveys, emergency lighting certificates, fire equipment certificates, and fire risk assessments are collated and stored in a fully-compliant way.

The reporting, ordering and following up of repairs has been reviewed, with changes made to improve the performance and communication of reported repairs. These are now regularly monitored within the Property Team’s performance framework.

Inclusion Housing is carrying out a procurement exercise for the gas servicing contract and compliance contracts.

Stock condition surveys have been implemented to inform future investment plans.

As we move into the next financial year, we will continue to monitor progress and performance against the improvements made in 2015/2016, whilst setting clear targets for further improvements.

Below are a number of areas that the Property Team will be focusing on in 2016/2017:

1. Renew the gas servicing contract (completed in September 2016).
2. Benchmark and tender all service contracts.
3. Agree and complete the 2016/2017 investment works programme.
4. Complete stock condition surveys of all properties.
5. Prepare and agree the five and 30-year investment plans.
6. Implement a ‘handyperson service’ to reduce costs and improve service.
7. Ensure all compliance certification is up-to-date and easily accessible.
8. Review and simplify the approved list of contractors.

ANALYSIS OF PERFORMANCE  
/ BENCHMARKING

- The table below provides insight into our key performance management indicators, compared to national benchmarking figures. This is the first year of such benchmarking, and plans are already in place to improve on our void, maintenance and overall customer satisfaction performance.
- Overall rent arrears have improved significantly. However, void loss is an area where we need to improve by reducing voids and re-let times: this is a business priority. With the introduction of planned investment programmes for properties recently transferred over to Inclusion Housing, we expect that this overall satisfaction will improve

Indicator	2015/16 Inclusion Housing	2015/16 Benchmarking [Supported Housing]	Indicators
Current Rent Arrears %	5.51%	6.37%	
Former Tenant Arrears %	0.47%	2.21%	
Rent Collection %	95.45%	96.04%	
Voids % (Turnover)	6%	n/a	
Re-let Days	183	90	
Net Void Loss %	11.86%	6.50%	
Customer Satisfaction - Net Promoter Score/ %	72%	89%	
Satisfaction with Home Condition - NPS / %	67%	76%	
Gas Servicing	100%	100%	
% Repairs Completed on First Visit	85%	92%	

Source: Balanced Scorecards 2015/16

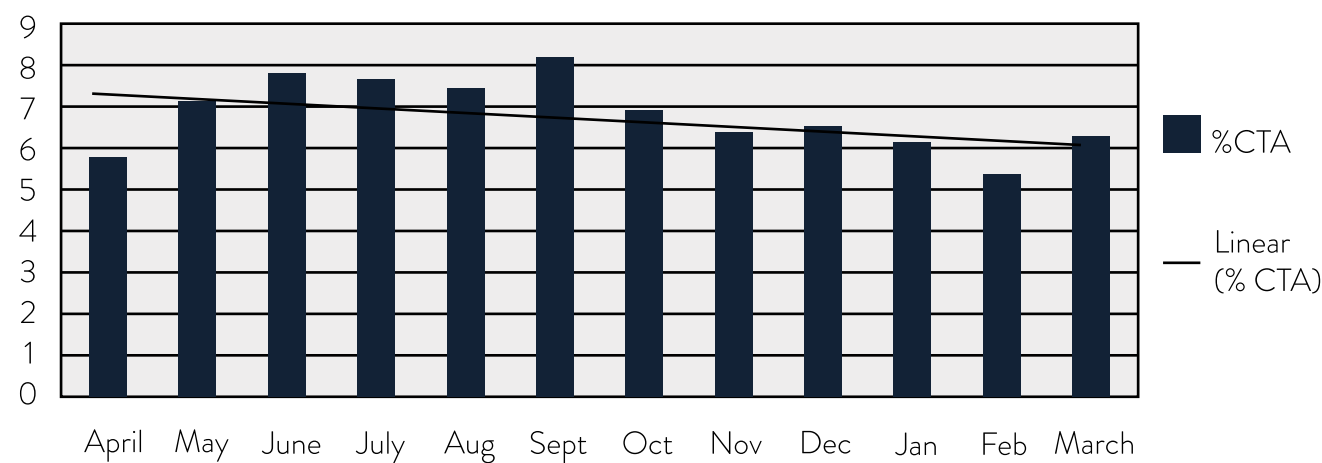
Housemark Benchmarking Data 2015/16

- By selecting a peer group for comparative purposes, we can be clear as to the size of our organisation, location/character of housing stock, and supported housing provision. In 2015/16, we joined a supported housing benchmarking group; we have continued to use benchmarking to help us to identify where we are doing well and where we could do better, and to learn from the performance of our peers in the sector. This report provides benchmarking information from our closest peer group-supported housing associations, operating nationally, and takes information from published annual financial statements summarised in the HCA Global Accounts and the Office of National Statistics.
- With the recruitment of a business analyst, the Executive Team now have timely in-depth performance reporting, including the analysis of voids and re-lets, arrears, and corporate indicators. This new reporting process has included the introduction of a balanced scorecard for the business, developed from individual service scorecards from each of our four main services (property, finance, business, operations).
- Considerable work has been undertaken by the newly-appointed credit controller and operations teams to reduce the current tenant arrears percentage, from the high point of 8.2% in 2015/16 to a top-quartile position at the end of the year (when compared to the supported housing benchmarking data). As a result of the strong management of the current tenant arrears (CTA), the former tenant arrears (FTA) reflect a top-quartile performance level.
- A key priority for 2016/17 is to reduce the percentage of lost income due to voids, though this is down from 13.3% in 2014/15 to 11.86% in 2015/16. The budget for this area in 2016/17 has been set at just over 6%, much in-line with our peers. The reduction in lost income is expected to come from Inclusion Housing’s ability to self-insure the void risk.
- Completing only 85% of repairs on the first visit does not reflect a high-performing team. Repairs are a priority for the property teams in 2016/17 to make sure that we provide greater value for money when undertaking repairs to the units in management.



ANALYSIS OF ARREARS

- Considerable focus has been applied during 2015/16 to keep the percentage of CTAs within a peer group range of between 4.98% and 7.2%. With the resolution of historic arrears (not reflected in the graph blow) and the introduction of direct debit collection of rent and service charges, continued improvements are being seen - with CTA arrears less than 5% in April 2016.



Source: Current Tenant Arrears Analysis 2015/16

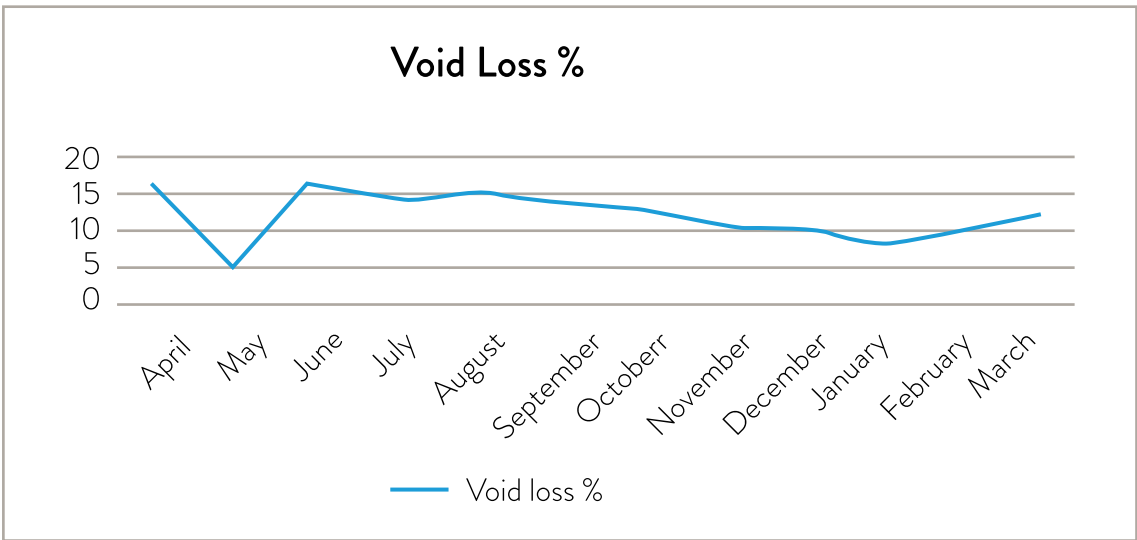
- With a review and implementation of new tenancy sign-up procedures, full assistance is being offered by managing agents to tenants to secure a successful Housing Benefit (HB) claim, reducing the risk of tenants getting into arrears.
- The arrears collection success has allowed Inclusion Housing to remove the need for an overdraft facility, at an annual cost of £3K. Instead, we have placed reserves on a 12-month deposit term, generating £5K in interest receivable.
- The table below shows recent performance, reflecting further improvements during the start of 2016/17. Overall, this demonstrates positive trends in income-related indicators.

	2015/16 [End of Period]	2016/17 [As at 30-05-2016]	Trend
Rent Collection %	95.45%	97.83%	
Current Arrears %	5.51%	4.74%	
Former Arrears %	0.47%	0.38%	
Arrears Total %	5.98%	5.12%	

- In consultation with the operations team, alongside the supported housing benchmarking group, our intention for 2016/17 is to revise our methodology to exclude housing benefit receipts in order to attain a net CTA figure at risk of re-classification as bad debt.

ANALYSIS OF VOIDS LOST INCOME

- Inclusion Housing works in partnership with developers and care commissioners in securing nomination rights and void obligation agreements. Shorter lease terms, longer voids cover, and a shorter turnover void non-payment period have all been secured, providing better contractual terms. This will assist the business with reducing overall void loss.
- In conjunction with the enhanced lease agreement terms, landlords have been approached to secure agreement, to allow Inclusion Housing to self-insure the void loss in line with industry standards. This support has provided Inclusion Housing with an opportunity to generate an initial fund in 2016/2017, totalling £487Km, to fund lost income as a result of void properties, reflected the table below.
- The 2015/16 void loss trend is detailed below, and demonstrates an improvement over the year in reducing void loss. Inclusion Housing mitigates its risk to void loss through void and nominations agreements and insurance. Void loss is now below the 10% budget target, and we continue to give priority to reduce voids and void loss further.

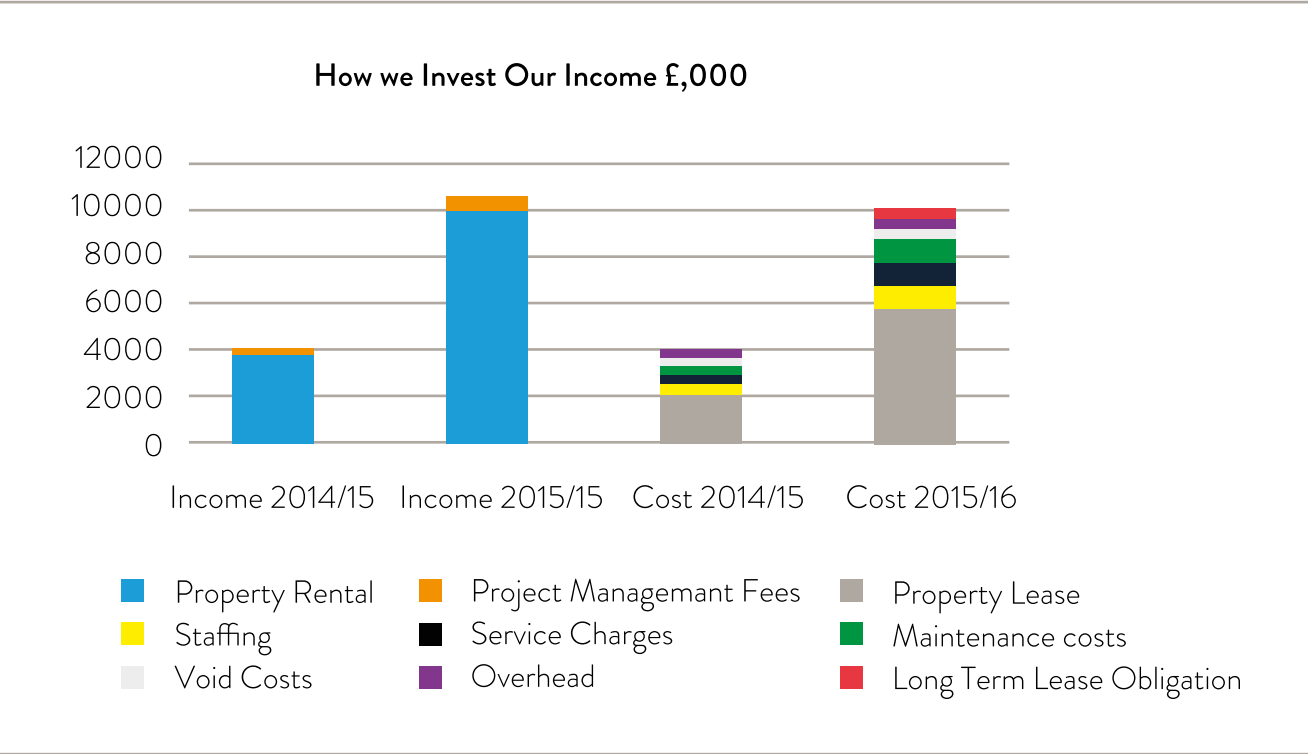


Source: Inclusion Management Accounts 2015/16

- The table above shows recent performance, reflecting further improvements during the start to 2016/17. With a focus on improving performance across the business, improvement is being sought and achieved in regard to voids and lettings.

	2015/16	2016/17 [As at 30-05-2016]	Trend
Turnover Voids %	7.09%	5.67%	
Void Loss %	11.86%	5.6%	
Re-let days	183	147	

- As a housing provider, it is essential that we make a healthy surplus so that we can fulfil our core strategic priorities. All our surpluses are reinvested into either bringing new units into management or improving services for our tenants.



- The above graph shows the breakdown of income into Inclusion Housing. In 2015/16, a significant period of growth in new units taken into management resulted in an increase in income, from £4 million to just over £10 million: a 150% increase.
- Whilst project management income doubled for the same period, it contributes to only approximately 7% of the total income.
- Inclusion Housing leases the majority of the properties in the portfolio and, as a consequence, our largest expense is property lease cost: £2.8 million in 2014/15 (60% of income), rising to £6.5 million in 2015/16 (62% of income). The change in the demand for self-contained units has influenced the increased costs. Recognising this situation has resulted in all partners involved in the delivery of new schemes to look at reducing future costs of construction, fees, and cost of funds.
- Surplus before tax increased from £88K in 2014/15 to £543K in 2015/16 due to the significant period of growth and a number of procurement and efficiency savings.
- Overall, the business continues to be more profitable as it grows, as we achieve greater economies of scale that reduce overall management costs.

- The Homes and Communities Agency published its VfM research document ‘Delivering better value for money: understanding differences in unit costs’ in June 2016. This has been used to compare.
- Inclusion Housing-benchmarked costs compared to national averages.
- Average headline social housing costs were £3,950 per unit in 2015. The vast majority of this overall cost is made up of management and service charge costs, maintenance, and major repairs costs. This mean cost per unit is skewed by a small number of providers with large amounts of supported housing, reflected in some providers’ unit costs at over £10,000 per unit per annum. The median average cost, which is less affected by these high-cost outliers, was lower at £3,550 per unit.

Costs per Property per Annum	Inclusion 2014/15	Inclusion 2015/16	Sector Mean (weighted)	Sector Mean (unweighted)	Indicators
Management Costs	£1,646	£1,457	£1,540	£1,360	
Service Charge Costs	£935	£1,176			
Maintenance Costs per unit	£635	£881	£1,010	£980	
Major Repair Costs	£0	£353	£930	£800	
Other Social Housing Costs	£939	£571	£470	£200	
Headline Social Housing Costs	£4,155	£4,438	£3,950	£3,550	

Source: Inclusion Management Accounts 2015/16  
2015 Global Accounts (HCA)

OVERALL ANALYSIS

- Inclusion Housing uses a number of frameworks and data analytics to score and analyse our performance and progress across business-critical areas. The table below highlights the respective scoring for each of these frameworks to measure continuous improvement across the year.
  - The frameworks have been approved by our Board previously, and the scoring represents their active implementation, including the balanced scorecard, delivery plan, risk, Board reporting, and governance frameworks.
- Overall, the Continuous Improvement Approach has resulted in a positive trend throughout the year, with the average Continuous Improvement Score for the business improving from 45% to 77% at year-end. This represents a 71% positive trend improvement, and reflects the progress made during the last financial year.
  - We are developing and strengthening our resident engagement, along with investment in the condition of their homes. As this develops during 2016/17, we would expect to see positive increases in the levels of satisfaction from our customers.

2015/16 SUCCESSES

The following section provides proof of progress made, as well as the evidence base for the conclusions.

Continuous Improvement – Systems		
Ref	Description	Impact
	Enhanced monitoring of <b>intensive housing management visits</b>	Medium – Better performance and evidence to mitigate challenge
	Schedule of <b>scheme visits</b> devised and implemented	Medium – Proactive addressing of facility and property issues
	<b>Compliance certification</b> entered onto SDM IT system	Medium – Addressing risk and compliance requirement
	<b>Safeguarding</b> policy implementation	Medium – Awareness of safeguarding issues and notification requirement

Continuous Improvement – Performance		
Ref	Description	Impact
	Intensive management of <b>gas servicing</b> contract	High – 100% compliance with gas safety
	Greater priority to reduce <b>void loss</b>	Medium – Reduced void loss across year to budget level
	Implementation of service and <b>balanced scorecard</b>	Medium – In-depth analysis and tracking of performance across services
	Revised <b>rent arrears</b> process and line of responsibility to finance	High – Reduced arrears levels to 4.38% (underlying trend)
	<b>Estate standards devised</b> and monitored through scheme visits	Medium – Performance approach for facility management to improve standards

Continuous Improvement – Innovation		
Ref	Description	Impact
	Increase in <b>partnerships</b>	Medium – Greater variety in portfolio and growth
	Board approval for in excess of <b>1000 homes growth</b>	High – Continued growth, using innovative partnership framework
	<b>UK Housing Award</b> – finalist shortlist	Low – Increased profile for business and market awareness

Continuous Improvement – Knowledge		
Ref	Description	Impact
	Adoption of a comprehensive suite of <b>business policies and frameworks</b>	High – Regulatory compliance and better business planning
	Adoption and assessment against <b>Governance Excellence Framework</b>	High – Improved governance and regulatory compliance
	Formulation and adoption of primary <b>business strategies</b>	High – Clarity of business mission and objectives
	Approval of a new <b>business plan</b> for 2016-2021	High – Demonstration of business viability and provides for future growth and investment
	<b>Delivery plan</b> implementation and monitoring	High – 94% compliance and significant business/operational improvement.
	<b>Customer satisfaction survey</b> implemented	Medium – Baseline position established; identification of priorities
	<b>Board recruitment</b> undertaken	High – Board up to strength and specialist co-optees recruited
	<b>Revised organisational structure</b> implemented	High – Increased capability and capacity within the business for future growth
	<b>Health and safety arrangements</b> revised and strengthened	High – Recording, monitoring and review introduced

Continuous Improvement – Efficiency		
Ref	Description	Impact
	<b>Increased annual surplus</b> from £80k to £800k	High – Demonstration of financial viability and profitability
	<b>Cash reserves</b> attaining £1M by year end	High – Addresses key risk of cash flow and headroom
	<b>Direct debits</b> introduced to reduce workload and aid operations	Medium – Reducing arrears, increasing collection and reducing administration cost
	£300k+ provision for <b>delegated reserves</b>	High – Strengthening of balance sheet and provision for future major repairs
	Reduced <b>salary cost</b> as a % of turnover	Medium – Increasing productivity and lower operational costs
	Saving of £77k in <b>utility costs</b> through procurement	Medium – Reducing costs to be passed on to customers through lower service charge
	<b>Improvement of lease terms</b> for new developments	High – Shorter lease, longer void cover, shorter void period
	<b>Reduced management cost</b> per unit	High – Reduce management cost to under £1500: better value for money
	<b>Reduced void insurance</b> costs – moving to self-insurance	Medium – £146k saving
	Saving on <b>property insurance</b> across stock, following procurement exercise.	Medium – £67k saved on annual premium to be passed on through reduced charges
	<b>Revised lease payment terms</b> negotiated to 20 days following month-end	High – Beneficial cash flow impact reflected in larger cash reserve



A customer satisfaction survey was designed and issued to all tenants (or their advocates/appointees). Care providers circulated the information to ensure probity, so that Inclusion Housing staff were not in any way able to influence the scores.

Overall, 26% of customers completed the survey, which is a good return for a survey of this type.

The main points to note from the survey are listed below using Net Promoter Score calculation methodology:

Continuous Improvement – Research	
Description	Increase/Decrease
Overall satisfaction with Inclusion Housing’s services	+ 29%
Satisfaction with the managing agent service	+33%
Satisfaction with the condition of your home	+25%
Satisfaction with the scheme/area	+47%
Satisfaction with response to anti-social behaviour	+45%
Satisfaction with tenancy support	+48%
Satisfaction with being listened to	+34%
Satisfaction with feeling safe at home	+62%
Satisfaction with views being taken seriously	+39%
Overall average for all questions	+40%

The results provide a base from which to improve our service delivery, through the new network of managing agents and regional property managers, who have recently been established. Our target is to increase satisfaction to 90%, dissatisfaction to 5%, and to improve our Net Promoter Score to at least +60%.

It is clear that Inclusion Housing need to improve the condition and repair of our properties. This is being achieved through the survey of transferred older stock, and by implementing an investment plan.

We need to improve how we respond to the opinions of our residents, and ensure that they are being listened to. The employment of new managing agents and a revamped intensive housing management approach is designed to support this.

This meaningful data will help to shape the services and direction of the business moving forward.

Engagement and visibility on our schemes is high on Inclusion Housing’s agenda, as is the need to improve our repairs delivery.

A second survey was completed in late summer 2016 so comparisons and progress can be recorded.

INTENSIVE HOUSING MANAGEMENT

Inclusion Housing’s managing agents provide intensive housing management services for all tenants. This service is an investment in prevention, and gives housing management support that reflects the additional needs of our tenants, with the objective of maintaining and developing independence in relation to their accommodation.

We assist tenants to take up, manage and maintain their tenancies, provide support in their applications for Housing Benefit and other welfare benefits, and ensure that they are aware of their rights under their tenancy agreements.

Inclusion Housing also liaises with other agencies, both statutory and voluntary, on the tenant’s behalf to ensure that they are supported in managing their tenancy. We also provide signposting, offer advice and guidance on keeping their property to a reasonable standard of hygiene, and do monthly estate checks to ensure the schemes in which they live are safe and secure.

Intensive housing managements are monitored closely as part of our Operations Performance Scorecard; we team these people-focused visits with scheme inspections, where we assess the facilities, repairs, and health and safety of our schemes. We aim to visit each scheme and undertake these assessments every four weeks, and have a target of 95% attendance; the actual achieved in March 2016 was 96%.

MANAGING RISK

All activities are focused on keeping Inclusion Housing safe and secure, managing and mitigating risks whilst ensuring that suitable controls are in place.

We maintain a strategic risk map with a detailed description of each risk, an assessment of impact and probability, causes, and the appropriate actions and controls. We focus on the main risks that could impact our ability to fulfil our long-term objectives.

The risk map is reviewed regularly, and any revisions are considered by the Board and Risk and Audit Committee. The Risk and Audit Committee also reviews the latest Homes and Communities Agency regulatory requirement to identify and learn from any related issues. Welfare reform remains our top external risk, which is mitigated through our partnership and sharing of risk alongside lobbying of government.

Inclusion Housing adopts a financial standard, which outlines the minimum or maximum financial parameters within which the business should operate, and reflects our risk appetite. The impact of planned strategic and operational initiatives is assessed through the Business Plan against the financial standards. Annual assurance statements are produced by each director, following good practice. This provides each director’s overview of the year and a commentary on the effectiveness of delegations and accountability, together with their assessment of risks and the control environment

Key risks are reviewed during the year by the senior executive team, Risk and Audit Committee, and the Board - monitoring progress in controlling and mitigating the identified risks. The funding for vulnerable adults eligible for exempt accommodation is currently subject to the welfare reform and work bill; changes to the current level of funding is a key risk for the organisation.

The Business Plan has been stress-tested to ensure that the Executive Team and Board are aware of the effect of a fall in the target growth levels, increases in the number of voids, and changes in government legislation. The scenario testing revealed one of the key risks to the financial success of the organisation is the lost income due to voids.

HEALTH AND SAFETY

Inclusion Housing has a good health and safety (H&S) record and strives to create a working environment that is safe, comfortable, and promotes the long-term health of all employees. There are robust controls in place and a culture of learning from incidents, supported by a comprehensive training programme for employees.

The Board of Management approved the updated Health and Safety Policy in 2015; related policies in place are Gas Safety, Legionella, Fire Safety, Asbestos, and Personal Safety. All staff have been given access to policy briefing information and, as part of team meetings across the business, policies are being distributed to raise awareness, responsibilities and procedures.

The Board recently agreed new schemes would not be taken into management without a voids cover agreement being in place, reducing the risk of high levels of lost income due to voids. Enhanced terms have been negotiated with partners, providing 10 years' voids cover (from the previous five-year level). The level of risk has been mitigated with the strengthened operational management resources and improved contractual terms.

In all financial matters, Inclusion Housing is risk averse. Our policy, strategies and procedures are structured so as to minimise exposure to risks that could jeopardise the security or value of our assets.

Inclusion Housing has an appointed health and safety advisor to act as the competent person and retained advisor to assist the organisation on policy and management arrangements, staff training, legislation changes, and support in investigation of reportable accidents/dangerous occurrences, including liaison with any enforcement authority. Bi-annual review meetings are in place with the health and safety advisor, which tie-in with the legislation changes that are announced each year.

Key performance indicators monitor performance, and compliance is reported to the Risk and Audit Committee and to the Board. The company secretary leads on monthly review of the H&S register, and meetings are in place bi-annually with the appointed H&S consultant. H&S is a standard agenda item at all levels of the business.

Inclusion Housing's aims in regard to equality and diversity (E&D) is to ensure equality of opportunity for all - making sure that services are available to all sections of society, and that we are able to tailor services to individual needs.

Our approach as a business is to recruit, train and retain staff to work with a diverse customer base, have policies and procedures in place that ensure services are delivered sensitively, and to remove physical/attitudinal barriers that may affect a person's ability to live or work to their best within our properties and working environments.

CUSTOMER PROFILING

To date, Inclusion Housing has not had a consistent approach to recording customer profiling information. The operations and business administration teams have now addressed this area to capture a range of tenant information. This was outlined in the Annual Lettings Analysis report presented at the April Board, including customer profiling and E&D information as follows:

- Age

- Gender

- Disability

- Ethnicity

- EU status

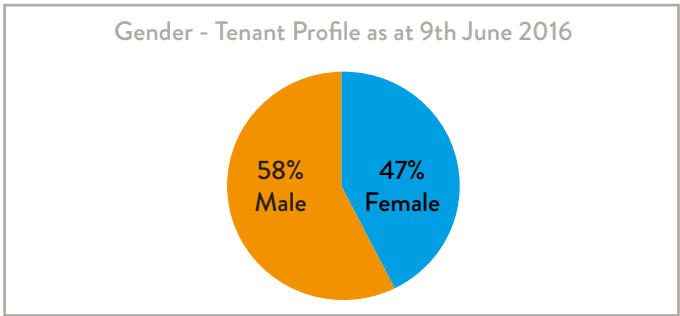
- Religion

- Sexual Orientation

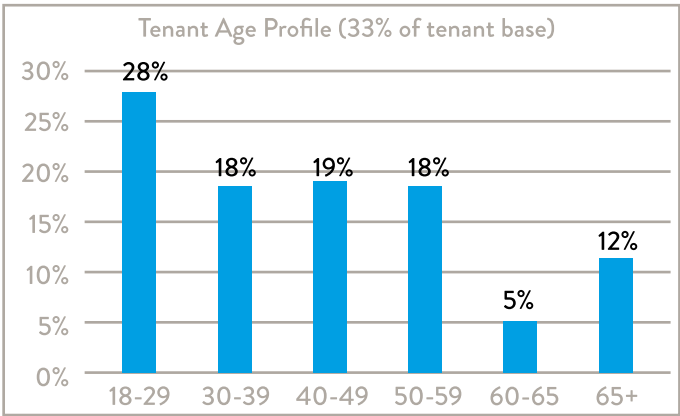
- Gender Identity

The form has now been implemented for new tenancies, and the operations teams are in the process carrying out completion of forms for all existing tenants. The following chart illustrates the gender split across the current tenant base:

As part of embedding this approach within the business, we have put an action plan in place that will address the strategic aims and ensure that staff have the necessary competencies to deliver them effectively. Since implementing the strategy and policy in October 2015, Inclusion Housing is now officially working towards Leaders in Diversity. The process for this will support the organisation in reviewing and assessing E&D throughout the business, formulating an action plan for improvements to achieve the recognised accreditation, and an embedded culture of equality and diversity across the business.



Inclusion Housing currently holds 33% of tenants' dates of birth on the system; the age profile across this section of tenants is detailed in the chart below:



Following the completion of the data collection exercise, and the new processes in place, information held on customer profiles will be significantly enhanced in the future.

The focus during the next five years will be on ‘Delivery and Growth’, by providing quality services to our customers and growing to (in excess of) 3,000 units in management. We will achieve this by enhancing our efficiency to generate increased surpluses for investment in homes and services, and continuing to develop our people and organisation so that we can do more - and do it better. These strategic priorities will help us to deliver our longer-terms targets to 2021.

The key operating principles of Inclusion Housing are:

- Continue to grow and develop the number of units in management, and provide services on a national level.
- Enhance our working relationship with others, particularly finance partners; care providers; developers; enterprise partnerships; strategic partnerships; government agencies; the Homes and Communities Agency, and the voluntary sector.
- Ensure that all new development proposals remain demand-led, viable, and subject to high levels of commissioner consultation.
- Continue to provide excellent services that are sensitive to the needs of residents and communities, and meet the aspirations of our partners and residents.
- Set clear measures of performance that are reviewed and reported regularly, and make a commitment to on-going improvement in service delivery.
- Ensure that our staff are well-trained and motivated, and have clear targets that contribute directly to achieving business goals.
- Ensure that the governance and decision-making processes within Inclusion Housing are efficient and accountable.
- Ensure the key risks to Inclusion Housing are identified, monitored and managed effectively at a strategic and operational level.
- Ensure that the business remains financially viable, and that Inclusion Housing achieves growing surpluses and increased cash reserves in each year of the Business Plan period.

EXECUTIVE LEADERSHIP

The Executive Team is tasked with delivering VfM through business planning, forecasting, and the budget process through day-to-day scrutiny of performance management. Delivery plans are focused on driving efficiency by ensuring that the VfM concept is embedded within the everyday management of Inclusion Housing’s activities.



NEIL BROWN – CHIEF EXECUTIVE

Neil has extensive senior management experience, with over 20 years spent in housing. His experience spans local authority, not-for-profit and commercial sectors, including managing director positions at Circle Anglia and Berwick Housing. He has an MBA from Durham University and a postgraduate diploma in Management Accounting, as well as a Housing Policy degree from Northumbria University. He has led on stock transfers, transformational management, systems re-engineering, and has a track record of commercial and contract negotiation and management. Neil’s mix of financial, commercial, operational and property management skills, accompanied to strong governance, performance and organisational development experience, means he is ideally placed to take Inclusion Housing forward.



PAUL ATKINS - PROPERTY DIRECTOR

Paul Atkins joined Inclusion Housing in December 2015 following a position as a development and property director at York Housing Association. Paul has worked in the development and property industry for over 30 years, rising through the building trades, and spending a number of years as a senior site manager in the private sector. Paul then spent over 10 years at Yorkshire Housing, before leaving his post as senior development manager to take up a director role at Inclusion Housing. Paul holds a CIOB diploma and a BSc Hons degree in construction management, and also spent a number of years working as a part-time lecturer in Construction Management at York College.



MICHELLE DYAS – OPERATIONS DIRECTOR

Michelle joined Inclusion Housing in November 2015 as the operations director. Michelle started her career as an apprentice bricklayer for a social housing provider at the age of 16, where she became the youngest advance craft qualified bricklayer in Great Britain. Michelle has now worked in social housing for over 22 years. She has varied experience in the housing sector, primarily in a property related environment; her past roles include surveying, managing adaptations, change and project management, and establishing an in-house repairs team for a 16,000-strong association in 2009. Commercially-focused, and qualified in building services, management and surveying, Michelle’s strengths lie in people and change management, and influencing increased performance by streamlining processes to gain efficiencies and value for money.



SUE MILNES – FINANCE DIRECTOR

Sue Milnes is the finance director of Inclusion Housing, a position she began in 2014. A professionally-qualified senior finance leader, Sue has more than twenty years’ experience in both commercial and public sectors. Sue started her career in social housing in 2004 as the head of finance with Leeds West Homes ALMO, and joined Leeds & Yorkshire Housing Association in 2007 as the finance director. Sue’s key skills are the provision of first class financial services, organising projects from inception to final implementation, and providing support to achieve business objectives for the effective delivery of social housing.



SARAH WATERS – COMPANY SECRETARY

Sarah Waters joined Inclusion Housing in November 2010 as the business operations director; she has recently transitioned into the role of company secretary, which encompasses oversight of governance and business administration, including HR, IT and legal. She has a BSc Hons in Business Studies and a postgraduate diploma in Management. Prior to joining Inclusion Housing, Sarah was the director of a small non-profit housing organisation, specialising in supported living for vulnerable adults. With 15 years’ specialist experience within the sector, her key skills include contract negotiation of nominations and lease agreements, fostering lasting partner relationships, Housing Benefit negotiations, and project management.



Report of the Directors  
for the Year Ended 31 March 2016

Statement of Comprehensive Income  
for the Year Ended 31 March 2016

The Board of Inclusion Housing CIC is pleased to present its report, together with the audited financial statements for the year ended 31st March 2016.

## STATEMENT OF INTERNAL CONTROLS

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control, and for reviewing its effectiveness. The system of internal control is designed to manage, rather than eliminate, the risk of failure, to achieve business objectives and to provide reasonable assurance against material misstatement or loss. Key elements of the control framework include:

- Board-approved terms of reference and delegated authorities for the Risk and Audit committee and the Remuneration committee.

- Clearly defined management responsibilities for the identification, evaluation and control of significant risks.
- Robust strategic and business planning processes, with detailed financial budgets and forecasts.
- Formal HR policies for all staff.
- Established approval and appraisal procedures for significant new initiatives and commitments.
- Robust performance reporting framework.

## GOING CONCERN

Inclusion Housing's business activities and current financial position are set out in this operating and financial review. With increased cash reserves and adequate resources, the Inclusion Housing Business Plan shows it is able to meet its ongoing obligations and loan covenants.

On this basis, the Board has a reasonable expectation that Inclusion Housing has adequate resources to continue in operational existence for the foreseeable future (being a period of at least twelve months after the date on which the report and financial statements are signed). For this reason, it continues to adopt the going concern basis in the financial statements.

	Notes	2016 £	2015 £
<b>TURNOVER</b>	2	11,079,532	4,819,338
Other external charges		<u>8,542,302</u>	<u>3,431,154</u>
		2,537,230	1,388,184
Staff costs	4	1,019,173	529,856
Depreciation		46,648	33,910
Other operating charges		<u>880,339</u>	<u>696,389</u>
		<u>1,946,160</u>	<u>1,260,155</u>
<b>OPERATING SURPLUS</b>	5	591,070	128,029
Interest receivable and similar income		<u>1,080</u>	<u>1,844</u>
		592,150	129,873
Interest payable and similar charges	6	<u>49,331</u>	<u>41,390</u>
<b>SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		542,819	88,483
Tax on surplus on ordinary activities	7	<u>113,906</u>	<u>22,821</u>
<b>SURPLUS FOR THE FINANCIAL YEAR</b>		428,913	65,662
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>428,913</u>	<u>65,662</u>

The company's results relate wholly to continuing activities.  
The accompanying notes form part of these Financial Statements.

Inclusion Housing Community Interest  
Company (Registered number: 06169583)

Balance Sheet  
for the Year Ended 31 March 2016

	Notes	2016		2015	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	8		1,144,423		1,132,608
<b>CURRENT ASSETS</b>					
Debtors	9	1,121,381		592,117	
Cash at bank and in hand		<u>1,980,367</u>		<u>1,101,356</u>	
		3,101,748		1,693,473	
<b>CREDITORS</b>					
Amounts falling due within one year	1 0	<u>1,712,914</u>		<u>957,001</u>	
<b>NET CURRENT ASSETS</b>			<u>1,388,834</u>		<u>736,472</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u><u>2,533,257</u></u>		<u><u>1,869,080</u></u>
<b>CREDITORS</b>					
Amounts falling due after more than one year	11		2,100,798		1,873,985
<b>PROVISIONS FOR LIABILITIES</b>	15		22,681		14,230
<b>RESERVES</b>					
Income and expenditure account	16	<u>409,778</u>		<u>(19,135)</u>	
			<u>409,778</u>		<u>(19,135)</u>
			<u><u>2,533,257</u></u>		<u><u>1,869,080</u></u>

Inclusion Housing Community Interest  
Company (Registered number: 06169583)

Statement of Changes in Equity  
for the Year Ended 31 March 2016

	Retained earnings £	Total equity £
<b>Balance at 1 April 2014</b>	(84,797)	(84,797)
<b>Changes in equity</b>		
Total comprehensive income	<u>65,662</u>	<u>65,662</u>
<b>Balance at 31 March 2015</b>	<u>(19,135)</u>	<u>(19,135)</u>
<b>Changes in equity</b>		
Total comprehensive income	<u>428,913</u>	<u>428,913</u>
<b>Balance at 31 March 2016</b>	<u><u>409,778</u></u>	<u><u>409,778</u></u>

Inclusion Housing Community Interest  
Company (Registered number: 06169583)

Cash Flow Statement  
for the Year Ended 31 March 2016

	Notes	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	1,078,947	955,419
Interest paid		(49,331)	(41,390)
Tax paid		<u>(19,322)</u>	<u>(7,150)</u>
Net cash from operating activities		<u>1,010,294</u>	<u>906,879</u>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(58,462)	(62,710)
Interest received		<u>1,080</u>	<u>1,844</u>
Net cash from investing activities		<u>(57,382)</u>	<u>(60,866)</u>
<b>Cash flows from financing activities</b>			
Loan repayments in year		<u>(73,901)</u>	<u>(81,993)</u>
Net cash from financing activities		<u>(73,901)</u>	<u>(81,993)</u>
<b>Increase in cash and cash equivalents</b>		<u>879,011</u>	<u>764,020</u>
<b>Cash and cash equivalents at beginning of year</b>	2	<u>1,101,356</u>	<u>337,336</u>
<b>Cash and cash equivalents at end of year</b>	2	<u><u>1,980,367</u></u>	<u><u>1,101,356</u></u>

Inclusion Housing Community Interest  
Company (Registered number: 06169583)

Notes to the Cash Flow Statement  
for the Year Ended 31 March 2016

<b>1. RECONCILIATION OF SURPLUS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS</b>		
	2016 £	2015 £
Surplus before taxation	542,819	88,483
Depreciation charges	46,648	33,910
Finance costs	49,331	41,390
Finance income	<u>(1,080)</u>	<u>(1,844)</u>
	637,718	161,939
(Increase)/decrease in trade and other debtors	(529,264)	300,991
Increase in trade and other creditors	<u>970,493</u>	<u>492,489</u>
<b>Cash generated from operations</b>	<u><u>1,078,947</u></u>	<u><u>955,419</u></u>
<b>2. CASH AND CASH EQUIVALENTS</b>		
The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:		
<b>Year ended 31 March 2016</b>		
	31.3.16 £	1.4.15 £
Cash and cash equivalents	<u><u>1,980,367</u></u>	<u><u>1,101,356</u></u>
<b>Year ended 31 March 2015</b>		
	31.3.15 £	1.4.14 £
Cash and cash equivalents	<u><u>1,101,356</u></u>	<u><u>337,336</u></u>





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