



INCLUSIONHOUSING

YOUR
ANNUAL
REPORT
2016/2017



INCLUSIONHOUSING

INCLUSION HOUSING ANNUAL REPORT & ACCOUNTS 2016/2017

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HELLO AND THANK YOU

THE STRATEGIC DRIVERS OF INCLUSION HOUSING ARE ALIGNED TO OUR AMBITION TO BE 'THE LEADING HEALTH AND SOCIAL CARE HOUSING PROVIDER FOR VULNERABLE ADULTS.' THIS AMBITION INCLUDES A GROWTH PATH TO AT LEAST **DOUBLE OUR SIZE** WHILST ENSURING FINANCIAL VIABILITY, GOOD GOVERNANCE AND EXCELLENT SERVICES – **2016/17 HAS BEEN A PARTICULARLY SUCCESSFUL YEAR IN MAKING PROGRESS.**

GROWTH

During the year we **added 368 tenancies** to our portfolio; **nearly a 50% increase**. This reflects our positive reputation not only for great services but also as a great company to do business with. We have intentionally worked with new partners and seek to extend our reach right across England and Wales so as to deliver more positive outcomes for vulnerable adults whilst at the same time reducing average management costs and increasing productivity. Our plan is working and the 2016/17 results bear this out.

EXCELLENCE

Intentionally we have worked hard to achieve **excellence accreditation** and we compete against the best commercial businesses to establish excellence in service delivery and recruit/retain people who demonstrate first rate aptitudes in whatever they do. We have achieved two prestigious independent national accreditations (Investors in Excellence and Customer Service Excellence) as well as being shortlisted for many national awards. In Autumn 2017, Inclusion Housing was named as *Britain's Best Small Business*. We are immensely proud of our people and our achievements this year.



FINANCIAL VIABILITY

Our 2016/17 Financial Statements demonstrate that as we grow we are becoming more profitable, productive and viable. **Turnover has increased by nearly 50%** in one year while **profit has more than doubled**. This has enabled the company to put aside greater reserves to futureproof the business and build our balance sheet to support our growth aspiration. Our strong financial performance has reduced our average operating costs to sector averages and we aim to dip below this level in the coming years as productivity increases.

STRONG GOVERNANCE

Throughout 2016/17 the Board and Executive Management Team have ensured robust analysis and oversight of business progress and operations. Particular attention has been given to controls assurance to ensure that we meet our statutory and regulatory requirements; we have in many cases exceeded the expected level.

It is a privilege but a great responsibility to provide homes for vulnerable adults and we know that we have to attain high standards and aim for excellence. The implementation of the Risk and Audit Committee in 2016/17 has provided momentum and the purpose is to push us to ensure our controls are even more enhanced.

We are proud of what we have achieved during 2016/17 **but this is only the start of a journey** of aspiration to make **a real** difference to the lives of vulnerable adults and their families across the country.

By employing sound commercial skills in the social housing market, we are demonstrating that it is possible to utilise a new model to deliver great homes and excellent services without a grant, whilst attracting new partners and funders into the sector so that we can do more.



Pete Ottowell, Chair



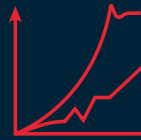
Neil Brown, Chief Executive

WE SET OURSELVES **AMBITIOUS TARGETS** TO ACHIEVE ACROSS OUR RANGE OF ACTIVITY INCLUDING CUSTOMER SERVICE, GROWTH, PERFORMANCE, FINANCE, PROPERTY, OPERATIONS AND GOVERNANCE – **AND IN EACH AREA WE HAVE EXCEEDED OUR EXPECTATION.**



CUSTOMERS

We have increased overall satisfaction with our services to national top quartile levels; with positive responses across all of our key service activity.



GROWTH

We are one of the fastest growing registered providers in the country. We grew our business by about **400** properties in 2016/17 – **nearly 50% growth in just one year.**



PERFORMANCE

We have improved performance across the business with **lower void levels, reduced arrears** and **reduced bad debt**. Our property service has improved significantly while we are attaining all of our finance indicators.



COMPLIANCE

We now attain the highest standards in property health and safety. We continue to go beyond our legal requirement. We undertake best practice in areas such as legionella testing and energy efficiency.



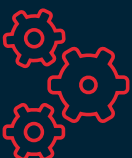
PROPERTY

Our dedicated property team has improved repair performance across all of our key indicators including average response times and lowering costs. In addition, we have made significant progress in delivering our planned repair programme across older stock that was transferred to us in 2016.



GOVERNANCE

Following the establishment of the Risk and Audit Committee we have strengthened our governance approach further with the appointment of internal auditors to scrutinise our key areas of activity.



OPERATIONS

We have **improved performance** regarding fortnightly tenant and scheme visits; while increasing satisfaction with Managing Agents to **94%**. We are proud that personalised service is a reality in our company rather than aspiration.



FINANCE

We achieved our best ever financial year with turnover increasing from **£11m** to **£16M** during the financial year and surpluses **doubling** from **£400k** to **£1M**. This reflects our growth through enhanced reputation alongside increased productivity levels as we grow.

We are strengthening financial viability through re-investing profits back into the business by increasing reserves for future investment in our stock.



CASE STUDY: LEON (19) - BLACKBURN

Leon accepts it took him a few months to get used to life at Mill House with the additional support of Lifeways he has been getting emotional support and daily support to help him adjust to living independently in the community. In the early days of Leon's tenancy he was known for testing the boundaries and having little to no engagement with staff support or his managing agent.

Before Leon moved to Mill house he was living in a Children's Home Called Cherry Tree in Blackburn. He spent 4 years of his teen living there. It was very quiet and lonely so as he got close to his 18th birthday it was decided by him and his care team a move into independent living would be the next step for Leon. Since the turn of the year Leon has made real improvements in his overall wellbeing and attitude. He is so engaged with his support package. He is getting a cleaner in his flat three times a week and with her help they make sure the flat is always kept to a high standard. Staff have also credited him for being very proactive and helpful when it comes to odd jobs around the scheme.

In recent month's the caring side of Leon has really come to light. He is becoming a positive and valued tenant. Staff and other tenants always have a lot of time for Leon. He would admit there has been ups and downs. But in recent months has really worked towards positive outcomes for the best chances of living independently in the community in the future.

He has a vibe and energy which is very infectious. He is full of mischief and jokes but staff and tenants love him and his sense of humour. For a 19 year old lad to be coping and managing his own tenancy so effectively is rarely seen. He is always polite and welcoming. Leon recognizes he is able to make mistakes here because it given him the opportunity to learn in a supported environment.

**IN LEON'S OWN WORDS LIVING AT
MILL HOUSE HAS GIVEN HIM 'MORE
FREEDOM' AND 'SPACE'.**

A photograph of two men looking at a laptop screen, overlaid with a semi-transparent red filter. The man on the left is in profile, looking down at the laptop. The man on the right is slightly out of focus, also looking at the screen. A dark blue rectangular box is positioned in the lower-left area of the image, containing the text '2.0 ABOUT US' in white.

2.0 ABOUT US

ABOUT INCLUSION HOUSING

WE ARE A COMMUNITY INTEREST COMPANY (CIC – SOCIAL ENTERPRISE) REGULATED BY THE GOVERNMENT CIC REGULATOR. WE ARE ALSO A **REGISTERED PROVIDER** OF SOCIAL HOUSING REGULATED BY THE HOMES AND COMMUNITIES AGENCY. WE ARE A NOT-FOR-PROFIT, VOLUNTARY ORGANISATION AND A MEMBER OF THE **NATIONAL HOUSING FEDERATION** AND CONTINUE TO WORK WITH AND ON BEHALF OF VULNERABLE PEOPLE.

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 Extra Care, including a specialist dementia scheme.

We work in partnership with other organisations to meet the specific care and support needs of client groups with specialist requirements.

We've now got a **major development programme underway** to help deliver the best property and support services to thousands more people and demands from all over the United Kingdom to deliver a better way in the North East, Yorkshire, Humberside, Scotland, North West, Midlands, London, South East and South West.

We have a range of funders ranging from banks to the major financial institutions that invest in the housing and/or healthcare market. The properties we manage are a mix of Inclusion Housing owned and short as well as long-term leases via Institutional Investment Partners. Continued business growth will encompass supported living accommodation in the affordable housing and healthcare sector.

We are an innovative health and social care landlord and we are unique in the sector. We are perfectly well placed to identify many commissioning authorities and support organisations requiring good quality social housing for vulnerable people.

Our approach means we have first class relationships with our key delivery partners – including **institutional investors, commissioners in local authorities, Clinical Commissioning Groups, care providers and developers.**

Institutional investment partners recognise that the creation of social benefits through our model in this sector also brings about the opportunity of sensible, stable, regular and reliable commercial returns for their stakeholders too.

Consequently, as commissioners at local authorities increasingly outsource their property requirements we are increasingly the first port of call. We are trusted by decision-makers to provide local and responsive community-based accommodation solutions.

The fact that we've got several years over any competitor in terms of product development, market entry and experience curve effects means that we're now considered as synonymous with the marketplace.

We have first class relationships with strategic partners and commissioners. We have the necessary niche skills to develop supported living and other schemes.

Entrepreneurialism, innovation and pro-activity is in our DNA. We come up with new ideas and respond enthusiastically to those who bring us new opportunities or fresh thinking in the sector.

We are not bureaucratic or hierarchical. You can access the senior management team easily and without delay.

INCLUSION HOUSING IS NOW FIRMLY ESTABLISHED AS ONE OF THE UNITED KINGDOM'S LEADING SOCIAL ENTERPRISE COMPANIES.

IMPROVING THE
LIVES OF THE MOST
VULNERABLE PEOPLE
IN OUR SOCIETY



WE GREW OUR
BUSINESS BY ABOUT
400 PROPERTIES IN
2016/17



TURNOVER INCREASED
FROM £11M TO £16M DURING
THE FINANCIAL YEAR

WHY WE DO WHAT WE DO

2.1 SPECIALIST SUPPORTED HOUSING (SSH) IS SIMPLY BETTER FOR OUR COMMUNITIES

- Our model of specialist supported housing tailors support to residents allowing them to live **more independently** in the community
- Residents enjoy a **quality of life** simply not possible in a residential institution
- Units can be adapted easily and are **customised** to the particular needs of each resident and in line with regulation
- This offers a popular **alternative** to living with elderly parents or finding an increasingly rare residential placement
- With the decline of the residential care home sector this 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

2.2 STATISTICAL EVIDENCE

- 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**
- 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 – and in only 1 in 4 of these cases have councils planned alternative housing
- 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

2.3 HIGH DEMAND

Decades of declining levels of housebuilding combined with population growth has over-stressed the housing market at every single level. Over the last five years only around 140,000 homes a year have been completed, **well below average rates over the last four decades.**

- There is a shortage of housing that is **specifically designed** to meet disabled people's needs.
- Although the gap in non-decent accommodation has closed over recent years, **1 in 3 households** with a disabled person still live in non-decent accommodation.
- 1 in 5 disabled people requiring adaptations to their home believe that their accommodation is **unsuitable**.
- 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
- The most common living situation for adults with learning disabilities getting long-term social care support was settled living with family/friends. (**44,785 people**, a 14.0% drop from 2013/14).
- 54% of those with mobility impairments who have looked for accessible homes said they were difficult to find, only 4% said they were easy to find.
- Most people with a learning disability who live with family and friends want greater independence, with around 70% wanting to change their current housing arrangements to achieve this.
- At least 50% of all adults with a learning disability live in the family home – meaning that many don't get the same chances as other people to gain independence, learn key skills and make choices about their own lives.
- **Less than 33% of people** with a learning disability have some choice of who they live with, and less than half have some choice over where they live.

JUST 15% OF ADULTS WITH A LEARNING DISABILITY HAVE A SECURE LONG-TERM TENANCY OR THEIR OWN HOME. THIS IS IN COMPARISON WITH 70% OF THE GENERAL ADULT POPULATION WHO OWN THEIR OWN HOME AND NEARLY 30% WHO RENT.



3.0

STRATEGIC VISION & PRIORITIES

3.0 STRATEGIC VISION & PRIORITIES

TO BE THE LEADING HEALTH AND SOCIAL CARE LANDLORD FOR VULNERABLE ADULTS;
PROVIDING FLEXIBLE, INNOVATIVE HOUSING SOLUTIONS AND LIFE OPPORTUNITIES IN
PARTNERSHIP

PRIORITIES

Strategic Priority 1	Strategic Objectives	Issue	Key Outcomes	IH Value
Asset Management	Maintain Assets - 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	Top Quartile Maintenance Service Satisfaction Reduced average property costs within Business Plan	Excellence
	Develop New Business - Fully appraise each development opportunity as IH expands its portfolio across the country as a unique housing & social enterprise	Growth	3000 properties in Management by 2021	Entrepreneur
Strategic Priority 2	Strategic Objectives	Issue	Key Outcomes	IH Value
Business Viability	Organisational Development - To encourage innovation and flair within the team, combined with a reward structure that encourages individuals will always continue to demonstrate the extra commitment to get the job done	People	National Top Employer Award Investor in People Accreditation	Inclusive
	Continuous Improvement - To continuously improve our operational systems and service delivery	Delivery & Customer	Investors in Excellence Accreditation	Collaborative
	Management Viability - Be effectively governed and professionally managed	Governance	G1 Governance Rating	Trusted
Strategic Priority 3	Strategic Objectives	Issue	Key Outcomes	IH Value
Customer Excellence	Homelife Tenant Involvement - Support & encourage volunteering, training and employment opportunities and the related benefits this brings to an individual's lifestyle	Resident Involvement	TPAS Accreditation Top Quartile Customer Satisfaction	Inclusive Excellence
	Customer Excellence - Meet the housing needs of vulnerable people and provide a range of housing related services to enable the tenants to live a happy and sustainable lifestyle	Diversity & choice	Customer Excellence Accreditation Investors in Diversity Accreditation	Excellence Inclusive
Strategic Priority 4	Strategic Objectives	Issue	Key Outcomes	IH Value
Financial Viability	Financial Viability - Be financially viable, and professionally managed	Finance	Deliver against our business plan	Trusted
	Value for Money - To be efficient in our drive to provide a range of housing and related services to a recognised quality to all our current tenants and customers	Value	Reduce Average Operational Costs by 15% £1m Annual Surplus	Collaboration



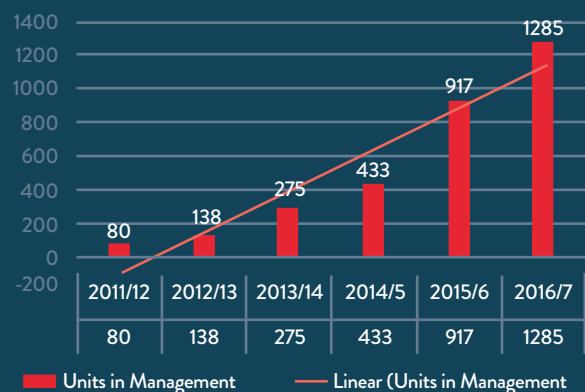
PURPOSE

Our two main purposes are:

Carrying on the business of social enterprise, which provides and manages housing and associated services to vulnerable and disabled people in the UK (without limitation).

Any other object which is connected with or incidental to the provision of housing (including specialist and supported) that can be carried out from time to time as a company registered as a community interest company and registered housing provider in partnership with commissioners, communities, care providers, developers and investors which benefit the community

UNITS IN MANAGEMENT



VALUES

Our key values are:

- Being **entrepreneurial** and innovative to grow our company
- Being **inclusive** and person centred to promote diversity across our activity
- Delivering **excellence** across all our activities and services
- **Trusted** by being open and accountable to our stakeholders
- Working in **collaboration** with all stakeholders to ensure improvement



4.0 COMPETITIVE ADVANTAGE

WE OFFER THE FOLLOWING COMPETITIVE ADVANTAGES ACROSS A NATIONAL STOCK THAT STRETCHES FROM PORTSMOUTH TO SCOTLAND.

INNOVATIVE MODEL

We are one of a small number of businesses with the capability and willingness to operate as a partner to deliver **exempt specialised supported housing accommodation for vulnerable adults**

PERSONALISED CUSTOMER EXCELLENCE

We are superior in our levels of customer service and customer satisfaction. That's not just us saying that. We have secured independent quality accreditations including **Customer Service Excellence** and **Investors in Excellence**.

NATIONAL PROFILE + LOCAL SERVICE

We provide a local service on a national basis through our local agents who visit homes **at least every two weeks** complemented by a local network of service contractors. We therefore offer investors a countrywide ability to invest.

NATIONAL SUPPLY CHAIN

We have a stable, competitively priced and high-quality supply chain to deliver local facility and maintenance services into our schemes; including an expanding handyperson service.

FACILITIES EXCELLENCE

Through our local representatives, we inspect schemes on a monthly basis to ensure that standards are maintained and issues addressed through robust local contract management.

INTENSIVE HOUSING MANAGEMENT

We provide **intensive housing management** visits to residents on at least a fortnightly basis to help sustain tenancies. We manage the signing up process, assist with housing benefit claims and respond quickly to issue and concerns through a personalised local service.

PROPERTY MANAGEMENT

Our **in-house** technical expertise in development and property management means we operate a comprehensive property management service to maintain homes through a **national network of local contractors**.

FINANCIAL EXPERTISE

Our experienced finance team ensures the company is financially viable, has a sustainable business plan and that we meet all our financial commitments to partners and customers.

BUSINESS MANAGEMENT

Our dedicated business administration team works pro-actively with partners to ensure lease arrangements are negotiated, implemented and delivered efficiently. We have implemented a performance analysis approach to provide partners with analysis of how their portfolio of properties is performing.

PARTNERSHIPS

Our network of partnerships across the country enables us to provide value for money and consistently high standards. This is especially important in working with care and commissioning agencies in the schemes themselves.

DIGITAL FIRST

Our 'digital first' approach means that we are future-proofing our business to ensure our touchpoints are relevant for the digital world. We maintain a 24 hour per day digital self-service for residents and will introduce features including a 'live chat' facility with our experts providing instant, personalised responses as well as increasing independence for vulnerable individuals.

CONTACT CENTRE

We have our own dedicated contact centre for residents and business partners to contact.

LOW MANAGEMENT COSTS

Our management costs are low compared to others operating in our market.



CASE STUDY:
PETER (MID 50'S) - DEVON

Peter has been at Kingsbridge, in the same property for 14 years. Peter has seen a major improvement in the house, facilities and the way he is engaged with through the Managing Agent. He thinks it has been much better since Inclusion took over the tenancy management. This has led to an increase in his well-being, feeling more relaxed at home.

“ I AM REALLY HAPPY WITH THE SERVICE. KATE THE MANAGING AGENT IS REALLY ENTHUSIASTIC AND VERY EASY TO TALK TO. SHE IS ONE OF THE EASIEST PERSONS I HAVE EVER HAD TO TALK TO. I AM REALLY HAPPY TO BE LIVING HERE AND FEEL VERY SUPPORTED. I HAVE RECENTLY COME BACK FROM HOLIDAY AND CANNOT BELIEVE HOW NICE THE HOUSE LOOKS, IT'S LIKE A NEW HOUSE!”.



5.0 AWARDS & ACCREDITATIONS

5.0 AWARDS & ACCREDITATIONS

EUROPEAN BUSINESS OF THE YEAR

We won **The Business of the Year Award (T/O €0-25m)** in the 2016/17 European Business Awards, sponsored by accountancy firm RSM.

The European Business Awards is widely recognised as the showcase for Europe's most dynamic companies. More than 33,000 businesses from 34 countries engaged with the awards and the process generated almost 250,000 votes from the general public across the globe.



INTERNATIONAL CORPORATE SOCIAL RESPONSIBILITY AWARDS 2017

We won the **International Corporate Social Responsibility Award** which was presented to us in London at the **House of Commons** in June. The award recognises the ethical dimension of our work and the contribution that we make to society.



BRITAIN'S BEST SMALL BUSINESS 2016/17

We were also awarded **Best Small Business** at the Inaugural British Small Business Awards 2016.

Judges were impressed with our figures and financial growth as well as our strong sector knowledge, innovation and our mission to support society's most vulnerable people.



INVESTORS IN EXCELLENCE 2017

Our Investors in Excellence accreditation proves our skill in business systems and resource deployment. This involved assessment against 76 challenging criteria and was independently assessed in January 2017.



CUSTOMER SERVICE EXCELLENCE 2017

We're hugely proud of our **national accreditation** for **Customer Service Excellence**. We achieved passes in **all five categories** relating to customer insight, culture, information and access, delivery and quality.



BETTER SOCIETY AWARDS 2017

We're also pleased to be shortlisted in the **Ethical Business** category of the **Better Society Awards 2017**.

Now in its third year, the **Better Society Awards** is the showcase for excellence that celebrate the efforts that commercial companies make to help create a better society.





6.0 OUR FOOTPRINT

6.1 NATIONAL... AND LOCAL

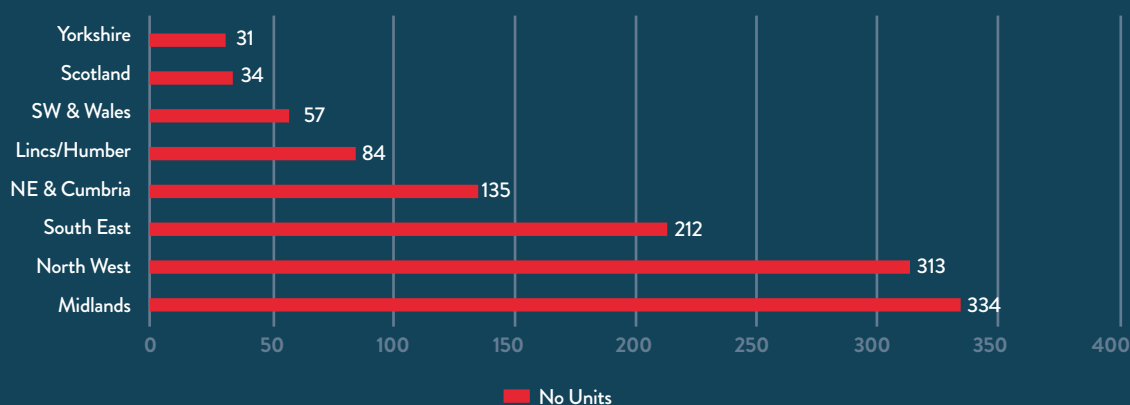
We are firmly established in every corner of England and now we're about to enter Scotland. Our finance and development partners have identified that this is a competitive advantage for the business as it means that they can identify and complete new business opportunities across the country and work with one provider rather than a number across the country.

It's a natural progression because through our existing network of contacts and service providers we can assimilate new developments into the operational portfolio with minimal effort and difficulty.

This national footprint is supported by **Regional Managers, Property Managers** and **Managing Agents** ensuring robust operational management is delivered with a '**local provider**' emphasis. Increasing our services or stock within a geographical area means that we can deliver greater value for money through our management and supply chain.

As well as exploring fresh opportunities in Scotland, we also plan to increase our housing supply in the South of England to reflect increasing levels of demand for accommodation and services for vulnerable adults.

IH PIPELINE - GEOGRAPHY



6.2 OUR CUSTOMERS

Our equality and diversity values place great emphasis on enabling the entire community of vulnerable adults to easily access our services.

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

As part of embedding this approach within the business, we also act upon an action plan in our strategy that ensures our growing team are always up to date with best practice.

In fact, since implementing this policy we're pleased to reveal that we're officially working towards **Leaders in Diversity** the process for which will support us in reviewing and assessing equality and diversity throughout the business.

We capture and record tenant profiling information as part of our sign-up process as standard practice. This enables greater analysis of letting across the business, and assists us in understanding and analysing our customer base more thoroughly.

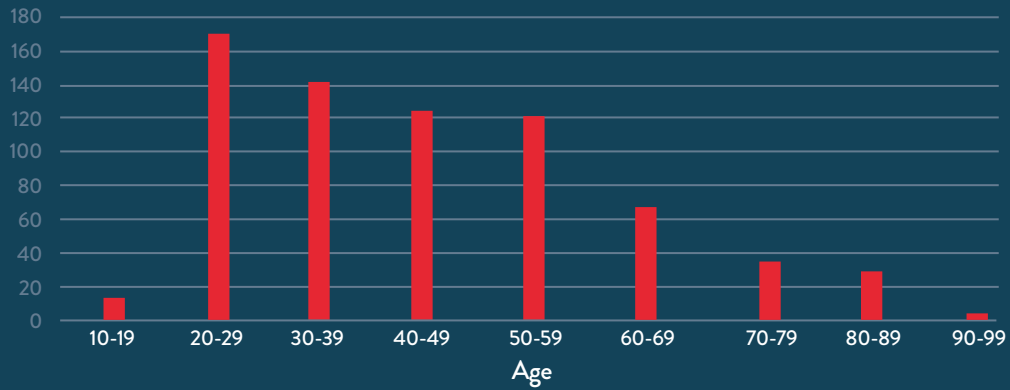
The overarching intention is to establish ways to better understand our tenant profile / portfolio, and how their requirements influence or impact on our tenancy turnovers.

WHO ARE OUR CUSTOMERS?

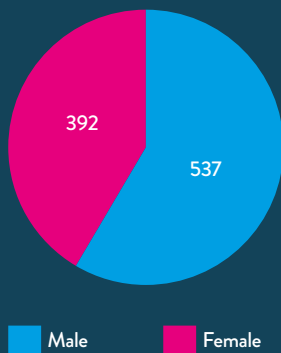
- **58%** of tenants are **male**
- **18.5%** of tenants who responded fall into the age category of **20 – 29 years. 27%** categorise between **40 and 60 years** of age.
- **44%** identify as **Christian**
- **74%** of the **568** responders told us that they speak, read and write in English, with 2% of tenants having no understanding of English.
- **64%** of tenants identify as heterosexual

Further analysis is provided (on the following page) in graph form: ►

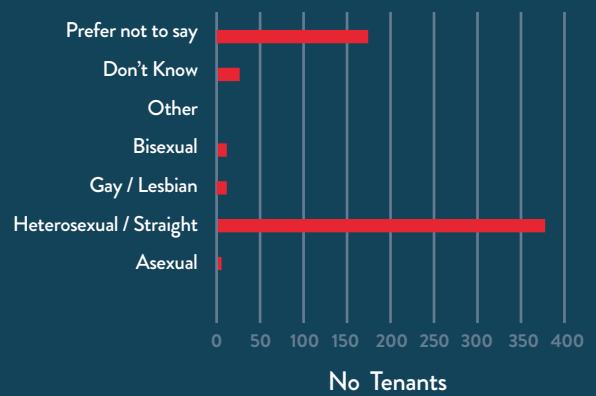
AGE RANGE



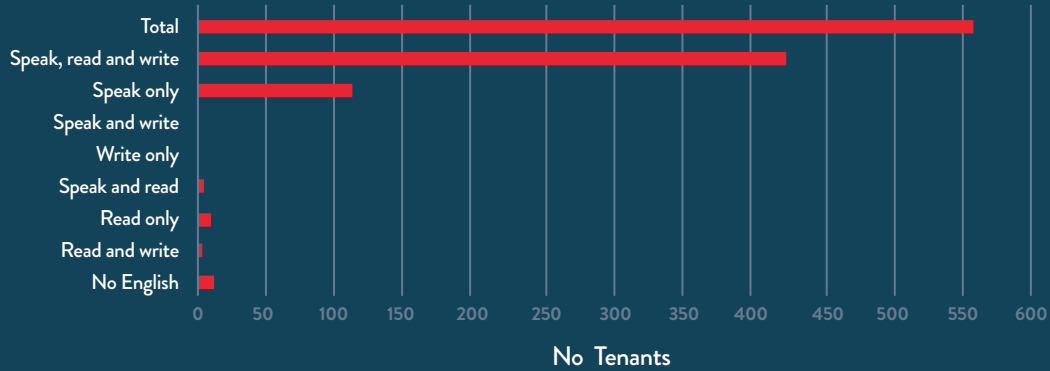
GENDER SPLIT



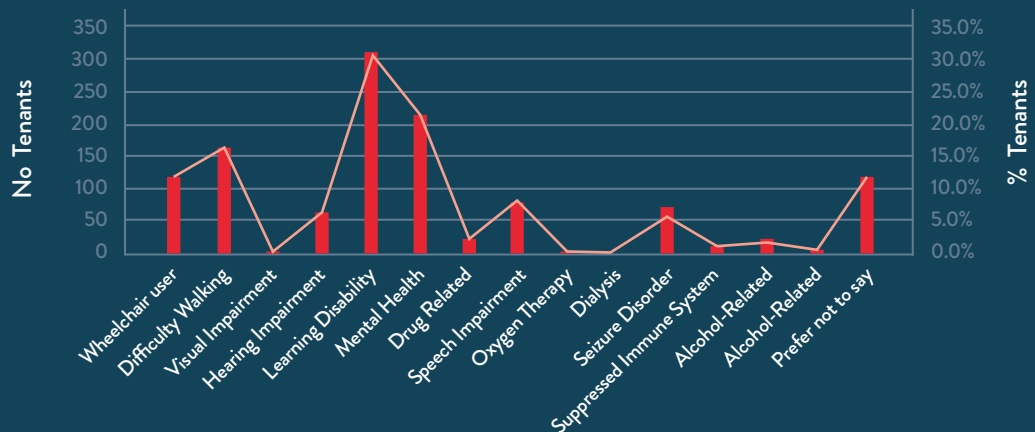
SEXUAL ORIENTATION



LANGUAGE ACCESSIBILITY



CONDITIONS





7.0 CUSTOMER SERVICE

7.0 CUSTOMER SERVICE

Our Customer Satisfaction Survey is issued to all tenants (or their advocates / appointees). Care providers circulated the information to ensure probity.

Overall **45%** of customers completed the survey which is a **good return** for a survey of this type. The table below provides the breakdown of responses.

The main points to note from the survey are listed below using the **Net promoter score calculation methodology**:

The table below provides comparative analysis with the results from 6 months ago to demonstrate the progress made in customer service delivery.

SINCE THE LAST RESULTS IN APRIL 16, IT IS PLEASING TO NOTE SIGNIFICANT IMPROVEMENT ACROSS ALL AREAS OF THE SURVEY; AN INCREASE IN SATISFACTION OVERALL BY +17%, AND DISSATISFACTION REDUCING BY A FURTHER 9% TO JUST 4%.

Question	Satisfaction April 2016	Satisfaction Sept 2016
How satisfied are you with the overall service provided by Inclusion Housing?	72%	89%
How satisfied are you with the service your Managing Agent provides?	68%	94%
How satisfied are you with the condition and repair of your home?	67%	79%
How would you rate the satisfaction of the scheme you live in?	79%	85%
How satisfied are you with our response to anti-social behaviour issues?	70%	75%
Do you feel supported to manage your tenancy?	77%	92%
Are you satisfied you are listened to by Inclusion staff?	67%	86%
Are you satisfied with how safe you feel in your home?	88%	92%
Are you satisfied that your opinions are taken seriously?	70%	84%
Overall Average for Questions	73%	86%

We also aim to achieve a Net Promoter Score of above 60; this is being consistently achieved across our service provision.

Question	Net Promoter Score 2015/16	Net Promoter Score 2016/17
How satisfied are you with the overall service provided by Inclusion Housing?	+29	+66
How satisfied are you with the service your Managing Agent provides?	+33	+74
How satisfied are you with the condition and repair of your home?	+25	+44
How would you rate the satisfaction of the scheme you live in?	+47	+59
How satisfied are you with our response to anti-social behaviour issues?	+45	+53
Do you feel supported to manage your tenancy?	+48	+73
Are you satisfied you are listened to by Inclusion staff?	+34	+64
Are you satisfied with how safe you feel in your home?	+62	+76
Are you satisfied that your opinions are taken seriously?	+39	+62
Overall Average for Questions	+40	+64

IT'S CLEAR. WE ARE NOW ACHIEVING HIGH LEVELS OF SATISFACTION ACROSS ITS SERVICES AND CAN DEMONSTRATE CONTINUOUS IMPROVEMENT.

There is a high level of satisfaction with the service provided by Managing Agents (94%); demonstrating the success of recent recruitment on an attitude and transferable skills basis. As a result, 92% of tenants feel they are supported in their home as well as feeling safe.

Importantly 94% of residents are satisfied that their opinions are taken seriously; this is particularly impressive given the vulnerability of residents we work with.

The highest level of dissatisfaction relates to overall condition of the home (12%) and our response to issues of anti-social behaviour (7%). These levels are well down from the previous years' figures.

This meaningful data will help shape the services and direction of the business moving forwards, engagement and visibility in our schemes is high on Inclusions agenda, as is the need to improve our repairs delivery.

COMPLAINTS

From **01 April 2016** to **31 Mar 2017**, a total of **6 complaints** were logged. This constitutes an average of just **0.5** complaints received per month.

5 out of 6 (83.33%) of these complaints were resolved to the satisfaction of the customer, the remaining one being in relation to planned maintenance with the works being scheduled and the customer informed.

SCHEME STANDARDS

Schemes are inspected every 4 weeks by Managing Agents to ensure that we comply with our service standards. Usually this target is surpassed through fortnightly visits during which Intensive Housing Management is delivered.

Checks continue to be made against up to 14 applicable criteria (including cleanliness, health and safety and maintenance issues) and rated against a simple Good, Fair or Poor scale on a standard Scheme Inspection form.

INTENSIVE HOUSING MANAGEMENT

Our 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 they are aware of their rights under their tenancy agreements.

We work with other agencies, both statutory and voluntary, on the tenant's behalf to ensure they are supported to manage their tenancy. We also provide signposting and 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 person 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 4 weeks and have a target of 95% attendance; the actual achieved in 2016 was 96%.

The inspection allows Inclusion to monitor standards and improvement in schemes and enables Managing Agents to deliver meaningful facilities contract management, as well as liaison with the Property service team to address specific concerns and investment requirements.

We have since delivered an increase of units into management by 44% to 1,109 and are now achieving 98% of schemes scoring good or fair; unsatisfactory schemes are being addressed through planned investment programme.

March 17	Schemes	%
Good	122	78%
Fair	31	20%
Unsatisfactory	4	2%
TOTAL	157	100%

A grayscale photograph of a hand holding a shower head. A large, solid red rectangle is overlaid on the bottom half of the image, containing the section header. The background image shows a hand gripping the handle of a shower head, with water spraying from the nozzle. The shower head has a flexible hose and a curved spout.

8.0

PROPERTY MANAGEMENT

A SUBSTANTIAL AMOUNT OF WORK HAS BEEN CARRIED OUT BY OUR DEVELOPMENT AND PROPERTY TEAM IN 2016/17 WORKING TOWARDS ACHIEVING EXCELLENCE IN ALL AREAS.

ENHANCED PERFORMANCE

We have implemented significant improvements in the following areas:

- collation of all compliance and property data into a central database
- proactive management of repairs delivery and performance.
- proactive management of all servicing contracts.
- tendering and procurement of investment works.
- focus of achieving value-for-money in all our activities.

100% SURVEY OF STOCK

We have carried out stock condition surveys on **100%** of our properties - completing this task in December 2016.

The analysis of this data identified that the stock was in generally **good condition**. To ensure this valuable information remains accurate and up to date over the long term we are committed to completing a rolling programme of stock condition surveys on a minimum of 20% of our properties annually. This data will continue to inform the annual review of the 30-year investment plan ensuring resources are allocated in the most cost-effective manner.

INCREASED CUSTOMER SATISFACTION

A Customer Satisfaction Survey carried out in September 2016 shows **79%** of customers were **satisfied** with the condition of their home set *against a figure of 67% in April 2016*. Significant improvements in the back-office repairs function, the introduction of handyperson services, and tighter control and management of contractors provides confidence that customer satisfaction will continue to improve with each survey undertaken.

PLANNED MAINTENANCE PROGRAMME

Planned and preventative maintenance improves the quality of our homes and reduces demand for responsive repairs, maximising value for money, whilst minimising disruption and improving resident satisfaction. The annual investment programme is prepared in line with approved annual budgets based on the stock condition data within our asset management system.

GREATER COMPLIANCE

All property compliance certification is now held in a central database (SDM) and is monitored and reported upon through this database. A compliance working group has been set up to regularly monitor progress and performance, this group has a key role to play in ensuring compliance remains a key focus for Inclusion Housing. Property compliance performance data is regularly presented to Board Members within the Balanced Scorecard.

HANDYPERSON SERVICES

The “handyperson service” implemented in 2016/2017 is performing well and we continue to receive positive feedback from tenants and care providers. We now have fifteen schemes where the handyperson service is currently being offered and a further five schemes are currently being negotiated by the Property Managers.

PROCUREMENT LEADING TO LOWER COSTS

This financial year the property team tendered many of its service contracts through various framework agreements, competitive tendering or renegotiation of existing arrangements. The **retendering** of servicing contracts has resulted **in an annual saving of £188,932**.





ASSET MANAGEMENT

Before we make informed and evidence based decisions about our assets we will follow a core set of good practice principles ensuring that we focus our limited resources into delivering greater value for money for the business and ensuring the future maintenance of our assets. The following principles are set out in the Asset Management Strategy and form part of our delivery plan but can be summarised as follows:

1. We will maintain the stock condition surveys of the company's stock on a **five-year rolling programme** and identify properties which need further investigation.
2. We will undertake **detailed investigations of low performing assets** to determine the most effective solution for the company.
3. We will ensure all our properties continue to meet the **Decent Home Standard**.
4. We will interrogate our planned investment programmes annually to **reduce demand** for responsive repairs and **deliver greater value for money** through joined up procurement on our investment and responsive maintenance programmes.
5. We will annually maintain a clear **30-year investment Plan**, detailing the works identified and estimated costs of all programmed works.

In delivering the Asset Management Strategy, we will be able to accurately determine the investment and maintenance requirements of our assets. This will provide stakeholders with greater assurance and certainty of the viability of the business plan and evidence that we continue to deliver best practice in Asset Management.

A summary of all key data detailed in this report is tabled below.

Summary of All Key Data	
Number of Properties with an up to Date Stock Condition Survey	1092
Total Planned Investment (30 Years)	£21,440,109
Annual Investment Per Unit	£654
Average Age of Property	25 years
Average SAP Rating	73.2
Percentage Flats	83%
Percentage Shared Accommodation	17%



9.0 GROWTH 2016/17

We brought **thirty new schemes into management during the year 2016/17**. The budgeted number of units in management at the end of the year was 1,334 (set January 2016) by comparison to the actual number of units in management 1,285; 96% achieved.

Currently in management, there are **178** schemes ranging from bespoke 1-unit schemes to the largest scheme of 60 units at Strand Court with an average of seven units per scheme.

Since the beginning of the financial year fifteen schemes (8%) and 30 units (2%) of the current property portfolio have been decommissioned; this compares with 91 (7%) units coming into management which did not form part of the original budget assumptions.

NUMBER OF UNITS IN MANAGEMENT

Units in Management	Month into Management	Opening Number	Additions/ Decommissioned	Closing Number
April 2016 B/fwd.		917		
Howard Street - decommissioned			-6	911
Hunderton Road - decommissioned			-2	909
Stroud Road - decommissioned			-7	902
Empire Court	April 16		15	917
Portway House - Riverway	April 16		15	932
Eleanor Street	April 16		12	943
Croft House phase 1	May 16		8	951
Emery Court	June 16		1	952
Quadrant House	July 16		16	968
Church View	July 16		24	992
Foden View	July 16		15	1007
Red Lion Apartment	Aug 16		16	1023
Emery Court Phased	Aug 16		2	1025
R3 - 33 Leach lane	Aug 16		1	1026
Ash mount Court	Sept		16	1042
Fountain Court	Sept		16	1058
Albion Gardens Mews	Sept		6	1064
Emery Court	Sept		10	1074
The Boathouse	Oct		12	1086
Canal side Gardens	Oct		14	1100
SLOL - decommissioned	Oct		-10	1090
Corn mill House	Oct		16	1106
30 Thistle close	Nov		3	1109
Burham Gate	Nov		12	1121
St Matthews Court	Nov		10	1131
91 Bluestone Lane	Nov		8	1139
Coft House Phase 2	Nov		13	1152
Draycote - decommissioned	Dec		-4	1148
Brunswick Gardens	Dec		16	1164
Pear Tree	Jan		14	1178
Claridge Court	Jan		16	1194
Milburn Court	Jan		9	1203
Pioneer House	Feb		18	1221
Marsh house - decommissioned	Feb		-1	1220
38 Ravesby Avenue	March		4	1224
82 Queens Road	March		3	1227
Newmans Gardens	March		16	1243
Birch Tree Place	March		16	1259
Hardybutts	March		26	1285
Total				1285



CASE STUDY: **CLAIRE (LATE 30'S) - HULL**

Claire has lived in her Inclusion Housing property in Hull since July 2013. She was born in Preston and moved to Hull with her parents at the age of 14 where she stayed until she left school to study clothing technology at Kent University. It was here, during her second year of study, she met her husband and they both moved back to Hull after they got married. They bought a house in Hull and went on to have two children.

Soon after the relationship failed the pair got divorced. Claire's ill health meant the children were taken into foster care. Then, she was diagnosed with schizophrenia and diabetes. She struggled to cope living in the community and her life spiralled out of control.

Living in her own flat has made a huge difference to her life. She now has a better quality of life and she is receiving all the help she needs. She can also see her children again - going from supervised irregular visits with a social workers to regular contact with support from staff.

Claire is a lot more confident and focused and is happy and content living in her flat. Inclusion Housing is proud to have made a positive impact on her circumstances.



10.0 PERFORMANCE MANAGEMENT

10.0 PERFORMANCE MANAGEMENT

The tables below provide insight into our key performance management indicators compared to national benchmarking figures. This is the second year of such benchmarking and plans are already in place to improve upon our void, maintenance and overall customer satisfaction performance.

Source: Balanced Scorecards 2015/16 & 2016/17 Housemark Benchmarking Data 2015/16

10.1 CUSTOMER INDICATORS

Overall there has been a significant positive trend in customer service indicators reflecting the high standards being achieved within the business. Benchmarked against other supported housing organisations Inclusion is demonstrating favourable comparison and achieving high levels of customer satisfaction.

Customer Indicators	Benchmarking [Supported Housing]	2015/16 Inclusion Housing	2016/17 Inclusion Housing	T/L
Customer Satisfaction - Net Promoter Score/ %	90%	72%	89%	●
Complaints Resolved within timescale	96%	n/a	100%	●
Landlord listens to their views	78%	70%	84%	●
Satisfied with Managing Agent	88%	68%	94%	●

10.2 COST INDICATORS

Overall as we grow, we are reducing our costs in all areas of the business and will continue to do so whilst retaining excellent levels of service. The table below highlights that our management and property costs are significantly lower than other operators in this market.

Cost Indicators	Benchmarking [Supported Housing]	2015/16 Inclusion Housing	2016/17 Inclusion Housing	T/L
Weekly Management Cost per dwelling	£27.41		£11.95	●
Overhead cost per property %	15.2%		6.23%	●
Supporting People Block income % of turnover	4.8%	0%	0%	●
Agency staff costs as % of payroll	3.2%	n/a	2.8%	●
Reactive spend per property per week	£9.95	n/a	£5.08	●
Annual Housing Mgt cost per property	£615		£432	●
Annual Responsive Repairs and Voids per property	£762		£374	●

10.3 OPERATIONS INDICATORS

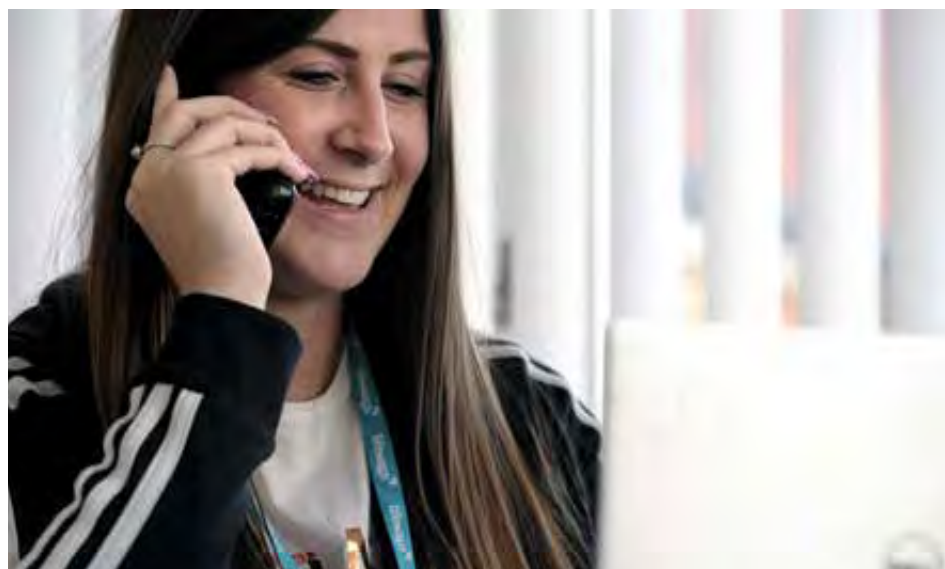
Overall operation indicators improved during 2016/17 especially in regard to reducing current and former rent arrears. Void loss is reducing along with average re-let days but we aim to improve further.

Operation Indicators	Benchmarking [Supported Housing]	2015/16 Inclusion Housing	2016/17 Inclusion Housing	T/L
Current Rent Arrears %	1.73%	5.51%	1.86%	●
Former Tenant Arrears %	2.30%	0.47%	0.25%	●
Arrears Written Off	0.7%	n/a	0.26%	●
Rent Collection %	99.05%	95.5%	95.9%	●
Relet Days	19	183	156	●
Net Void loss %	3.5%	11.7%	7.7%	●
Work days lost to sickness	5.4 days	n/a	4.2 days	●

10.4 PROPERTY INDICATORS

In comparison with other supported housing peers Inclusion Housing is performing comparatively well in benchmarking of property services. During 2016/17 we have implemented significant improvements to overhaul our maintenance services and the impact has been positive across all areas.

Property Indicators	Benchmarking [Supported Housing]	2015/16 Inclusion Housing	2016/17 Inclusion Housing	T/L
Satisfaction with Home Condition %	89%	67%	79%	●
Gas Servicing	100%	100%	100%	●
% Repairs Completed on First Visit	93%	85%	96%	●
Routine Repairs Completed in Target Time	96.8%	41%	97.3%	●





11.0 CONTINUOUS IMPROVEMENT

11.1 OVERALL ANALYSIS

We use 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 Board previously and the scoring represents the manifestation of their active implementation including the balanced scorecard, delivery plan, risk, board reporting, property compliance and governance frameworks.

The table below satisfies two objectives of the framework in regard to measurement and links to business frameworks. Overall the Continuous Improvement Approach has resulted in a positive trend with the average Continuous Improvement (CI) Score for the Business improving from: -

Year	2014/15	2015/16	2016/17	Trend
CI Score	45% (est)	77%	86%	91%

This represents a **91% positive trend** improvement since 2014/15 and reflects the progress made during the last two financial years. During 2016/17 the improvement trend increased by 12% over the year.

Framework	2015/16	2016/17	Trend
Risk	64%	67%	+ 5%
Performance	46%	71%	+ 54%
Delivery	94%	92%	-2%
Governance	93%	97%	+4%
Facilities	81%	89%	+10%
Customer Service	72%	89%	+24%
Development	86%	85%	-1%
Compliance	n/a	97%	n/a
Average CI Score	77%	86%	+12%

11.2 2016/17 DELIVERY PLAN SUCCESSES

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

Continuous Improvement – Systems		
Ref	Description	Impact
i	Customer Service Excellence Accreditation achieved	High – Enhances profile and provides reassurance for audit and regulation purposes
ii	Investors in Excellence Accreditation achieved	Medium - Enhances profile and provides reassurance for audit and regulation purposes
iii	Internal Audit implemented through Mazars	High – Enhanced insight into system compliance and performance to enhance compliance and regulation.
iv	Compliance review and overhaul to ensure best practice and compliance	High – High standards of compliance being achieved through implementation of robust monitoring and best practice.
v	ASB Case handling enhanced; training delivered	Medium – Enhanced recording leads to better interventions and enhanced intelligence
vi	Governance registers introduced	Medium – Formal recording of declarations of interest and incident ensures better governance oversight and regulatory compliance.
vii	Roll out of Handyperson service	High – Increased responsiveness, higher productivity and increased satisfaction from customers.
viii	Reduction in contractors following formal procurement exercise to appoint onto our approved contractor lists	Medium – Reduction in number of contractors with focus on cost and quality

11.2 2016/17 DELIVERY PLAN SUCCESSES

Continuous Improvement – Performance		
Ref	Description	Impact
i	Reduction in void loss	High – savings made
ii	Increased Intensive Housing Management visits	Medium – Better customer service and less risk of HB challenge
iii	Increase in % of emergency/urgent jobs completed on time	High – Enhanced customer satisfaction and reduced compliance risk
iv	Reduced sickness absence from 2.1% to 1.7%	High – sign of healthy ‘people’ business and savings made.
v	Average cost of repair reduced from approximately £110 to £81.	High – reduced average cost of repair
vi	Average Repair Days reduced from 27 to 13	Medium – Demonstrates more efficient system and higher customer satisfaction
vii	96% repairs completed on first visit	Medium – Demonstrates more efficient system and higher customer satisfaction
viii	Customer satisfaction increased to 89% from 72%	High – Higher customer and stakeholder satisfaction
ix	Rent Arrears reduced to 1.9%	High – reduced bad debt provision being realised.
x	Re-let days reduced	Medium – Reduced void loss but further reductions required

Continuous Improvement – Innovation		
Ref	Description	Impact
i	Registered care lease model negotiated	Low – Potential to have a major impact if further registered care opportunities are presented.
ii	New partnership agreed with care provider; negotiations being undertaken with others	Medium – New business partnerships being made to reduce exposure to Lifeways
iii	Funding arrangements agreed with major financial investors	Medium – Significant institutional investors to fund deals and also to link to opportunities.
iv	British Small Business Award Winner	Medium – Enhances business reputation
v	European Business Award Winner	High – Prestigious award to enhance business reputation.
vi	International Corporate Social Responsibility Award winner	Low – Enhances Business Reputation
vii	HomeLife community fund launched	Low – Direct investment into communities for low value but high impact ideas.

11.2 2016/17 DELIVERY PLAN SUCCESSES

Continuous Improvement – Knowledge		
Ref	Description	Impact
i	Inclusion Website launched	Medium – Increased awareness and availability of information online to stakeholders and customers
ii	Inclusion ‘ Octavia ’ extranet site launched	Medium – Central availability of key documents and reports
iii	Articles and Objects updated	Medium – Enhanced ability of Inclusion to diversify activity into other vulnerable adult services and products.
iv	Leaflets and handbook updated; available on line	Low – Enhanced information and branding for customers.
v	Annual Report devised	Low – First annual report devised with availability on line for stakeholders
vi	Branding of Company Updated	Medium – Branding updated to enhance recognition of Inclusion.
vii	Resident newsletter re-launched	Low – Newsletter more attractive for customers and stakeholders.
viii	Customer Panel formed	Low – Small number of residents appointed to panel for consultation purpose.
ix	Board Development Plan devised and implemented	Medium – Plan devised and progress being made to address weaknesses
x	Board Attendance at 92%	High – Demonstrates good governance

Continuous Improvement – Efficiency		
Ref	Description	Impact
i	Increased annual surplus from £800k to £1.3M	High – Demonstration financial viability and profitability
ii	Cash reserves attaining £1M by year end	High – Addresses key risk of cash flow and headroom
iii	New Head Office purchased	High – Cost neutral; asset for balance sheet and capacity for the business to grow
iv	Sector benchmarking undertaken	Low – Ability to compare and contrast with other sector providers.
v	Planned maintenance programme implemented	Medium – Investment in low calibre stock to enhance living accommodation.
vi	Return on assets report devised	Medium – Depth of analysis allows for insight into portfolio performance; identifies out-liers.
vii	Value for Money Statement devised and reported to Board	Low – First ever vfm statement devised to capture extent of efficiencies made.
viii	Consolidation of utility purchase through one supplier	Medium – Efficiencies being realised through bulk purchase
ix	Unit Management cost reduced	High – Savings to the business
x	Turnover increased by 40%	High – Turnover exceeded budgeted expectation
xi	Productivity per employee increased from £317k to £372k	High – Reflects higher productivity and increased efficiency



CASE STUDY: **CONNOR (23) - DONCASTER**

“My name is Connor, I am 23 years old and I moved here in August last year.

I decided I was ready to move to a place on my own. Before moving here, I lived at home in Rossington with my mum, step-dad and half brother, who is 17.

Moving to my own flat has allowed me to do new things for myself like keeping my flat clean and tidy with the help of my carer. I started going to the gym as I was overweight weighing 15 stones and 11 pounds and I got down to 11 stones and 11 pounds by going on the treadmill and regulating my diet, cutting out coca cola and sweets. I now weigh 12 stones and 3 pounds as I have put a little bit of weight back on because I haven't been going to the gym quite as much.

I take great pride in my personal appearance and in my home, I like it to be tidy.

I enjoy going shopping to buy DVDs, games and clothes and calling at cafes and sometimes restaurants with carers and other residents for a day out. I have a girlfriend. I visit my mum regularly.

My goal is to either move in with my girlfriend or for my girlfriend to move in here.”



12.0 BUSINESS REVIEW

12.0 BUSINESS REVIEW

FINANCIAL VIABILITY

As a housing provider, it is essential that Inclusion Housing make a healthy surplus to fulfil our core strategic priorities. All surpluses are reinvested into bringing new units into management, improving services for our residents and building cash reserves to mitigate future lease liability risks.

The Board are pleased to report a surplus on ordinary activities before interest and taxation for the year of £1,377K. After spending £1,369K to maintain the existing units in management, alongside an increase in property sinking funds £514K to be spent on future investment in the properties managed to enable Inclusion Housing to continue to provide high quality homes for our residents.

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

(£) 1,000	2016/17	2015/16
Income – units in management	14,878	10,363
Other Operating Income	1001	716
Operating Income	15,878	11,079
Property Lease Costs	9,158	6,466
Repair & Maintenance Costs	1,369	808
Service Charge Costs	1,400	1,079
Management Costs	1,527	1,337
Other operating Costs	533	523
Property Sinking Fund	514	323
Operating Costs	14,501	10,536
Operating Surplus before Interest & Tax	1,377	543

The increased surplus generated in the year was due to a 43% growth in income creating economies of scale, realising procurement gains, controlling costs and reduced 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:

	2016/17 Target	2016/17 Actual
Liquidity Ratio (Liquid Assets / Short Term Liabilities)	>1.1	1.27
EBITDA% (Before planned Maintenance Sinking fund)	>= 9%	11.94%
Cash Flow (Headroom)	>£700K	£1,590K
Employee costs % turnover	9%	7.5%
Sickness Absence	<2.5%	2.1%
Lease Costs % of Income	62%	62%
% CTA	<5.0%	1.86%
% of properties with a valid CP12 certificate	100%	100%



13.0 VALUE
FOR MONEY

OUR VALUE FOR MONEY APPROACH IS AN IH STRATEGIC OBJECTIVE AND LINKED TO OUR VISION. THE VALUE FOR MONEY OBJECTIVE IS TO: - 'ENSURE ROBUST BUSINESS PLANNING THAT DELIVERS VALUE FOR MONEY'

VALUE FOR MONEY ACHIEVEMENTS IN 2016/17

Key Strategic Priority	Self-Assessment
Asset Management	Growth in Business <ul style="list-style-type: none"> Completed 368 new units in management with plans to deliver future sustained growth over 365 units a year in line with the strategic plan
Business Viability	Continuous Improvement <ul style="list-style-type: none"> 8% Average year on year reduction in the staffing overhead costs per property 22% increase in productivity per employee Percentage of days lost through sickness absence fallen from 2.1% to 1.74% - 17% reduction Re-aligning managing agent patches to reduce non-productive / travel
Financial Viability	Financial Viability <ul style="list-style-type: none"> Achieved 8% surplus before tax, 1% ahead of budget. Focus for the future to sustain the surplus by reducing our core cost base and better procurement in a challenging economic environment More favourable lease/nomination agreements terms allowed a 46% increase in the amount of lost rent, due to empty properties, invoiced to third parties A move towards self-insurance of lost income from void properties, resulted in halving direct costs saving £94K in premiums and more favourable policy terms allowed a two thirds increase in claims £59K Property Sinking Fund growth to £829K cash reserves , supporting the 30 year asset investment plan Procurement exercises resulting in new contracts delivering direct cost reductions, including mobile phones, compliance and gas servicing Cash from operating activities increased from £992K in 2015/16 to £1,590 in 2016/17 Value for Money <ul style="list-style-type: none"> High interest (6%) loan repayment provides in year interest payable savings of £10K and £20K in future years Focused arrears management resulted in a 38% reduction in debt write offs, equivalent to £26K Procurement exercises resulting in reduced direct costs for gardening ,window cleaning & cleaning- savings all passed back the tenants in reduced service charges

13.0 VALUE FOR MONEY

IN 2016/17 WE MADE SAVINGS IN THE FOLLOWING AREAS: -

Title	Description	Saving
Utility Costs	Bulk contracts established on competitive market rates	Estimated 11% savings £63K
Voids Assurance Policy	New insurer sourced policy on more favourable terms, Premium saving, plus reduced broker commission	£96K
Property Insurance Costs	Market Tested – Second year of Market tested terms and realization of low claims rebate	£4K
Bad Debt	Focused debt collection reduced year on year bad debt provision, 2015/16 £83K – 2016/17 £42,000	£41K
Travel Costs	Reduced managing agents patch sizes – reduced travel costs	£3K
Mobile Phones	New contract negotiated, reduced tariffs approximately 40% saving on previous years costs	£6K
Maintenance costs	Local procurement exercises resulted in spend savings against budget	£46K
Asbestos Reports	Procurement exercise reducing cost of survey from £420 to £102 76% saving	£19K
Legionella risk assessments	Risk Assessments carried out in house – 296 assessments carried out at a per unit saving of £49	£14K
Professional Fees	Rent reviews carried out in house	£47K
Interest Receivable	Change in treasury arrangements – day to day cash in interest bearing accounts	£4K
Loan Repayment	High interest 6% loan repaid – interest cost savings	£9K
	TOTAL SAVINGS	£352K

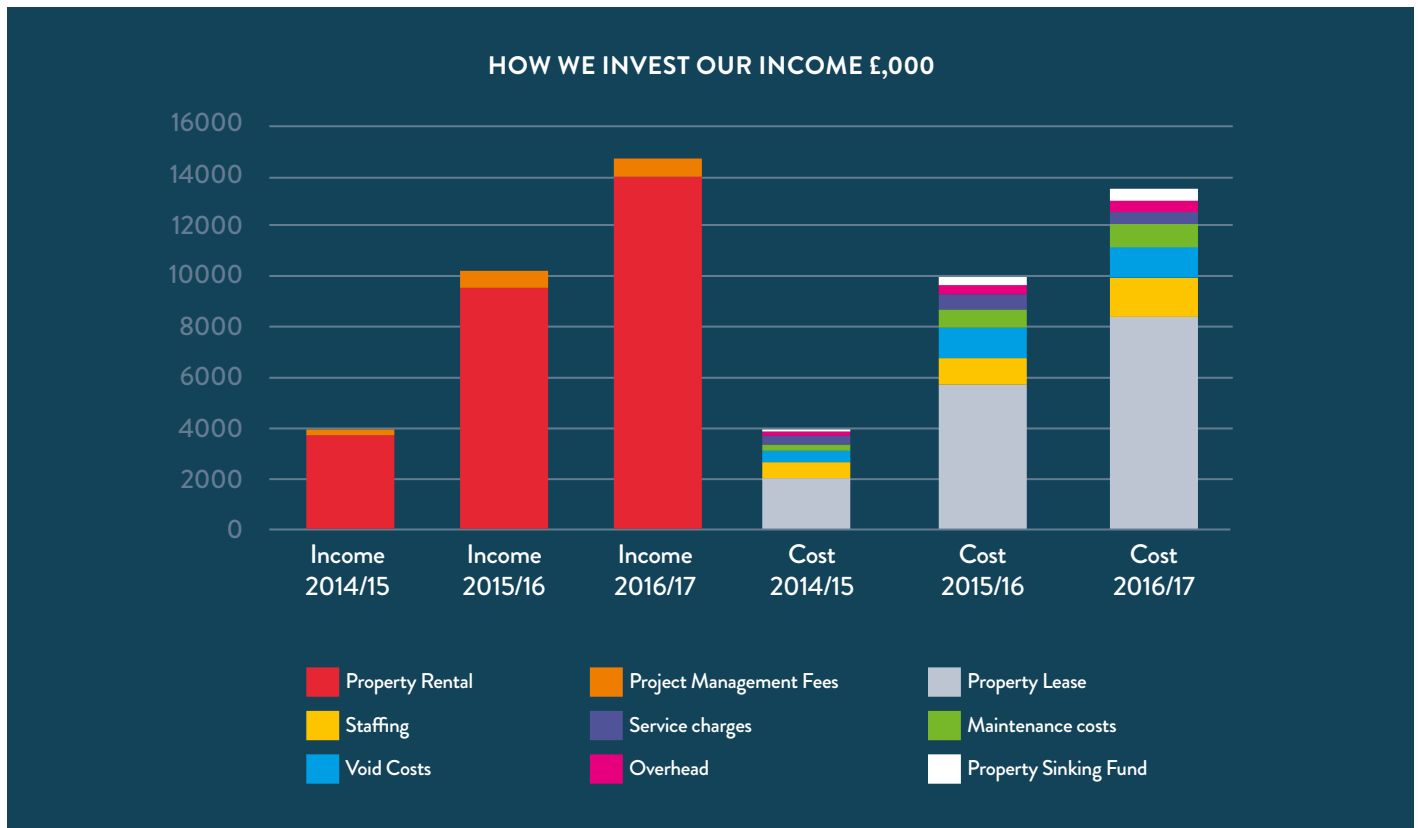
As a percentage of the overall operating costs (excluding property lease costs), £4.3m, the £352k saving represents an approximate **8.2% efficiency on an annual basis.**



14.0 FINANCIAL VIABILITY

14.0 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 BRINGING NEW UNITS EITHER INTO MANAGEMENT OR INTO IMPROVING SERVICES FOR OUR TENANTS.



Since 2014/15 significant yearly growth in the number of units in management from 433 to 1285 and consequently income has grown significantly from £4 million to just over £15 million; 275% increase.

- The reliance on project management income has reduced from 7% of total income in 2015/16 to 4% in 2016/17.
- We lease the majority of the properties in the portfolio and as a consequence the largest expense is the property lease cost, £2.8 million in 2014/15 (60% of income) rising to £6.5 million in 2015/16 (62% of income) and £9.4 million in 2016/17 (60% of income). The agreement to stepped rent arrangements contributed significantly to the short-term fall in costs. Change in the demand for self-contained units is influencing future 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 to £1354k in 2016/17 due to the significant period of growth, reduced income loss from empty properties, 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.

14.1 FINANCIAL RATIOS

Indicator	2014/15	2015/16	2016/17
Operating Margin	1.4%	5.3%	8.7%
Net Margin (after tax)	1.4%	3.9%	6.3%
EBITDA	1.8%	7.8%	11.9%
Liquidity Ratio	1.15	1.25	1.46
Gearing Ratio	1.09	0.95	0.23

- The financial ratios support the improved financial position of the organisation from achieving very small margins in 2014/15 through to sustainable operating margins at 8% in 2016/17 to support the delivery of services for the long term.
- The improved liquidity ratio supports the future cash requirements, to cover the risks associated with long-term lease commitments, excellent service delivery and investment in additional units in management.
- Leasing the majority of the properties in management means we only have a small debt requirement. We will continue to repay the mortgages on four properties owned with no immediate plans to take out any further loans.

14.2 COSTS

- The Homes & Communities Agency published its 2016 global accounts of private registered providers. This has been utilised to compare Inclusion benchmarked costs compared to national averages.
- Average (mean) headline social housing costs were £3,570 per unit in 2016, by comparison to IH at £4,438, but showing a significant fall to £3,373 in 2016/17.
- The annual consistent 10% fall in management costs reflects the economy of scale being achieved through continued growth and a flat management structure.

AVERAGE UNIT COSTS

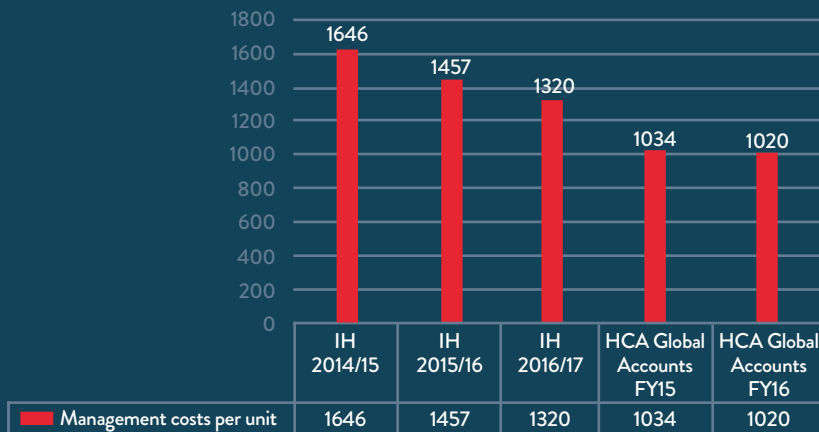
(Source: Inclusion Management Accounts 2015/16 2015 Global Accounts (HCA))

Costs per Property per annum	Inclusion 2014/15	Inclusion 2015/16	Inclusion 2016/17	Median HCA global Accounts 2015/16	T/L
Management Costs	£1,646	£1,457	£1,320	£1,020	●
Service Charge Costs	£935	£1,176	£973	£360	●
Maintenance Costs per unit	£635	£881	£629	£970	●
Major Repair Costs	£0	£353	£214	£810	●
Other Social Housing Costs	£939	£571	£237	£210	●
Headline Social Housing Costs	£4,155	£4,438	£3,373	£3,570	●

14.1 FINANCIAL RATIOS

(I) MANAGEMENT COSTS PER UNIT

- We recognise that our management costs per unit are reducing, but further economies are needed in order to align with industry averages.





CASE STUDY: **DARREN (51) ST HELENS**

Darren enjoys going to the cinema with his key worker. He loves to watch Sci fi type films, but is also very fond of Marilyn Monroe.

Darren likes to collect ornaments especially pigs, he has quite a few of them displayed around his lovely flat.

Darren has two pet budgies which he has had for several years who he loves and they keep him company.

Darren was admitted to hospital after having a nervous breakdown. When he came out of hospital he lived in a small flat in a a rundown area of the town. The block of flats attracted lots of drug users and crime. Darren even got his door kicked in and was burgled twice when living there.

As a result, Darren's metal health deteriorated. He suffered from anxiety and depression and became isolated.

Since living at Scholes Croft Darren's life has turned around. Living here has made a huge difference to his life and his confidence is has been greatly improved.

A few years ago, Darren wouldn't get on a bus or even leave the house alone. Now, he has a bus pass and takes shopping trips to Liverpool . In addition he is now more independent, happier and has never looked back.



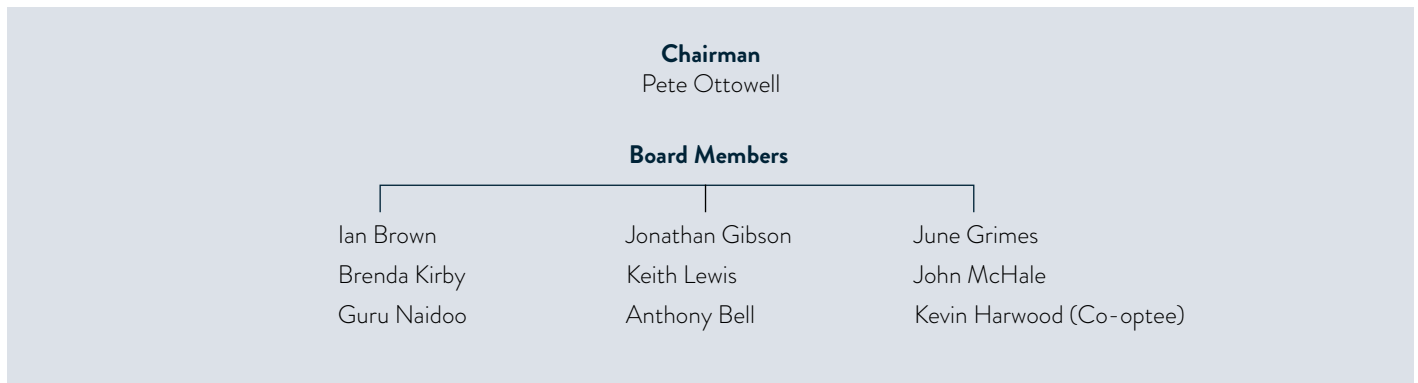
15.0 GOVERNANCE

THE ROLE OF OUR BOARD IS TO PROVIDE STRATEGIC DIRECTION, OVERSEE FINANCIAL CONTROL AND TO GOVERN, CONTROL AND SCRUTINISE THE COMPANY'S OPERATIONS. OUR BOARD IS MADE UP OF UP TO NINE NON-EXECUTIVE MEMBERS. THE BOARD MEETS REGULARLY TO REVIEW THE PERFORMANCE OF THE BUSINESS.

The **Risk & Audit Committee** meets at least three times per year. It receives reports from the external and internal auditors and reviews the processes for audit and risk management. It is chaired by a member of the Board who is not the Chair of the Board of Inclusion Community Interest Company

The Remuneration Committee keeps under review the composition of the Board and its subordinate committees and to make recommendations for Board appointments. Importantly it determines policy on staff and Board remuneration ensuring that it is aligned to the performance of the business. Fundamentally it promotes effective governance across the Inclusion Housing.

As a **Registered Provider** we are subject to the requirements of the current social housing regulator, the Homes & Community Agency. The Board will continue to review progress against the business plan and assesses progress against the delivery of agreed priorities and targets including those which 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.



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

Audit & Risk Sub Committee	Role
Brenda Kirby	Chairman
Responsible for overseeing standards of probity, risk management strategy and internal and external audit	

Each board and committee member is expected to attend at least 90% of meetings each year and all board and committee members are subject to regular performance appraisals.

BOARD OF MANAGEMENT

PETE OTTOWELL - CHAIR, BOARD DIRECTOR & MEMBER

Pete has been Inclusion's Chair since the early inception of the organisation. He has gained more than 40 years' experience working within the social housing sector and is a member of the Chartered Institute of Housing. He started his career at a junior level in 1974 as a front line Housing Officer to 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 Chair of their house building subsidiary Mulberry Homes Yorkshire.

**BRENDA KIRBY - BOARD DIRECTOR & MEMBER****Chair of Risk & Audit Committee, Member of Remuneration Committee**

Brenda is an experienced board member as well as having a wealth of knowledge about social housing, health and safety and employment law and practice. She qualified as an Environmental Health Officer in 1972 and went on to move into housing and regeneration. Brenda was the Executive Director for Corporate Services of Erimus Housing until her retirement in 2010 when she then developed a portfolio of non-executive roles in social housing and local charities. Brenda currently is 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 & MEMBER****Chair of Remuneration Committee, Member of Risk & Audit Committee**

Recently retired, Guru joined Inclusion's Board in 2015 and has worked in the public and social housing sector for 32 years; 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 and 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.

**ANTHONY BELL - BOARD DIRECTOR & MEMBER****Member of Risk & Audit Committee**

Tony has recently joined Inclusion's Board in June 2016; he has over 20 years' experience at board level in the education and social housing sectors and has also had senior roles in the private sector. Tony is a qualified accountant, and was recently 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 & Risk committee in March 2016 prior to joining Inclusion. In addition to his role at Inclusion 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 & MEMBER****Member of Risk & Audit Committee**

Ian joined Inclusion's Board in October 2015, his 30-year career has predominantly been in the public and social sector with 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 has developed detailed knowledge of business assurance, organisational governance and regulatory frameworks and has led on 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.



BOARD OF MANAGEMENT

JONATHAN GIBSON - BOARD DIRECTOR & MEMBER**Member of Remuneration Committee**

Board member of Inclusion Housing since 2011, Jonathan has 25 years plus working in the sector within Housing Development and is currently Senior Development Manager at the Joseph Rowntree Housing Trust. Jonathan has extensive knowledge of general needs and supported housing schemes, for rent and sale, ranging from individual properties to developments of 500 homes. Jonathan has a BA Hons in Housing Studies and a Member of the Chartered Institute of Housing.

**JUNE GRIMES - BOARD DIRECTOR & MEMBER****Member of Risk & Audit Committee**

June joined Inclusion'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 commissioning and inspection of adult residential care schemes, further education teaching up to degree level and more 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 sat on a number of boards in a variety of sectors including housing organisations and business membership organisations.

**KEITH LEWIS - BOARD DIRECTOR & MEMBER****Member of Remuneration Committee**

Keith recently joined Inclusion's Board in October 2015; his background is 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 his experience involves positions held 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 of a north east based environmental charity.

**JOHN MCHALE - BOARD DIRECTOR & MEMBER****Member of Risk & Audit Committee**

John joined Inclusion'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.

**KEVIN HARWOOD - BOARD CO-OPTEE****Member of Remuneration Committee**

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





16.0 EXECUTIVE LEADERSHIP

THE EXECUTIVE TEAM IS CHARGED 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 THROUGH ENSURING THE VALUE FOR MONEY CONCEPT IS EMBEDDED WITHIN THE EVERYDAY MANAGEMENT OF IH'S ACTIVITIES.

NEIL BROWN – CHIEF EXECUTIVE

Neil has extensive senior management experience over 20 years in housing encompassing the local authority, not for profit and commercial sector; including Managing Director positions at Circle Anglia and Berwick Housing. He possesses an MBA from Durham University; a Postgraduate Diploma in Management Accounting as well as a Housing Policy Degree from Northumbria University. He has been lead on stock transfers, transformational management, systems re-engineering and has a track record of commercial and contract negotiation/ management. His mix of financial, commercial, operational and property management skills allied to strong governance, performance and organisational development experience provides a comprehensive array of abilities to take Inclusion Housing forward.



PAUL ATKINS – PROPERTY DIRECTOR

Paul Atkins joined Inclusion in December 2015 having formally being the Development and Property Director of 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 post. 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 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, and has now worked in Social Housing for over 22 years. Michelle 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, 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 Finance Director of Inclusion Housing CIC, which she joined 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 Head of Finance with Leeds West Homes ALMO and joined Leeds & Yorkshire Housing Association in 2007 as 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 – BUSINESS DIRECTOR

Sarah Waters joined Inclusion Housing in November 2010 as Operations Director and has recently transitioned to the role of Business Director which encompasses oversight of governance and business administration including HR, IT and legal. She possesses a BSc Hons in Business Studies and Post Graduate Diploma in Management. Prior to joining Inclusion Sarah was 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.





17.0 MANAGING RISK

ALL ACTIVITIES ARE FOCUSED ON KEEPING INCLUSION SAFE AND SECURE, MANAGING AND MITIGATING RISKS WHILE ENSURING 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 & Audit Committee. The ARC also reviews the latest HCA 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 adopts financial standards which outline 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 a 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

RISKS & UNCERTAINTIES

The senior executive team and the Board review key risks and monitor progress in controlling and mitigating the identified risks. Proposed changes to the funding methodology for vulnerable adults eligible to exempt accommodation has been subject to sector consultation with changes expected to be implemented no sooner than April 2019 a key risk for the organisation.

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

All new Leases agreements include a voids cover agreement reducing the risk of high levels of lost income due to untenanted properties. Enhanced terms have been negotiated with partners providing longer term void cover and with the strengthening of the operational management resources, liquid assets and improved contractual terms the risk profile of the business has fallen.

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

HEALTH & SAFETY

Inclusion has a good health and safety 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 disseminated to raise awareness, responsibilities and procedures.

Inclusion 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 legislation changes which are announced each year.

Key performance indicators monitor performance, and compliance is reported to the Audit & Risk 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



18.0 BRIGHT FUTURE

18.0 BRIGHT FUTURE

On 3 April 2017, the Company acquired the freehold to its new Registered Office at 106 Heworth Green, York. It was funded by a fixed rate loan from Santander.

The focus during the next five years will be on 'Excellence & Growth' by providing quality services to our customers and growing to in excess of 3000 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 better. These strategic priorities will help us to deliver our longer-term targets in line with the 2017-2022 business plan.

THE KEY OPERATING PRINCIPLES OF INCLUSION HOUSING ARE:

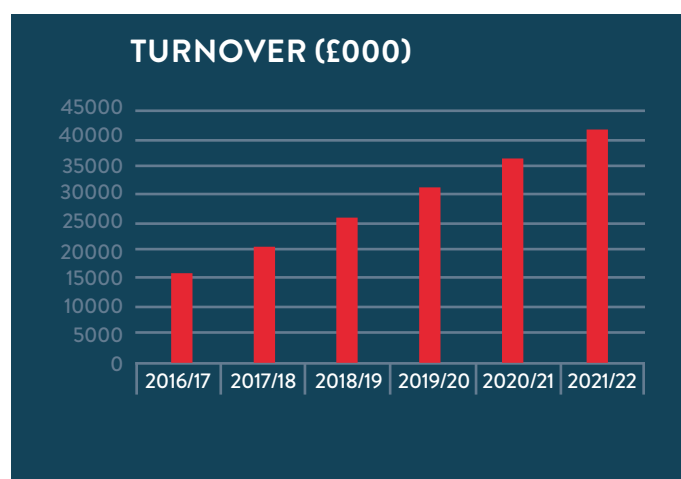
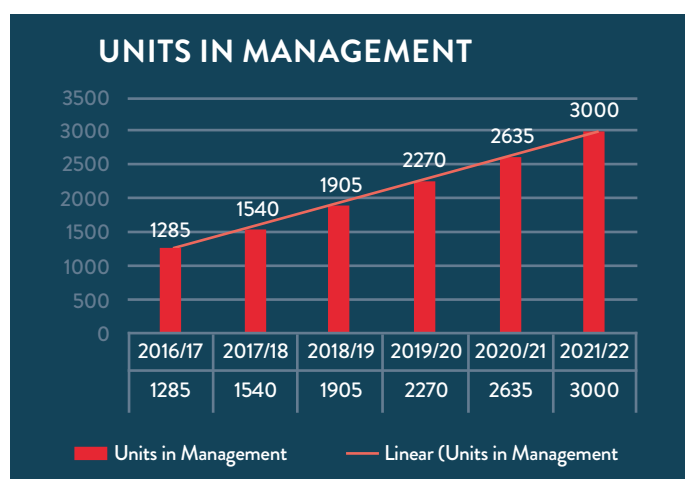
- Continue to grow and develop the number of units in management and provide services on a national level.
- Enhance our working relationship with others; particularly finance partners, care providers, developers, Enterprise Partnerships, strategic partnerships, government agencies, The Homes and Communities 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 accredited 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 our governance and decision-making processes are efficient and accountable.
- Ensure key risks are identified, monitored and managed effectively at a strategic and operational level.
- Ensure that the business remains financially viable, and that we achieve growing surpluses and increased cash reserves in each year of the business plan period.

Over the next five years we anticipated growing at an average growth rate of approximately 365 units per annum; incorporating both new build and portfolio acquisition.

This will result in the stock increasing from 1300 to 3000 units over the business plan term; and turnover reaching approximately £35m per annum.

This is within the management capability of the existing organisational structure and will assist with reducing average management costs, increasing productivity and profitability, reducing risk and further consolidating our national profile.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
B/FWD	433	917	1229	1540	1905	2270	2635
In Management	484	368					
Projected			311	365	365	365	365
C/FWD	917	1285	1540	1905	2270	2635	3000
% Growth	111%	34%	25%	23%	19%	16%	13%



19.0 REPORT OF THE DIRECTORS

INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2017

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 eliminating 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 Audit & Risk 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 business activities and current financial position are set out in this operating and financial review. With increased cash reserves and growing 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 it has adequate resources to continue in operational existence for the near 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.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) for Registered Social Housing Providers update 2014, have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Company has fully complied with the Accounting Direction for Private Registered Providers of Social Housing 2015.

A qualifying third party indemnity provision is in place for directors and officers of the Company.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as each director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware. They have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, JN Straughan & Co., are to be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF INCLUSION HOUSING COMMUNITY INTEREST COMPANY

We have audited the financial statements of Inclusion Housing Community Interest Company for the year ended 31 March 2017 on pages thirteen to twenty-seven. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of Directors' Responsibilities set out on pages nine and ten, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OTHER MATTER

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Mr W.H. Sawyer (Senior Statutory Auditor)
for and on behalf of JN Straughan & Co.
Statutory Auditors
1st Floor, Portland House
Belmont Business Park
Durham
DH1 1TW

20 June 2017

INCLUSION HOUSING COMMUNITY INTEREST
COMPANY (REGISTERED NUMBER: 06169583)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	2017		2016	
	£	£	£	£
TURNOVER		15,878,909		11,079,532
Other external expenses		12,502,237		8,542,302
		<u>3,376,672</u>		<u>2,537,230</u>
Staff costs	1,187,387		1,019,174	
Depreciation	72,209		46,648	
Other operating expenses	739,721		880,338	
	<u>1,999,317</u>		<u>1,946,160</u>	
OPERATING SURPLUS		1,377,355		591,070
Interest receivable and similar income		6,335		1,080
		<u>1,383,690</u>		<u>592,150</u>
Interest payable and similar expenses		29,618		49,331
SURPLUS BEFORE TAXATION		1,354,072		542,819
Tax on surplus		276,067		113,906
SURPLUS FOR THE FINANCIAL YEAR		1,078,005		428,913
OTHER COMPREHENSIVE INCOME		-		-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,078,005</u>		<u>428,913</u>

The Company's results relate wholly to continuing activities.

The notes form part of these financial statements

INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

BALANCE SHEET

31 MARCH 2017

	2017		2016	
	£	£	£	£
FIXED ASSETS				
Tangible assets		1,078,350		1,144,423
CURRENT ASSETS				
Debtors	2,031,841		1,163,497	
Cash at bank and in hand	3,213,467		1,980,367	
	5,245,308		3,143,864	
CREDITORS				
Amounts falling due within one year	2,537,795		1,755,030	
NET CURRENT ASSETS		2,707,513		1,388,834
TOTAL ASSETS LESS CURRENT LIABILITIES		3,785,863		2,533,257
CREDITORS				
Amounts falling due after more than one year		(2,283,359)		(2,100,798)
PROVISIONS FOR LIABILITIES		(14,721)		(22,681)
NET ASSETS		1,487,783		409,778
RESERVES				
Income and expenditure account		1,487,783		409,778
		1,487,783		409,778

The financial statements approved by the Board of Directors on 20 June 2017 and signed on its behalf by:

P Ottowell
Director & Chairman

G D Naidoo
Director

The notes form part of these financial statements

INCLUSION HOUSING COMMUNITY INTEREST
COMPANY (REGISTERED NUMBER: 06169583)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Retained earnings & Total equity £
BALANCE AT 1 APRIL 2015	(19,135)
CHANGES IN EQUITY	
Total comprehensive income	428,913
BALANCE AT 31 MARCH 2016	409,778
CHANGES IN EQUITY	
Total comprehensive income	1,078,005
BALANCE AT 31 MARCH 2017	1,487,783

The notes form part of these financial statements

INCLUSION HOUSING COMMUNITY INTEREST
COMPANY (REGISTERED NUMBER: 06169583)

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

	2017 £	2016 £
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	1,725,836	1,060,947
Interest paid	(29,618)	(49,331)
Tax paid	(106,201)	(19,322)
Net cash from operating activities	<u>1,590,017</u>	<u>992,294</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(6,135)	(58,462)
Interest received	6,335	1,080
Net cash from investing activities	<u>200</u>	<u>(57,382)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan repayments in year	(357,117)	(55,901)
Net cash from financing activities	<u>(357,117)</u>	<u>(55,901)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	<u>1,233,100</u>	<u>879,011</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,980,367</u>	<u>1,101,356</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>3,213,467</u>	<u>1,980,367</u>

The notes form part of these financial statements

INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

1. RECONCILIATION OF SURPLUS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2017 £	2016 £
Surplus before taxation	1,354,072	542,819
Depreciation charges	54,010	46,648
Loss on disposal of fixed assets	18,199	-
Finance costs	29,618	49,331
Finance income	(6,335)	(1,080)
	<u>1,449,564</u>	<u>637,718</u>
Increase in trade and other debtors	(868,344)	(571,380)
Increase in trade and other creditors	<u>1,144,616</u>	<u>994,609</u>
CASH GENERATED FROM OPERATIONS	<u>1,725,836</u>	<u>1,060,947</u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

YEAR ENDED 31 MARCH 2017

	31.3.17 £	1.4.16 £
Cash and cash equivalents	<u>3,213,467</u>	<u>1,980,367</u>

YEAR ENDED 31 MARCH 2016

	31.3.16 £	1.4.15 £
Cash and cash equivalents	<u>1,980,367</u>	<u>1,101,356</u>



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INCLUSION HOUSING CIC IS A SOCIAL ENTERPRISE / COMMUNITY INTEREST COMPANY AND REGISTERED PROVIDER. INCLUSION HOUSING IS A MEMBER OF THE NATIONAL HOUSING FEDERATION (00146316) AND IS REGULATED BY THE COMMUNITY INTEREST COMPANIES REGULATOR AND THE HOMES AND COMMUNITIES AGENCY UNDER THE FOLLOWING REGISTRATIONS : COMMUNITY INTEREST COMPANY – 6169583; HOMES AND COMMUNITIES AGENCY – 4662