



INCLUSIONHOUSING

**YOUR
ANNUAL
REPORT
2017/2018**



INCLUSIONHOUSING

INCLUSION HOUSING ANNUAL REPORT & ACCOUNTS 2017/2018

04	MESSAGE FROM THE BOARD
05	ABOUT INCLUSION HOUSING
09	STRATEGIC VISION & PRIORITIES VISION
13	AWARDS & ACCREDITATIONS
15	COMPETITIVE ADVANTAGE
17	WHERE WE OPERATE
20	CUSTOMER SERVICE
25	PROPERTY MANAGEMENT
28	GROWTH 2017/18
31	CONTINUOUS IMPROVEMENT
34	PERFORMANCE MANAGEMENT
38	BUSINESS REVIEW
40	VALUE FOR MONEY
43	FINANCIAL VIABILITY
48	GOVERNANCE
50	EXECUTIVE LEADERSHIP
52	MANAGING RISK
54	LOOKING TO THE FUTURE
56	REPORT OF THE DIRECTORS

HELLO AND THANK YOU

IN MAY 2017 INCLUSION HOUSING WAS AWARDED THE PRESTIGIOUS AWARD OF EUROPE'S BEST SMALL BUSINESS; THIS FOLLOWED ON FROM BEING NAMED AS BRITAIN'S BEST SMALL BUSINESS 2016. WE HAVE AND WILL CONTINUE TO STRIVE TO BE EXCELLENT AND THE BEST; THIS ACCOLADE EXCEEDED ALL OUR EXPECTATIONS BUT REFLECTS THE GOOD GOVERNANCE, EXCELLENT LEADERSHIP, GREAT SERVICE AND FINANCIAL STRENGTH OF THIS SOCIAL ENTERPRISE.

Being the best only brings even greater responsibility and we are always mindful of why Inclusion is in business; to provide flexible, innovative housing solutions and life opportunities in partnership for vulnerable and disabled adults.' In 2017/18 Inclusion has demonstrated great progress in providing more homes for disabled adults, attracting over £30 millions of pounds of investment into the sector while not calling upon any public grant.

Through this we have managed to help local health and care bodies meet their strategic priorities by providing specialist supported housing for people who would potentially be housed in registered care, hospitals or in sub standard accommodation. Through the provision of independent living Inclusion is able to save the public purse thousands of pounds per person per year (Source: National Audit Office 2017).

We are proud of what we do and the difference we are able to make to help deliver a better quality of life for societies most vulnerable people. Inclusion is recognised as 'best in class' in the specialist supported housing sector and this excellent reputation allied with our increasing financial strength by re-investing our profits means that we can help more people; that is why one of our strategic objectives is to grow further.

2017/18 was a year where we have grown by nearly 300 tenancies and posted our best every financial statement. Our operating costs continue to fall; with the average annual management cost per unit being nearly half the sector average. Despite extremely competitive costs we can retain high customer satisfaction levels of nearly 90% while putting in place even more handyperson schemes across the country to provide an unprecedented repair service.

We utilise a great deal of analysis across the business to measure the impact of our decisions and services to manage risk and deliver value for money. We will seek to enhance this in the coming year by research into the social impact of providing independent living accommodation. Our partners are enthusiastic to deliver more supported housing as it is the right thing to do and helps provide much needed housing in an under supplied market.

Partnership working has never been stronger with Inclusion securing new opportunities with care agencies, developers and funders; this contributes toward the de-regulation of the social housing sector by attracting new models, supply and finance into what has been a heavily grant dependent sector.

Partners invariably approach us as they want to work with a responsible, knowledgeable and high performing business to ensure the long-term sustainability of the investment through good stewardship and management; the information contained within this Annual Report demonstrates that Inclusion Housing excels in this regard.

We are immensely proud of what we do, how we do it and the people and partners who help deliver it; but most of all we are proud that we are able to assist vulnerable adults to assume a quality of life that they probably have never experienced. Our tenancies are for the longer term and this reflects the long-term aspiration, strategy and business planning here at Inclusion.

2017/18 has been an exceptional year but we are not complacent to think that we can now rest on our laurels; there are more health and care bodies to assist and more disabled adults to re-house. We can help so that is why we can, and we do.



Pete Ottowell, Chair



Neil Brown, Chief Executive



2.0 ABOUT US

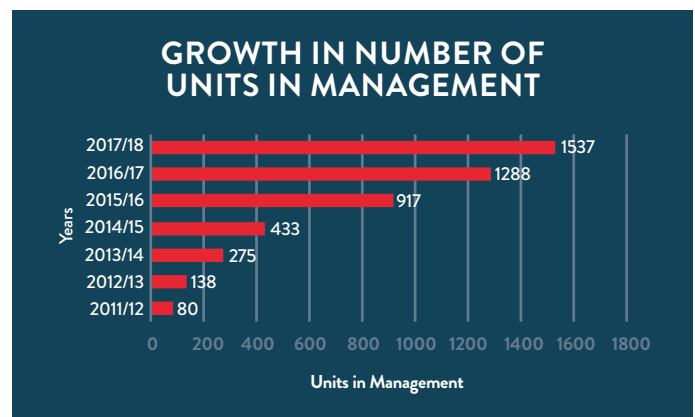
ABOUT INCLUSION HOUSING

INCLUSION HOUSING (IH) IS A COMMUNITY INTEREST COMPANY / SOCIAL ENTERPRISE AND A REGISTERED PROVIDER OF SOCIAL HOUSING. A NOT FOR PROFIT AND A PUBLIC BENEFIT ENTITY WE CONTINUE TO WORK WITH AND ON BEHALF OF VULNERABLE PEOPLE. IH IS EUROPE'S BEST SMALL BUSINESS 2017 AND THE UK BEST SMALL BUSINESS 2016.

Award winning IH is one of the leading national providers of non - government grant funded supported accommodation designed to meet a range of housing needs for adults with learning disabilities, mental ill health, acquired brain injuries, physical & sensory disabilities and extra care, including a specialist dementia scheme. With 1537 units in management, located across 73 local authority areas, we work in partnership with other organisations to meet the specific care and support needs of client groups with particular specialist requirements. Tenancies are granted to vulnerable people who receive daily support from specialist support providers.

Inclusion is an entrepreneurial, innovative company that can respond quickly to new opportunity or ideas. We are not bureaucratic or hierarchical; the senior management team can be easily accessed and immediately. The Inclusion Housing team operates as a cutting edge and innovative health & social care landlord and is unique in the sector, well placed to identify many commissioning authorities and support organisations requiring good quality social housing for vulnerable people. There exists a unique strategic and operational experience of all orientations of community-based care and housing support.

Continued business growth is helping to meet the demand for supported living accommodation in the social and healthcare sector. We have 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. We have a range of funders ranging from banks to the major financial institutions that invest in the housing and/or healthcare market. Continued business growth will encompass supported living accommodation in the affordable housing and healthcare sector.



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

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 NEARLY 300 PROPERTIES IN 2017/18



TURNOVER INCREASED FROM £16M TO OVER £21M DURING THE FINANCIAL YEAR



PEAR TREE COURT, KETTERING

Pear Tree Court in Kettering came into management in Jan 17 and provides 14 apartments for people with **learning disabilities**, in partnership with Lifeways.

CASE STUDY: RYAN - KETTERING

Ryan moved to Pear Tree Court some months ago, before his move he was very nervous but excited to be moving into his own place to give him more independence but was comforted by knowing that staff are always on site if needed.

Since moving in Ryan has flourished with his new-found independence, he will often go shopping on his own and has found life exciting when out exploring and meeting new people.

“ I LOVE LIVING AT PEAR TREE COURT, ALL THE STAFF ARE FRIENDLY AND HELPFUL, I HAVE SO MUCH MORE CONFIDENCE WITH EVERYTHING, WITHOUT THE FLAT AND THE STAFF I WOULDN'T BE THIS HAPPY AND HAVE SO MANY NEW FRIENDS”.



3.0

**STRATEGIC
VISION &
PRIORITIES**

3.0 STRATEGIC VISION & PRIORITIES

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

VISION

To be the leading health & social care landlord for vulnerable adults; providing flexible, innovative housing solutions and life opportunities in partnership.

VALUES

Our key values are:

- **Entrepreneurial** and innovative to grow our company
- **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.



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	Excellence Trusted

Strategic Priority 2	Strategic Objectives	Issue	Key Outcomes	IH Value
Growth	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 2022	Enterprise Collaborative

Strategic Priority 3	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 Low turnover of staff	Inclusive Collaborative
	Continuous Improvement - To continuously improve our operational systems and service delivery	Delivery & Customer	Best Companies Accreditation	Excellence
	Commercial Management Viability - Be commercially governed and effectively managed	Governance	G1 Governance Rating	Trusted

Strategic Priority 4	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	Top Quartile Customer Satisfaction	Inclusive
	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

Strategic Priority 5	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% Margins >8%	Excellence



NEWMAN GARDENS, BIRMINGHAM

Phase 2 of this scheme came into management in March 2017, it provides 16 Apartments for people with **learning** and **physical disabilities**, in partnership with Lifeways.

CASE STUDY: DAVID - BIRMINGHAM

David's Story

David was one of the first tenants to move into the scheme. Prior to moving in David was living in Birmingham in a supported living flat where he was receiving floating support and was helped by family members. It was decided that David would benefit from the move into Newman Gardens as the setup here would be better for his emotional and his mental health needs. David has a learning disability and is on the autistic spectrum.

Support staff tell us "David is a pleasure to work with and we have seen him develop and his confidence has grown since moving into Newman Gardens, he is friendly person and gets on well with all other residents and staff. David is also participating in working on the Allotment project which was funded by Inclusion Housing via the Home Life Project, David's hobbies are travelling, Cinema, Musicals, He is also likes Aeroplanes".

David says:

"I LIKE LIVING AT NEWMAN GARDENS AS I STILL HAVE MY OWN INDEPENDENCE. I HAVE MY OWN PRIVATE FLAT, HOWEVER WHEN NEEDED I STILL HAVE THE SUPPORT FROM LIFEWAYS. HAVING A SUPPORT PROVIDER ONSITE IS VERY GOOD."

David with Lifeways Support Staff member: Shireen



4.0 AWARDS & ACCREDITATIONS

4.0 AWARDS & ACCREDITATIONS

QUEENS AWARD FOR ENTERPRISE (INNOVATION) 2018

Inclusion Housing has been awarded the Queens Award for Enterprise in recognition of its innovation in housing vulnerable adults.

The Queen's Awards for Enterprise are the UK's most prestigious business awards, recognising and celebrating business excellence across the UK. The Queen's Awards for Enterprise are for outstanding achievement by UK businesses in the categories of innovation, international trade, sustainable development and promoting opportunity through social mobility.



EUROPEAN BUSINESS OF THE YEAR 2017

Inclusion Housing is celebrating after being named **The Business of the Year Award (T/O €0-25m)** winner in the 2017 European Business Awards, sponsored by RSM, at an exclusive awards ceremony in Dubrovnik attended by prominent businesses leaders and European Ambassadors.

The European Business Awards is widely recognised as the showcase for Europe's most dynamic companies. Inclusion achieved success after a year-long journey in Europe's biggest and most prestigious business competition, which this year engaged with over 33,000 businesses from 34 countries and generated almost 250,000 votes from across the globe in its public vote.



INVESTORS IN DIVERSITY 2018

Following recent assessment and conditional review Inclusion Housing has been notified of the achievement of the Leaders and Investors in Diversity standard at Stage Two.



INVESTORS IN EXCELLENCE 2017

Inclusion Housing has been awarded Investors in Excellence accreditation to promote excellence in business systems and resource deployment. This involved assessment against 76 challenging criteria and was independently assessed in 2017.



CUSTOMER SERVICE EXCELLENCE 2017

Inclusion Housing has been successful in attaining national accreditation for Customer Service Excellence. The business achieved passes in all 5 categories relating to customer insight, culture, information & access, delivery and quality.



Overall Inclusion was assessed against 57 criteria; meeting fully complying with 53 of the and partial compliance with 4. This is considered to be exceptional performance and reflects the high standards achieved in a short period of time.

SME NATIONAL BUSINESS AWARDS 2017

Inclusion Housing was successful in reaching the finals of the SME National Business Awards in the Not for Profit Category.



AMAZON AWARDS 2017

Inclusion Housing was shortlisted as one of our finalists for **Growing Business of the Year: Smaller Company (Turnover £10m-£25m)** in the Amazon Growing Business Awards 2017, hosted by Real Business and supported by the CBI.





5.0

**COMPETITIVE
ADVANTAGE**

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

INNOVATIVE MODEL

Inclusion is 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

Inclusion offers quality services and have achieved independent quality accreditation including Customer Service Excellence and Investors in Excellence. Customer satisfaction is at near national top quartile level.

NATIONAL PROFILE/LOCAL SERVICE

We provide a local service on a national basis through local agents who visit homes at least every two weeks complemented by a local network of service contractors. We therefore offer investors a country wide 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 handyman 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

Inclusion provides 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 issues and concerns through a personalised local service.

PROPERTY MANAGEMENT

Inclusion has in house technical expertise in both development and property management. We can offer a comprehensive property management service to maintain homes through a national network of local contractors.

FINANCIAL EXPERTISE

Inclusion has its own finance team to ensure that the company is financially viable, has a sustainable business plan and that we meet all our financial commitments to partners and customers.

BUSINESS MANAGEMENT

We have a dedicated Business Administration Team to respond to partners and ensure that lease arrangements are negotiated, implemented and delivered efficiently. We have implemented a performance analysis approach to proactively provide partners with analysis of how their portfolio of properties is performing.

PARTNERSHIP

Inclusion has a network of partnerships across the country to ensure coherent, value for money working to deliver high standards. This is especially important in working with care and commissioning agencies in the schemes themselves.

ONLINE SERVICE

Inclusion has implemented an online 24 hours per day self-service for residents to increase interaction, a faster and personalised response as well as increasing independence for vulnerable individuals.

CONTACT CENTRE

Inclusion has its own dedicated contact centre for residents and business partners to contact.

INNOVATION

We are an entrepreneurial, cutting edge company that can respond quickly to new opportunity or ideas. We are not bureaucratic or hierarchical; you can access the senior management team easily and without delay.

LOW MANAGEMENT COSTS

Inclusion management cost are comparatively low compared to others operating in this market.



6.0

WHERE WE
OPERATE

6.1 A NATIONAL OPERATION WITH A LOCAL PRESENCE

Inclusion operates on a national basis across England and 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. Inclusion through its existing network of contacts and service providers can also assimilate new developments into its 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.

It is intended to further consolidate our national profile through future growth and into Scotland; as partners are interested in extending the model into this region where there is substantial need and demand.

Further, Inclusion will plan to increase its housing supply in the South of England to reflect the unmet need and increasing demand for accommodation and services for vulnerable adults.

6.2 OUR CUSTOMERS

Inclusion Housings' aims in regard to Equality & Diversity is to ensure equality of opportunity for all, making sure that services are available to all sections of society and we are able to tailor services to individual needs.

It is now standard practice to capture and record tenant profiling information as part of our sign-up process; this enables greater analysis of letting across the business and assists us in understanding and analysing our customer base more thoroughly.

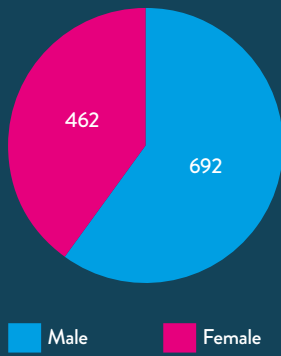
The overarching intention is to establish ways to better understand our tenant profile / portfolio, and how their requirements influence or impact on our tenancy turnovers. Key Points:

WHO ARE OUR CUSTOMERS?

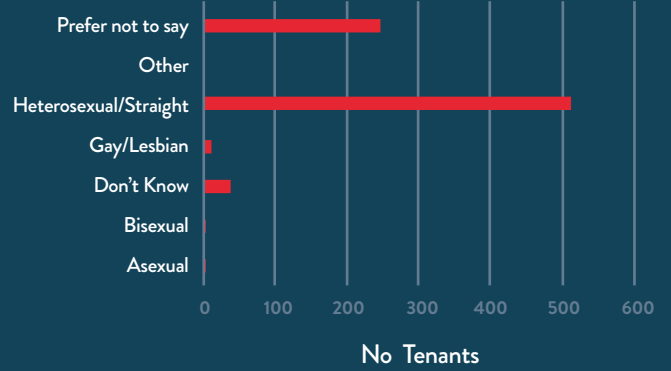
- **60%** of tenants are **male** (692), a 2% increase on prior year
- **22%** of tenants who responded fall into the age category of **20 – 29 years**. **37%** categorise between **40 and 60 years of age**, 10% more than prior year.
- **13%** are **over 65 years**.
- 329 of the 402 who provided a factual response identify as **Christian (82%)**
- **77%** of the 797 responders told us that they **speak, read and write in English**, with 11 tenants having no understanding of English.
- **62%** of tenants identify as **Heterosexual**, 2% less than prior year

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

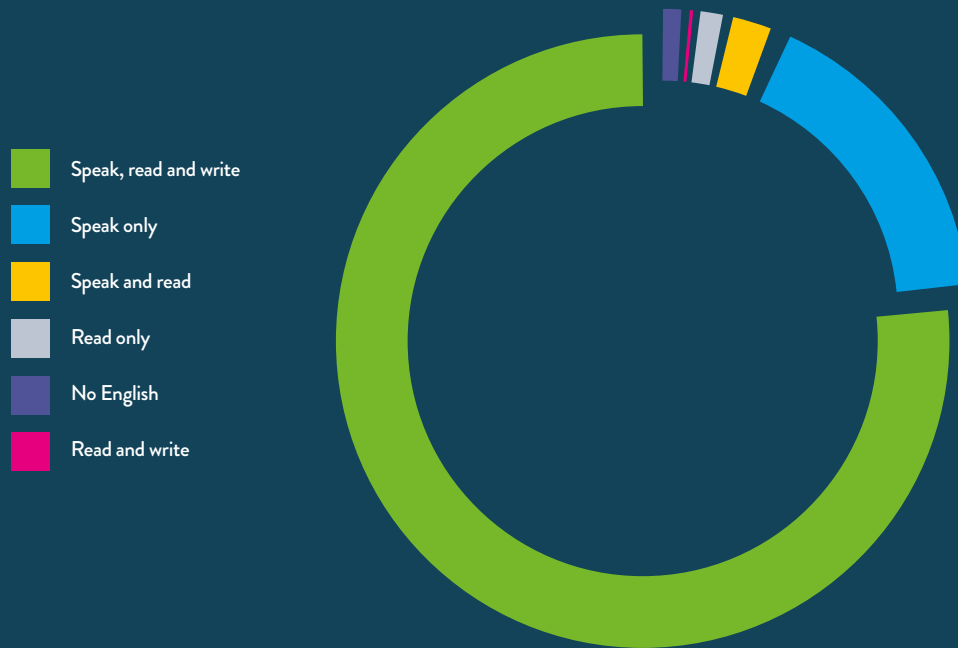
GENDER SPLIT



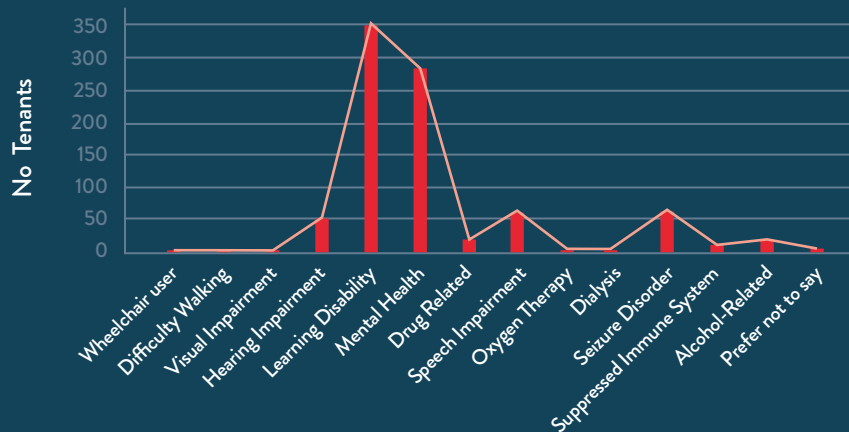
SEXUAL ORIENTATION



LANGUAGE ACCESSIBILITY



CONDITIONS





7.0 **CUSTOMER
SERVICE**

7.0 CUSTOMER SERVICE

The table below provides insight into the survey results for the individual questions and overall. Surveys were undertaken in September 2017 with increased return rate of 51% of tenants participating. It is pleasing to note that overall satisfaction has remained high at 89% and that as we quickly grow as a business we are still providing high levels of service to our tenants.

We aim to achieve a Net Promoter Score of above 60; this is being achieved across two thirds of the areas of service provision and the average is rated at +61 across the 9 questions.

IT IS PLEASING TO NOTE THAT OVERALL SATISFACTION HAS REMAINED HIGH AT 89% AND THAT AS WE QUICKLY GROW AS A BUSINESS WE ARE STILL PROVIDING HIGH LEVELS OF SERVICE TO OUR TENANTS.

Question	Very Satisfied	Mostly Satisfied	Impartial	Dissatisfied	Very Dissatisfied	Net Promoter Score
How satisfied are you with the overall service provided by Inclusion Housing?	65%	24%	7%	2%	2%	+61
How satisfied are you with the service your Managing Agent provides?	70%	23%	5%	1%	2%	+67
How satisfied are you with the condition and repair of your home?	55%	23%	13%	5%	3%	+47
How would you rate the satisfaction of the scheme you live in?	63%	26%	8%	1%	2%	+60
How satisfied are you with our response to anti-social behaviour issues?	60%	21%	12%	3%	3%	+54
Do you feel supported to manage your tenancy?	70%	22%	6%	1%	1%	+68
Are you satisfied you are listened to by Inclusion staff?	66%	21%	8%	2%	3%	+61
Are you satisfied with how safe you feel in your home?	74%	16%	7%	2%	2%	+70
Are you satisfied that your opinions are taken seriously?	65%	20%	9%	3%	3%	+59
Overall Average for Questions	65%	22%	8%	2%	2%	+61

CONTINUOUS IMPROVEMENT (NET PROMOTER SCORE)

The Net Promoter Score is a well-known satisfaction tool utilised primarily in the commercial sector to measure the difference between promoters of a business service (those who are very satisfied); minus those who are more likely to denigrate the service (those who are dissatisfied). Our Net Promoter Score Target is +60% for each question on the survey; overall, we are achieving an average of +61%.

Question	NPS Sept 2016	NPS Sept 2017	Difference
How satisfied are you with the overall service provided by Inclusion Housing?	+66	+61	-5
How satisfied are you with the service your Managing Agent provides?	+74	+67	-7
How satisfied are you with the condition and repair of your home?	+44	+47	+3
How would you rate the satisfaction of the scheme you live in?	+59	+60	+1
How satisfied are you with our response to anti-social behaviour issues?	+53	+54	+1
Do you feel supported to manage your tenancy?	+73	+68	-5
Are you satisfied you are listened to by Inclusion staff?	+64	+61	-3
Are you satisfied with how safe you feel in your home?	+76	+70	-6
Are you satisfied that your opinions are taken seriously?	+62	+59	-3
Overall Average for Questions	+64	+61	-3

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

There are still high levels of satisfaction with the service provided by Managing Agents (93%); continuing to demonstrate the success of Inclusions approach to recruitment on an attitude and transferable skills basis. As a result, 92% of tenants feel they are supported in their home and 90% report feeling safe.

The highest level of **dissatisfaction** relates to overall condition of the home currently at 8%, this shows a significant improvement on the previous results which presented at 12%.

COMPLAINTS

From **01 April 2017 to 31 Mar 2018**, a total of **16 complaints** were logged. This constitutes an average of 1.33 complaints received per month.

15 out of 16 of these complaints were resolved to the satisfaction of the customer, the remaining one being in relation to property works that had not been concluded at year end.

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.

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

In Feb 2016, we reported that 89% of schemes inspected were rated good or fair with 620 units in management. Inclusion now has 161 schemes in management and achieved **98% of schemes scoring good or fair** in August 2017; with the percentage of schemes rating poor dropping from 11% to just 2%

INTENSIVE HOUSING MANAGEMENT

Inclusions 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 & 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.

Inclusion also liaises 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 March 2017 was 90%.



August 17	Schemes	%
Good	148	92%
Fair	10	6%
Unsatisfactory	3	2%
TOTAL	161	100%

INVOLVING OUR RESIDENTS

Inclusion Housing (IH) has given a high priority to delivering effective resident involvement and this is reflected in our strategic objective to ‘actively inform, consult, & involve our residents to shape our services, contribute to improvements in the quality of life in each community & ensure that they are at the heart of our decision making.’

Putting tenants at the heart of decision making does not compromise sound business objectives; it brings strength and substance to what we are about and where we want to go. Additionally, it helps us achieve our objective to ensure value for money by aligning our vision and resources to the priorities of our customers and communities.

Inclusion engages residents in shaping and evaluating our services. We have a menu of involvement activities, including regional forums, resident scrutiny, residents’ groups, mystery shopping and feedback through regular satisfaction surveys.

Inclusion Housing is committed to engaging with and supporting our tenants to develop their skills to engage with the wider community, and to help shape our products and services to help us continually improve and deliver excellence, the past 12 months has seen us:

Consult with tenants on our Resident Involvement, ASB and Complaints policies, as well as our approach to adaptations which has led to some revisions in our specification for new developments. We also included tenants in the development of our Customer Website which is now up and running with more and more tenants signing up each week.

OUR STRATEGIC OBJECTIVE IS TO ‘ACTIVELY INFORM, CONSULT, & INVOLVE OUR RESIDENTS TO SHAPE OUR SERVICES, CONTRIBUTE TO IMPROVEMENTS IN THE QUALITY OF LIFE IN EACH COMMUNITY & ENSURE THAT THEY ARE AT THE HEART OF OUR DECISION MAKING.’

As part of our **Involvement strategy** we published a number of tenant success stories, undertook a mystery shopping exercise to measure our success against our service standards, produced an annual report, a newsletter and a tenant involvement statement to ensure our tenants are kept up to date with inclusion Housing news.

Our **HomeLife** project allows us to deliver involvement activities to assist tenants to engage with the wider community, obtain new skills, build confidence and improve wellbeing. Below are a few examples of what this initiative has provided in 2017-18, overall, we supported more than 100 tenants using these funds:

THIS YEAR, AMONGST OTHER INITIATIVES WE ARE PROVIDING TRAINING TO AROUND 30 TENANTS TO GIVE THEM THE SKILLS REQUIRED TO START THEIR OWN MARKET STALL BUSINESSES.

Project	Outcome
Helped tenants deliver an arts project in partnership with a local high school, 8 tenants and 16 students participated.	Improved skills, confidence and health. Reduced social isolation
Funded a City & Guilds Level 2 Certificate of technical competence in gardening (pruning) for one tenant.	New skills, volunteering, increased confidence, reduced isolation
Supplied provisions for a number of communal gardening projects nationally	Enabled tenants to work together and improve their wellbeing as well as the aesthetics of their scheme, some tenants grew herbs and vegetables to promote healthy eating
Funded horse-riding lessons for 12 tenants with disabilities	Improved confidence and engagement with community and gave an opportunity to try a new activity.



FIR TREE COURT, STAFFORDSHIRE

Fir Tree Court in Staffordshire came into management in August 2016, it provides a mix of 20 Apartments and Bungalows for people with **learning** and **physical disabilities**, in partnership with Lifeways.

**CASE STUDY:
SHARON, MATTHEW & TAMMY
- STAFFORDSHIRE**

Sharon used to live with her Dad but is very happy she now has a flat of her own at Fir Tree, she says this has given her much more independence and has started doing her own shopping and going to a local disco on a Monday night. She has lots of friends at Fir Tree especially Matthew, Sharon said the staff are brilliant and she really enjoys teasing them.

Matthew used to live with his Mom. He is very happy at Fir Tree and enjoys his independence, he loves photography and has found a local photography club to go to. Matthew enjoys being friends with the other tenants, especially Sharon and gets on well with all the staff who he thinks are very good.

Tammy is very happy to have a flat of her own and gets on very well with other tenants and staff. She is glad she moved to Fir Tree as this has allowed her to find the Tuesday Club which she goes to on evenings at a local church and really enjoys the experience.

Pictured: Left to Right back row, Matthew, James (Support Worker) Tammy, front, Sharon.



8.0

**PROPERTY
MANAGEMENT**

8.0 PROPERTY MANAGEMENT

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.

IN DELIVERING THE ASSET MANAGEMENT STRATEGY, INCLUSION HOUSING 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.

The following principles are set out in the Asset Management Strategy and form part of the IH 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.

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

Summary of All Key Data		
	2017	2018
Number of Properties with an up to Date Stock Condition Survey ¹	1092	1023
Total Planned Investment (30 Years) ²	£21,440,109	£15,226,981
Annual Investment Per Unit ³	£654.46	£672.00
Percentage of Property Constructed Post 2000	58%	83%
Average SAP Rating	73.2	76.9
Percentage Flats (self-contained accommodation)	83%	73%
Percentage Shared Accommodation	17%	27%

1. Total number of properties now assume all leases are not renewed.

2. Cost per units based on all leases ending year following surrender date.

3. 2017 figure was calculated by scheme 2018 figure is now based on units.

8.0 PROPERTY MANAGEMENT

REPAIRS SERVICE

8788 works orders were raised in the financial year 2017/2018 this figure includes expenditure in respect of all day-to-day repairs, Handyperson Service, routine plumbing, gas and electrical work as well as gas safety and the replacement of white goods, household appliances, compliance certification etc. The number of responsive repairs per unit per year was 2.31.

PLANNED MAINTENANCE

The Planned Investment Programme for 2017/2018 included for improvement works to 30 schemes with an investment commitment totalling £412,879. The Programme covers items such as boiler renewals, bathroom and kitchen replacements, internal and external decoration, fencing, roofs and guttering. All works were completed within the financial year in line with agreed budgets.

We continue to maintain the stock condition surveys of the company's stock on a five-year rolling programme and update all relevant property data. See summary of key data for 2017-2018 (right).

HANDYPERSONS

The Handyperson Service continues to perform well, and constantly receives positive feedback from tenants and care providers. The service is regularly monitored to ensure schemes are receiving top quality service. Due to the positive impact of this service offer and the added value this brings we have expanded the number of schemes receiving handyperson visits and now have 12 different contractors covering 49 schemes.

We will continue to expand this service through performance data reviews and ongoing discussions with tenants, care providers and the IH property team. We are currently negotiating for Handyperson Service provision at a further 19 schemes.

The information below covers Handyperson works completed in the first full year up to year end. This data clearly shows that we are continuing to develop and further improve the service offer to our tenants. 16% of total jobs are added value jobs, these are jobs which are the responsibility of the tenant but where the tenant does not have capacity to do them personally, so the Handyperson carries out these works whilst on site.

Area Service Provided	Number of Visits	Jobs completed	Added value jobs	Average Jobs per visit	Average Job cost
North Lincs	48	318	118	6.51	£32.51
North East	35	208	32	5.94	£24.93
Merseyside	48	360	62	7.50	£33.81
Lancashire	12	78	13	6.50	£45.22
Yorkshire	18	134	15	8.23	£36.51
Totals	161	1098	240	7.42	£35.31

COMPLIANCE

At year end 2017/2018 Inclusion Housing achieved 99.9% compliance across the Six key compliance areas that are regularly monitored and reported upon. Improvements have been made in each area and we continue to ensure the highest standards of compliance are achieved. The current position of compliance and service contracts to date is: -

Compliance	Certificates Required	Performance 2017/18
Asbestos	97	100%
Electric (EICR)	1351	99.9%
Energy (EPC)	1296	100%
Fire (FRA)	236	97.9%
Gas (LGSR)	853	100%
Legionella	1307	100%
Total	5140	99.9%



9.0 **GROWTH**
2017/18

9.0 GROWTH 2017/18

Inclusion has brought **33 new schemes** into management during 2017/18 the year. The number of units in management at the end of the year was 1,537; excluding 268 Registered Care leased properties.

Currently in management, there are **210 schemes** ranging from bespoke 1-unit schemes to the largest scheme of 60 units at Strand Court, with the average size remaining at just over seven units per scheme.

NUMBER OF UNITS IN MANAGEMENT

Units in Management	Month into Management	Opening Number	Additions/ Decommissioned	Closing Number
April 2017 B/fwd.		1285		
Sorogold reconfiguration	May		-1	1284
Draycote	May		4	1288
Stevens Court	July		4	1292
White Ash Lane	July		-1	1291
Albert Street	July		-1	1290
Keller Court	July		-1	1289
Old Viaduct Hotel, Workington	July		16	1305
Mooreland Avenue	Aug		2	1307
Cardinals Gate	Aug		5	1312
Rectory Drive	Aug		5	1317
Barnet Gate Lane	Sept		-4	1313
Stour bank	Oct		5	1318
High street	Oct		3	1321
High street	Oct		6	1327
Hartland Street	Oct		1	1328
Hartland Street	Oct		1	1329
High Oak	Oct		4	1333
Brierley Hill Road	Oct		5	1338
Brierley Hill Road	Oct		4	1342
Surry Drive	Oct		1	1343
Surry Drive	Oct		1	1344
Range ways Road	Oct		4	1348
Spring side	Nov		6	1354
Apple House	Dec		12	1366
Fir Tree Court Cannock	Dec		20	1386
Stourside-Stourport Seven	Dec		15	1401
Dale Valley view Buxton	Dec		15	1416
Bay court Morecombe	Dec		9	1425
Coach House Morecombe	Dec		12	1437
Eagle Drive	Dec		3	1440
Lorenzo Drive	Dec		8	1448
All Saints House Lemington	Dec		16	1464
High Mkt, Ashington	Jan		9	1473
Eld close, Ample forth	Jan		3	1476
Byron Street	Feb		14	1490
The old Library	Feb		5	1495
Sudbury Heights	March		6	1501
Islip Manor	March		5	1506
Dallas Street	March		15	1521
Turville House Bedworth	March		16	1537
Total				1537

N.B In addition to the above units in management IH now have an additional 268 units in Registered Care leased



BIRCH TREE PLACE, BIRMINGHAM

Came into management in March 2017, it provides 16 Apartments for people with **learning** and **physical disabilities**, in partnership with Lifeways

**CASE STUDY:
ELIZABETH - BIRMINGHAM**

Elizabeth moved into Birch Tree Gardens in May 2018 and is one of our newest tenants at the scheme, prior to moving in Elizabeth lived in Birmingham in flat where she was receiving floating support. Elizabeth’s mum and social worker were looking for somewhere where Elizabeth could live and be supported also.

Elizabeth’s Story

Susan is Elizabeth’s key worker from Lifeways says “When Elizabeth moved into Birch Tree she wasn’t very forthcoming and very quiet in a matter of weeks Elizabeth is now a different character we can now see her coming out of her shell and is more talkative and happier.

“Even today when Elizabeth and her mum came back from her volunteering job at the local Oxfam shop her mum said to Susan that Elizabeth feels much more relaxed at Birch Tree and she can see the positive changes in Elizabeth since she has moved into Birch Tree Place”

Elizabeth tell us

“I LIKE IT AT BIRCH TREE PLACE I HAVE A LOT MORE PEOPLE TO TALK TO NOW AND I HAVE MADE SOME GOOD FRIENDS AND I ALSO FEEL SAFE KNOWING THAT WHEN I OPEN MY FRONT DOOR I HAVE STAFF HERE TO SUPPORT ME WHEN I NEED THEM”



10.0 CONTINUOUS IMPROVEMENT

10.1 OVERALL ANALYSIS

Inclusion Housing uses a number of frameworks and data analytics to score and analyse our performance and progress across business-critical areas. The table below highlights the respective scoring for each of these frameworks to measure continuous improvement across the year.

The frameworks have been approved by 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 Score for the Business improving from 45% to 86%: -

Year	2014/15	2015/16	2016/17	2017/18	Trend
CI Score	45% (est)	77%	86%	86%	91%

This represents a **91% positive trend** improvement since 2014/15 and reflects the progress made during the last three financial years. During 2017/18 the improvement trend increased or was maintained across most frameworks except for performance; this was impacted by more demanding targets.

Framework	2015/16	2016/17	2017/18	Trend
Risk	64%	67%	68%	+1%
Performance	46%	71%	58%	-13%
Delivery	94%	92%	97%	+5%
Governance	93%	97%	98%	+1%
Facilities	81%	89%	95%	+6%
Customer Service	72%	89%	89%	0%
Development	86%	85%	85%	0%
Compliance	n/a	97%	100%	0%
Average CI Score	77%	86%	86%	0%

10.2 2017/18 DELIVERY PLAN SUCCESSES

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

Evidence of significant systems continuous improvement are detailed in the table below.

Continuous Improvement – Systems		
Ref	Description	Impact
i	Establish 24 hour, 365 days a year out of hours' telephone service to provide convenient access and reassurance to IH customers.	High – Ensures sufficient out of hours response to customer issues
ii	Develop mystery shopping programme aligned to service standards	Medium – Programme identifying issues that require improvement
iii	Implement a comprehensive organisational development programme to develop and establish a customer centred approach in delivering services to all our customers	High – Developing staff skills and knowledge to enable compliance, better service and personal development
iv	Embed the introduction and successful administration of Auto enrolment	High – Compliance with government legislation and provision of pension for staff.

10.2 2017/18 DELIVERY PLAN SUCCESSES

Continuous Improvement – Performance		
Ref	Description	Impact
i	Establish a Community Fund & Panel to support local projects proposed by residents	Low – Promoting independence and promoting HomeLife initiative.
ii	Undertake comprehensive re-engineering of property compliance across stock to ensure 100% compliance	High – Ensuring full legal compliance
iii	Proactively approach existing supported housing providers to explore transfer of lease/management arrangements for their portfolio	Medium – Links being made and some low-level opportunities coming forward; long term project.
iv	Participation and adoption of the sector score card	Low – Enables benchmarking against sector averages
v	Implement joint marketing plan with Lifeways to reduce void numbers, letting time and void loss.	Medium – Enhanced focus and joint working; further progress required

Continuous Improvement – Innovation		
Ref	Description	Impact
i	Sponsor community days where these enhance the quality of life and provide an opportunity for IH to consult with residents and involve ourselves in community/- HomeLife	Low – Opportunities coming forward however care providers are generally implementing local initiatives themselves
ii	Update Treasury Management Policy to inform investment of 'excess' cash with options.	High – Enables use of reserves to invest in new freehold properties providing a greater return.

Continuous Improvement – Knowledge		
Ref	Description	Impact
i	Achieve Customer Service Excellence for Inclusion Housing. Address recommendations made following assessment.	High – Promotes customer excellence and high standards of delivery
ii	Develop Resident Involvement database by Managing Agent patch	Low – Low take up of resident involvement
iii	Make significant progress against IiE action plan	Medium – promoting equality across the business
iv	Devise and implement a Scenario Plan for Inclusion Housing	Medium – Demonstrates regulatory compliance; best practice.

Continuous Improvement – Efficiency		
Ref	Description	Impact
i	Consider charitable donations to those organisations offering support in community that impact considerably upon IH residents.	Low – Low level of activity as local provision and funding from other sources
ii	Identify and secure alternative office accommodation with capacity for the Business to grow	High – New accommodation means lower accommodation costs with room to expand.
iii	Scope the ability to provide Housing Benefit Advice through IH directly	High – Internal expertise secured to enable maximisation of HB payment and income collection
iv	Stress Testing enhancement; – develop further complex scenarios	High – Meeting regulatory expectation and informs business planning



11.0 PERFORMANCE MANAGEMENT

11.0 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 Acuity 2017/18

11.1 CUSTOMER INDICATORS

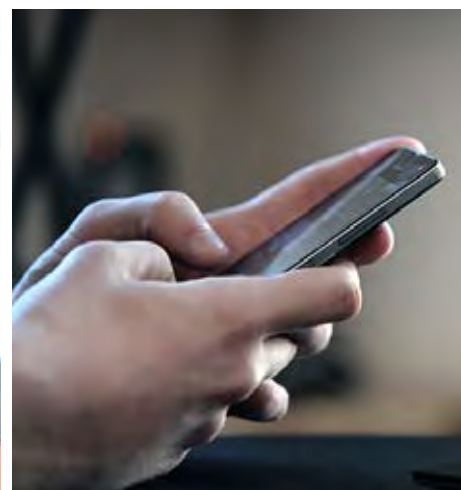
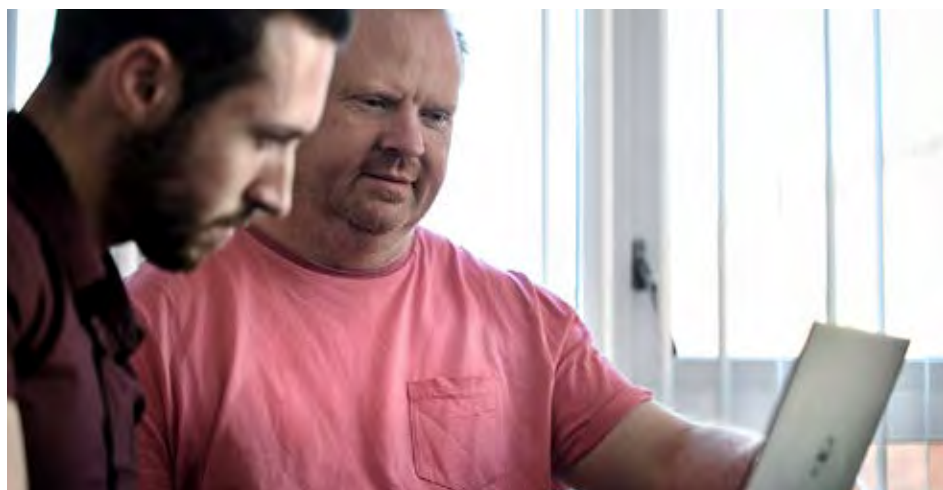
Overall there has been a significant positive trend in customer service indicators reflecting the high standards being achieved within the business. Benchmarked against other supported housing organisations Inclusion is demonstrating favourable comparison and achieving high levels of customer satisfaction.

Customer Indicators	Benchmarking [Supported Housing]	2015/16 Inclusion Housing	2016/17 Inclusion Housing	2017/18 Inclusion Housing	T/L
Customer Satisfaction - Net Promoter Score %	92%	72%	89%	89%	●
Complaints Resolved within timescale	94%	n/a	100%	100%	●
Landlord listens to their views	84%	70%	84%	90%	●
Satisfied views taken into account	85%	-	-	85%	●
Satisfied with Managing Agent	86%	68%	94%	93%	●

11.2 COST INDICATORS

Overall as Inclusion grows it is reducing its 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 lower than other operators in this market.

Cost Indicators	Benchmarking [Supported Housing]	2015/16 Inclusion Housing	2016/17 Inclusion Housing	2017/18 Inclusion Housing	T/L
Overhead cost per property %	14.2%		6.2%	6.2%	●
Supporting People Block income % of turnover	9.1%	0%	0%	0%	●
Agency staff costs as % of payroll	2.7%	n/a	2.8%	0.3	●
Reactive spend per property per week	£8.28	n/a	£5.08	£8.10	●
Annual Housing Mgt cost per property	£449		£432	£329	●
Annual Responsive Repairs and Voids per property	£587		£374	£585	●



11.3 OPERATIONS INDICATORS

Overall operation indicators improved during the last two years in regard to reducing current and former rent arrears. Void loss is reducing but we aim to improve further in regard to average re-let days.

Operation Indicators	Benchmarking [Supported Housing]	2015/16 Inclusion Housing	2016/17 Inclusion Housing	2017/18 Inclusion Housing	T/L
Net Current Rent Arrears %	1.54%	5.51%	1.86%	1.31%	●
Former Tenant Arrears %	1.46%	0.47%	0.25%	0.24%	●
Arrears Written Off	0.44%	n/a	0.26%	0.18%	●
Rent Collection %	97.8%	95.5%	95.9%	100.2%	●
Re-let Days	28	183	156	219	●
Net Void loss %	5.1%	11.7%	7.7%	5.2%	●
Work days lost to sickness	6 days	n/a	4.2 days	6 days	●

11.4 PROPERTY INDICATORS

In comparison with other supported housing peers Inclusion Housing is performing comparatively well in benchmarking of property services. 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	2017/18 Inclusion Housing	T/L
Satisfaction with Home Condition %	87%	67%	79%	90%	●
Satisfaction with Neighbourhood %	90%			90%	●
% Repairs Completed on First Visit	94.8%	85%	96%	94.7%	●
Routine Repairs Completed in Target Time	96.8%	41%	97.3%	91%	●
Repairs Spend as % of rent	30%			10%	●
Repairs per property	3.1			2	●
Total repair spend per property per week	£29.98			£27.05	●

11.5 REGULATORY INDICATORS

The Regulator of Social Housing through its Value for Money standard has established an array of indicators to compare Inclusions financial viability compared to others in the Registered Provider sector. Inclusion Housing operates a different model (we provide leased accommodation rather than own the assets ourselves) therefore some of the results are different for a reason.

Registered providers must annually publish evidence in the statutory accounts to enable stakeholders to understand the provider's:

- Performance against our value for money targets and any metrics set out by the regulator, and how that performance compares to peers
- Measurable plans to address any areas of under-performance, including clearly stating any areas where improvements would not be appropriate and the rationale for this.

Indicator	Benchmarking Sector Peer Median	Benchmarking Supported Housing	Inclusion Housing 2017/18	T/L
Operating Margin (overall)	4.74%	21.26%	7.24	●
Operating Margin (Social Housing lettings)	7.57%	24.7%	7.24%	●
EBITDA MRI (as a % of interest)	162	254	6003	●
Gearing	22.85	23.51	22.85	●
New Supply (Social Housing Units)	8	0.9	16.9%	●
New Supply (Non-Social Housing Units)	0	0	0	●
Reinvestment %	5.8	4.8	10.16	●
Return on Capital Employed	3.18	3.24	26.31	●
Headline social housing cost per unit	£8659	£4176	£3746	●

IH performance compares favourably to the supported housing Acuity benchmarking club 2017/18 results. Social housing costs are considerably lower than our peer group, generally accepted the provision of supported housing costs are higher than general needs. Return on Capital employed (26%) is higher than the sector due to the lease module.



CASE STUDY: JON - WORKINGTON

Jon's Story

Jon moved into the scheme in August 2017. Born in 1975 in Workington, Jon has lived locally with his family.

Jon suffers from anxiety and has learning disabilities, after moving to the scheme Jon has come on leaps and bounds with the help of the scheme manager and her team of trained care staff. Jon has found himself more settled and goes out on dates with his new girlfriend another resident at Viaduct Court.

Jon was extremely proud to be asked to help officially open the scheme on the 1st June 2018 and cut the ribbon with the help of other scheme members.



THE OLD VIADUCT HOTEL, WORKINGTON

This scheme came into management in the summer of 2017 and provides 16 independent living apartments for people with **learning disabilities**, in partnership with Lifeways.

Pictured: Jon (right) here with Inclusion Managing Agent, Steve



12.0 BUSINESS REVIEW

12.0 BUSINESS REVIEW

FINANCIAL VIABILITY

As a housing provider, it is essential that IH 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 is pleased to report a surplus on ordinary activities before interest and taxation for the year of £1,592K; after spending £1,673K to maintain the existing units in management, alongside an increase in property sinking funds £744K to be spent on future investment in the properties.

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

(£) 1,000	2016/17	2017/18
Income – units in management	14,878	19,876
Other Operating Income	1001	1,733
Operating Income	15,878	21,609
Property Lease Costs	9,158	13,098
Repair & Maintenance Costs	1,369	1,637
Service Charge Costs	1,400	1,709
Management Costs	1,527	1,855
Other operating Costs	533	970
Property Sinking Fund	514	744
Operating Costs	14,501	20,017
Operating Surplus before Interest & Tax	1,377	1,592

The increased surplus generated in the year was due to a 33% growth in income creating economies of scale, realising procurement gains, controlling costs and reduced management costs.

With a focused approach to working capital 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	2017/18 Target	2017/18 Actual
Liquidity Ratio (Liquid Assets / Short Term Liabilities)	>1.1	1.27	>1.3	2.07
EBITDA% (Before planned Maintenance Sinking fund)	>= 9%	11.94%	>= 8%	10.68%
Cash Flow (Headroom)	>£700K	£1,590K	>£1.1 million	£2.3 million
Employee costs % turnover	9%	7.5%	<9%	6.93%
Sickness Absence	<2.5%	2.1%	<5.7 days	5.95 days
Lease Costs % of Income	62%	62%	63%	60.25%
% CTA	<5.0%	1.86%	<1.5%	1.31%
% of properties with a valid CP12 certificate	100%	100%	98%	99.6%



13.0 VALUE FOR MONEY

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 2017/18

Key Strategic Priority	Self-Assessment
Asset Management	<p>Growth in Business</p> <ul style="list-style-type: none"> Completed 260 new units in management with plans to deliver future sustained growth average of 350 units a year in line with the strategic plan
Business Viability	<p>Continuous Improvement</p> <ul style="list-style-type: none"> Average year on year increase in the staffing overhead costs per property, less than inflation 16% increase in productivity per employee Re-aligning managing agent patches to reduce non-productive / travel time and fuel costs
Financial Viability	<p>Financial Viability</p> <ul style="list-style-type: none"> Achieved 9% surplus before tax, 2% 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 Improved voids management resulted in a 2% reduction in the lost income from 7% in 2016/17 to 5% in 2017/18 A move towards self-insurance of lost income from void properties, resulted in retaining £824K in the business, rather than funding insurance premiums Property Sinking Fund growth to £1.4 million cash reserves, supporting the 30-year asset investment plan Procurement of Insurance resulted in new contracts delivering direct cost reductions Rent collection maximised at 100% Legionella testing undertaken in house and legal fees minimised <p>Value for Money</p> <ul style="list-style-type: none"> Repayment of property loans provides in year interest payable savings of £17K Focused arrears management resulted in a 30% reduction in debt write offs, equivalent to £12K Interest bearing bank accounts generated £12K in additional interest receivable No increase in costs relating to the provision of the intensive housing management service, savings passed back to the tenants in reduced service costs

13.0 VALUE FOR MONEY

RETURN ON ASSETS

IH undertakes twice every year an analysis of the return on assets across the entire stock to ensure the returns are consistent with our overall financial strategy and business plan assumptions.

The number of schemes analysed in 2015/16 was 141, 164 in 2016/17 and a rise to 204 in 2017/18. There is a significant **positive trend relating to a fall in the number of schemes making a loss** now down to 8% of the overall schemes in management. This position is assisted by self-insurance arrangements and initial support for new schemes coming into management including lease subsidies, project management fees and council tax pots.

Classification	2015/16	%	2016/17	%	2017/18	%	% Trend
Schemes Making a Loss	17	12%	19	12%	16	8%	↑
TOTAL	141		164		204		

In 2017/18, 66% of the leased schemes were classed as green, 26% as amber and 8% as red.

IN 2017/18 WE MADE SAVINGS IN THE FOLLOWING AREAS: -

Title	Description	Saving
Voids Assurance Policy	Returns on the policy exceeded costs, plus reduced broker commission	£21K
Property Insurance Costs	Market Tested – Second year of Market tested terms and realization of low claims rebate	£9K
Bad Debt	Focused debt collection reduced year on year bad debt provision, 2016/17 £42 – 2017/18 £29K	£13K
Travel Costs	Reduced managing agents patch sizes – reduced travel costs	£2K
Asbestos Reports	Procurement exercise reducing cost of survey from by 76%	£19K
Legionella risk assessments	Risk Assessments carried out in house	£32K
Care provider	Contribution towards utility costs at scheme	£24K
Interest Receivable	Change in treasury arrangements – day to day cash in interest bearing accounts	£12K
Loan Repayment	Loans repaid - interest cost savings	£17K
	TOTAL SAVINGS	£149K

As a percentage of the overall operating costs (excluding property lease costs & salaries), £4.7M the £149k saving represents an approximate **3.2% efficiency on an annual basis**.



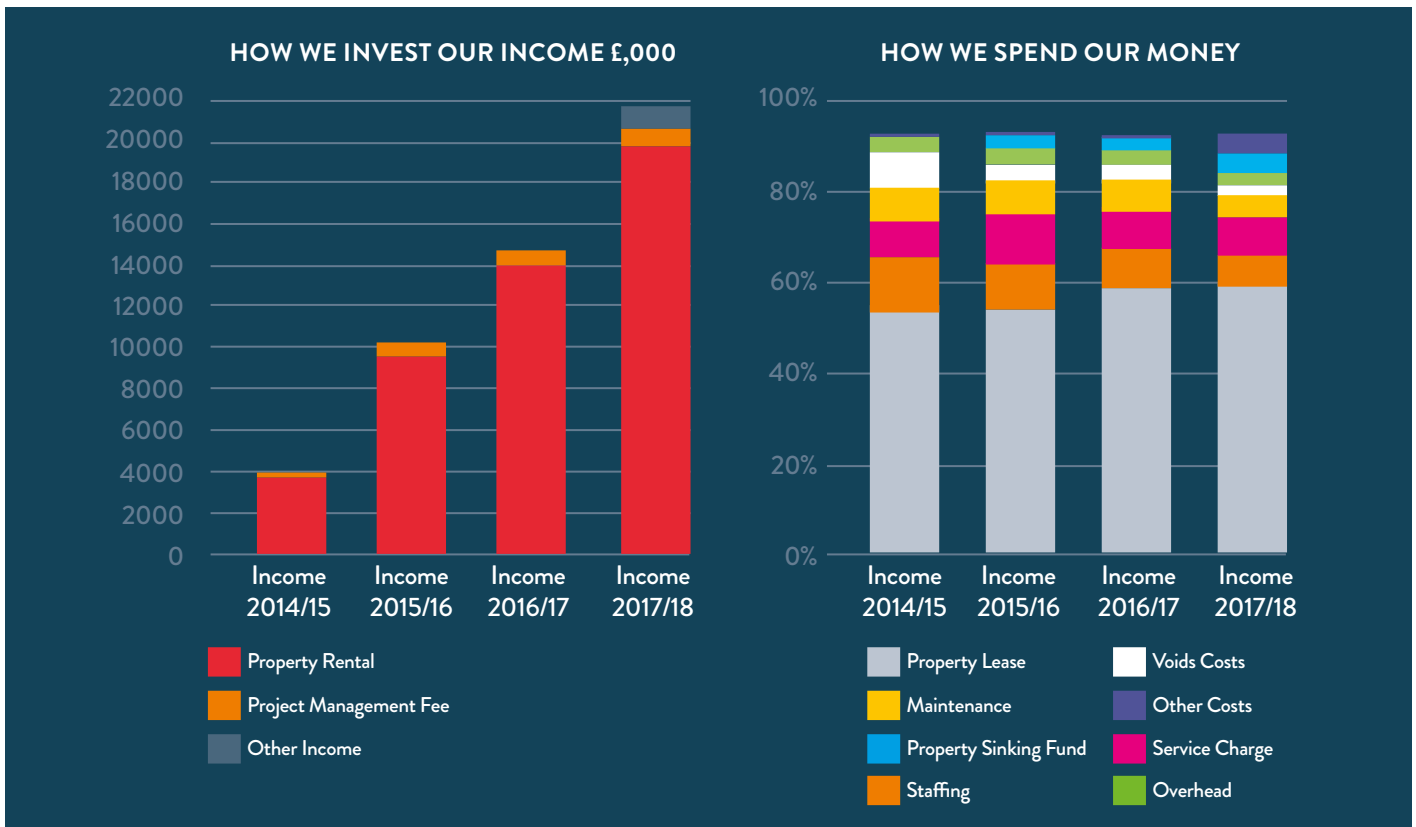
14.0 FINANCIAL VIABILITY

14.0 FINANCIAL VIABILITY

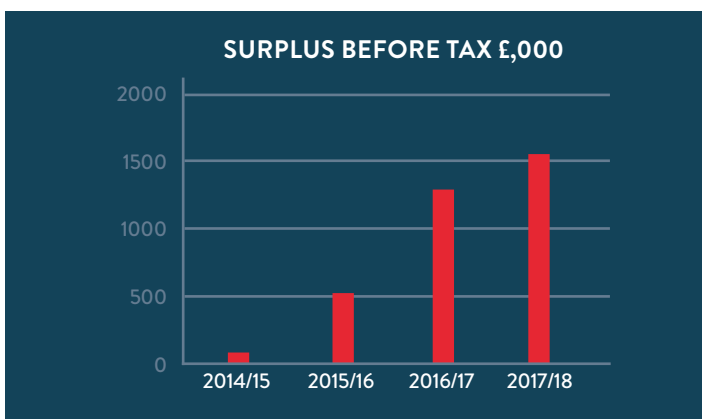
AS A HOUSING PROVIDER, IT IS ESSENTIAL THAT WE MAKE A HEALTHY SURPLUS SO WE CAN FULFIL OUR CORE STRATEGIC PRIORITIES.

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 1546 and consequently income has grown significantly from £4 million to just under £20 million; 400% increase.

The reliance on project management income has reduced from 7% of total income in 2014/15 to 3% in 2017/18.



- IH Leases 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), £9.4 million in 2016/17 (60% of income) and £13.1 million in 2017/18 (62% of income). The agreement to stepped rent arrangements contributed significantly to the short-term fall in costs in 2016/17 and continued to dampen lease cost % in 2017/18.
- Economies of scale and efficiencies are being realized on staffing costs; 13% of income in 2014/15 reduced to 7% of income in 2017/18.
- Surplus before tax increased from £88K in 2014/15 to £1573K in 2017/18 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 COSTS.

14.1 FINANCIAL RATIOS

- 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 7% in 2017/18 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 IH has no debt requirement. In 2016/17 IH repaid all historic loans relating to properties to rent. The only loan now in place relates to the purchase of the head office building at the beginning of 2017/18. There are no plans to increase the current level of borrowing.

Indicator	2014/15	2015/16	2016/17	2017/18
Operating Margin	1.4%	5.3%	8.7%	7.24%
Net Margin (after tax)	1.4%	3.9%	6.3%	5.9%
EBITDA	1.8%	7.8%	11.9%	10.7%
Liquidity Ratio	1.15	1.25	1.46	2.07
Gearing Ratio	1.09	0.95	0.23	0.12

14.2 COSTS

- The Homes & Communities Agency published its 2017 global accounts of private registered providers. This has been utilised to compare Inclusion benchmarked costs to national averages. Please note the lease costs and sinking fund provision have been excluded.
- Average (mean) headline social housing costs were £3,298 per unit in 2016/17 compares very well to IH at £3,373 (2016/17).
- An annual consistent 10% fall in management costs over the last four years reflects the economy of scales being achieved through continued growth and a flat management structure.

AVERAGE UNIT COSTS

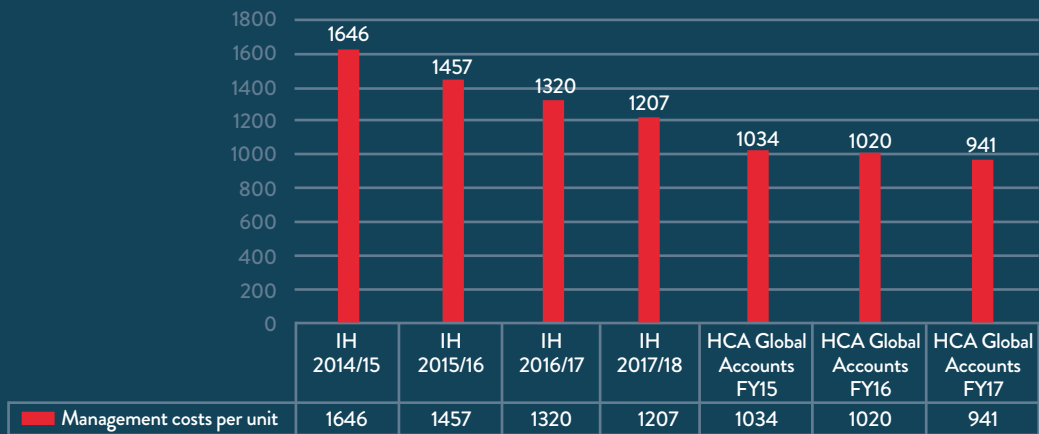
Costs per Property per annum	Inclusion 2014/15	Inclusion 2015/16	Inclusion 2016/17	Inclusion 2017/18	Median HCA global Accounts 2016/17	T/L
Management Costs	£1,646	£1,457	£1,320	£1,207	£941	●
Service Charge Costs	£935	£1,176	£973	£974	£371	●
Maintenance Costs per unit	£635	£881	£629	£387	£925	●
Major Repair Costs	£0	£353	£214	£395	£682	●
Other Social Housing Costs	£939	£571	£237	£69	£241	●
Headline Social Housing Costs	£4,155	£4,438	£3,373	£3,746	£3,298	●

Source: Inclusion Management Accounts 2015/16; 2017 Global Accounts (HCA)

14.2 COSTS

MANAGEMENT COSTS PER UNIT

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



DALE VALLEY VIEW
Opened by Councillor Jean Wharmby
Cabinet Member for Adult Care
Derbyshire County Council
April 2018



**CASE STUDY:
DANNY - BUXTON**

Danny tells us

“I used to live with my Grandparents, which was really nice, but sometimes I felt I would really like to enjoy more independence and personal freedoms. Since moving into my lovely new flat at Dale Valley View I have become much more relaxed and confident. I think the Housing Manager, Shafana, is brilliant – she’s very honest, kind and helpful. The facilities in my flat are very good, especially the bathroom and lounge, it’s like living in a ‘posh’ apartment and I love it to bits – I’ve never lived anywhere as nice as this and wouldn’t change it for the world”



DALE VALLEY VIEW, BUXTON

Dale Valley View came into management in December 2017, it provides 15 Apartments for people with **learning disabilities**, in partnership with Lifeways.



15.0 GOVERNANCE

15.0 GOVERNANCE

THE BOARD ROLE IS TO PROVIDE STRATEGIC DIRECTION, OVERSEE FINANCIAL CONTROL AND TO GOVERN, CONTROL AND SCRUTINISE THE COMPANY'S OPERATIONS. INCLUSION'S BOARD IS MADE UP OF UP TO 9 NUMBER OF NON-EXECUTIVE MEMBERS. THE BOARD MEETS REGULARLY TO REVIEW THE PERFORMANCE OF THE BUSINESS.

The **Risk & Audit Committee** meets at least 3 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 & Governance 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.

Inclusion as a **Registered Provider** is subject to the requirements of the current social housing regulator, the regulator of Social Housing. 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.

Chairman
Pete Ottowell

Board Members as at 31st March 2018

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

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

Audit & Risk Sub Committee	Role
Tony Bell	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.



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.

There is greater emphasis on property management risk, finance and compliance to ensure that the business is well managed/governed, financially viable, delivers operational excellence and maintains its assets. The strategic focus and role of the Executive team is as follows: -

NEIL BROWN – CHIEF EXECUTIVE

To develop and implement the strategic direction and objectives as agreed with the Board to ensure future growth and success whilst mitigating risk and ensuring viability in its widest context.



SARAH WATERS – BUSINESS DIRECTOR

Ensuring a joined-up business that is efficient in its business administration, well governed and manages legal/lease arrangements effectively to ensure sustainable growth.



SUE MILNES – FINANCE DIRECTOR

Responsible for the business planning, treasury/ budget management and income management functions to ensure financial viability of the company; a key risk and strategic priority.



MICHELLE DODGSON – OPERATIONS DIRECTOR

Responsible for effective, high performing and customer excellent services being delivered to our customers. Leading the operations service to ensure a coherent, efficient and joined up approach to operational delivery. Management viability and customer excellence are key priorities for the Director.



PAUL ATKINS – PROPERTY DIRECTOR

Responsible for development, asset investment and maintenance services to ensure a coherent and joined up approach to asset management from design and build through to servicing, compliance and maintenance. Asset management and investment is a key risk and priority for the business.





17.0

MANAGING
RISK

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 committee also reviews the latest RSH regulatory requirements to identify and learn from any related issues. Welfare reform was our top external risk which was mitigated through our partnership working 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.

17.1 RISKS & UNCERTAINTIES

The Board of IH is ultimately responsible for managing the risks its faces, although the implementation of risk management is delegated to the Executive and Staff. IH has established and adopted a risk framework and register to ensure effective identification, management and mitigation of risk across the organisation. The risk register has been developed by the executive team to address and monitor the Key risks to the organisation.

Key risks to the organisation include Welfare reform changes, reduced investment into the sector, and adverse increase in lost income due to voids.

The Business plan has been stress tested to ensure the 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 lease agreements include a void cover agreement reducing the risk of high levels of lost income due to untenanted properties. Enhanced terms have been negotiated with partners providing voids 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 our policies, strategies and procedures are structured to minimise exposure to risks that could jeopardise the security or value of our assets.

17.2 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 approve the Health and Safety policy. 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 **LOOKING TO
THE FUTURE**

18.0 LOOKING TO THE FUTURE

The focus is on 'Excellence & Growth' by providing quality services to our customers and growing to in excess of 3000 units in management in the next 3 years, rising to 6000 units by 2028/29 with an increase in the number of schemes being self-funded from IH cash reserves. 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 30-year business plan.

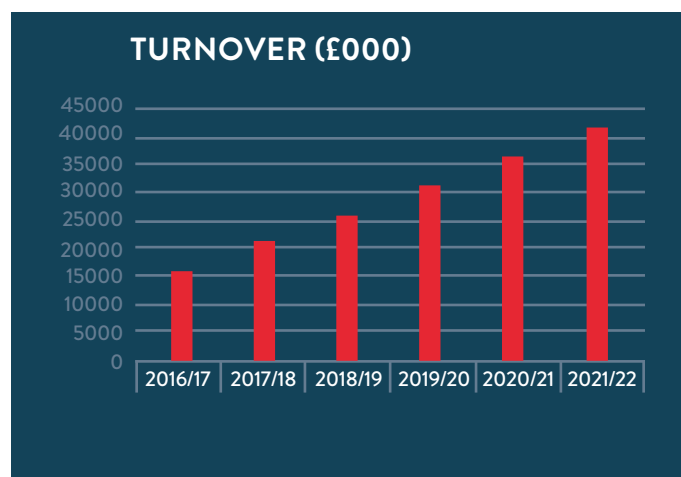
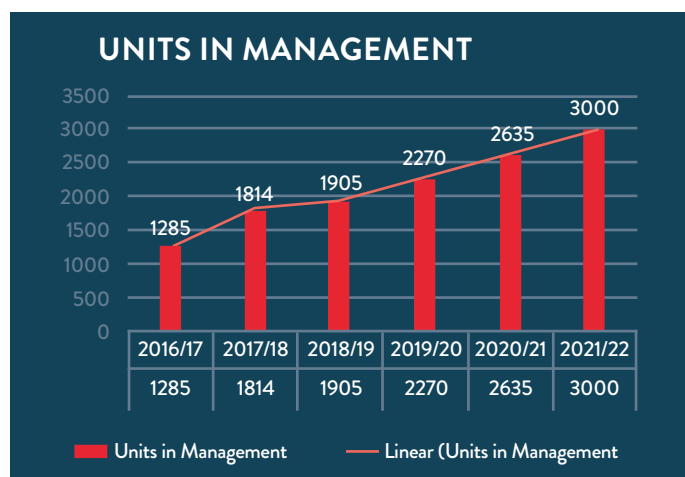
THE KEY OPERATING PRINCIPLES OF INCLUSION HOUSING ARE:

- 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 Regulator of Social Housing 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 the governance and decision-making processes within IH are commercial, efficient and accountable.
- Ensure the key risks to IH are identified, monitored and managed effectively at a strategic and operational level.
- Ensure that the business remains financially viable, and that IH achieves growing surpluses and increased cash reserves in each year of the business plan period.

With the CIC (social enterprise) status combined with our specialist team of experts, this will help deliver more business opportunities. The contracting arrangements provide sound protection for a variety of organisations who wish to financially invest in the growth of IH. Partnership working will be invaluable to the future success of IH's growing national reputation as a unique specialist health & social care housing provider with initiative to deliver innovative social enterprise initiatives.

Over the next 5-years it is anticipated that Inclusion housing will grow at an **average growth rate** of approximately **350 units per annum**; incorporating both new build and portfolio acquisition. This will result in the stock increasing from 1300 to 3100 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	2019/10	2020/21	2021/22
B/FWD	433	917	1285	1814	1905	2270	2635
In Management	484	368	529				
Projected			311	365	365	365	365
C/FWD	917	1285	1814	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 2018

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

IH business activities and current financial position are set out in this operating and financial review. With increased cash reserves and growing resources, the IH 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

OPINION

We have audited the financial statements of Inclusion Housing Community Interest Company Limited (the 'company') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. *The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).*

This report is made solely to the association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2018, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2015.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- THE BOARD'S USE OF THE GOING CONCERN BASIS OF ACCOUNTING IN THE PREPARATION OF THE FINANCIAL STATEMENTS IS NOT APPROPRIATE; OR
- THE BOARD HAS NOT DISCLOSED IN THE FINANCIAL STATEMENTS ANY IDENTIFIED MATERIAL UNCERTAINTIES THAT MAY CAST SIGNIFICANT DOUBT ABOUT THE ASSOCIATION'S ABILITY TO CONTINUE TO ADOPT THE GOING CONCERN BASIS OF ACCOUNTING FOR A PERIOD OF AT LEAST TWELVE MONTHS FROM THE DATE WHEN THE FINANCIAL STATEMENTS ARE AUTHORISED FOR ISSUE.

OTHER INFORMATION

The board is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2018

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the board report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the board report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the association and its environment obtained in the course of the audit, we have not identified material misstatements in the board report.

We have nothing to report in respect of the following matters in relation to which 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.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

GOVERNANCE

IH does not currently have a regulatory judgement as it previously held less than 1,000 homes. Due to the growth in the number of units in management and in line with regulatory requirements an in depth assessment was undertaken during April and May 2018 resulting in a notice being published by the regulator on the 29th May 2018 stating the regulator is investigating a matter regarding Inclusion's compliance with the Governance and Financial Viability Standard. The Board and Executive team continue to work with the regulator who have not yet concluded their investigation. Given the regulator has not concluded their judgement it is reasonable to say IH is compliant with the governance and viability standard.

RESPONSIBILITIES OF THE BOARD

As explained more fully in the board's responsibilities statement, the board members (who are also the directors of the company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board is responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Mr W.H, Sawyer FCA (Senior Statutory Auditor)

For and on behalf of
J.N. Straughan & Co., Statutory Auditor
1st Floor
Portland House
Belmont Business Park
DURHAM
DH1 1TW

INCLUSION HOUSING COMMUNITY INTEREST
COMPANY (REGISTERED NUMBER: 06169583)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2018

	2018		2017	
	£	£	£	£
TURNOVER		21,609,310		15,878,909
Other external expenses		17,726,417		12,502,237
		<u>3,882,893</u>		<u>3,376,672</u>
GROSS SURPLUS				
Staff costs	1,372,543		1,187,387	
Depreciation	53,198		72,209	
Other operating expenses	865,367	2,291,108	739,721	1,999,317
		<u>1,591,785</u>		<u>1,377,355</u>
OPERATING SURPLUS				
Interest receivable and similar income		18,501		6,335
Interest payable and similar expenses		27,279		29,618
		<u>1,583,007</u>		<u>1,354,072</u>
SURPLUS FOR THE FINANCIAL YEAR BEFORE TAXATION				
Tax on surplus		312,604		276,067
		<u>1,270,403</u>		<u>1,078,005</u>
SURPLUS FOR THE FINANCIAL YEAR AFTER TAXATION				
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,270,403</u>		<u>1,078,005</u>

The Company's results relate wholly to continuing activities.

INCLUSION HOUSING COMMUNITY INTEREST
COMPANY (REGISTERED NUMBER: 06169583)

BALANCE SHEET
31 MARCH 2018

	2018	2017
	£	£
FIXED ASSETS		
Tangible assets	1,869,460	1,078,350
	<hr/> 1,869,460	<hr/> 1,078,350
CURRENT ASSETS		
Debtors	1,678,620	2,031,841
Cash at bank and in hand	4,779,426	3,213,467
	<hr/> 6,458,046	<hr/> 5,245,308
CREDITORS		
Amounts falling due within one year	(2,662,256)	(2,537,795)
	<hr/> 3,795,790	<hr/> 2,707,513
NET CURRENT ASSETS		
TOTAL ASSETS LESS CURRENT LIABILITIES	<hr/> 5,665,250	<hr/> 3,785,863
CREDITORS		
Amounts falling due after more than one year	(2,893,032)	(2,283,359)
PROVISIONS FOR LIABILITIES	(14,032)	(14,721)
	<hr/> 2,758,186	<hr/> 1,487,783
TOTAL NET ASSETS		
RESERVES		
Income and expenditure account	2,758,186	1,487,783
	<hr/> 2,758,186	<hr/> 1,487,783
TOTAL RESERVES		
	<hr/> 2,758,186	<hr/> 1,487,783

The financial statements were approved and authorised for issue by the Board on 26th September 2018

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 2018

	Income and expenditure reserve	£	Total
AT 1 APRIL 2016	409,778		409,778
Surplus for the year and total comprehensive income	1,078,005		1,078,005
AT 31 MARCH 2017	<u>1,487,783</u>		<u>1,487,783</u>
Surplus for the year and total comprehensive income	1,270,403		1,270,403
AT 31 MARCH 2018	2,758,186		<u>2,758,186</u>

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 2018

	2018	2017
	£	£
CASH FLOW FROM OPERATING ACTIVITIES		
Cash generated from operations	2,574,149	1,725,836
Interest paid	(27,279)	(29,618)
Tax paid	(284,015)	(106,201)
Net cash from operating activities	<u>2,262,855</u>	<u>1,590,017</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments to acquire tangible fixed assets	(859,360)	(6,135)
Grants Received	230,044	-
Interest received	18,501	6,335
Net cash from investing activities	<u>(610,815)</u>	<u>200</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term loans	(541,081)	(357,117)
Loans Taken out in year	455,000	-
Net cash flow from financing activities	<u>(86,081)</u>	<u>(357,117)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,565,959	1,233,100
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,213,467</u>	<u>1,980,367</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>4,779,426</u>	<u>3,213,467</u>

The notes form part of these financial statements

INCLUSION HOUSING COMMUNITY INTEREST
COMPANY (REGISTERED NUMBER: 06169583)

**PARTICULARS OF INCOME AND EXPENDITURE
FROM SOCIAL HOUSING LETTINGS**

FOR THE YEAR ENDED 31 MARCH 2018

	2018	2017
	£	£
Rent Receivable	20,855,796	15,560,226
Revenue Grants Received	753,514	318,683
Turnover from social housing lettings	21,609,310	15,878,909
Lease rents payable	13,097,821	9,158,540
Routine maintenance and other property costs	2,850,760	2,557,028
Planned maintenance, including major repairs	1,137,139	786,669
Bad debt write off	29,834	41,897
Depreciation of housing properties and elements included herein	32,623	37,315
Insurance	301,919	255,849
Office rent	3,371	20,747
Wages and salaries	1,372,543	1,187,387
Management, consultancy, legal and professional fees	103,649	137,635
Other costs	1,087,866	318,487
Operating costs on social housing lettings	20,017,525	14,501,554
OPERATING SURPLUS ON SOCIAL HOUSING LETTINGS	1,591,785	1,377,355
Void losses	1,103,604	1,252,553

INCLUSION HOUSING COMMUNITY INTEREST
COMPANY (REGISTERED NUMBER: 06169583)

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2018

**1. RECONCILIATION OF OPERATING SURPLUS TO CASH FLOW
FROM OPERATING ACTIVITIES**

	2018 £	2017 £
SURPLUS BEFORE TAXATION	1,583,007	1,354,072
Interest payable	27,279	29,618
Interest received	(18,501)	(6,335)
Depreciation of tangible fixed assets	68,250	54,010
Loss on disposal of tangible fixed assets	-	18,199
Decrease in trade and other debtors	353,221	(868,344)
Increase in trade and other creditors	790,937	1,144,616
Grants utilised in the year	(230,044)	-
NET CASH FLOW FROM OPERATING ACTIVITIES	2,574,149	1,725,836

2. CASH AND CASH EQUIVALENTS

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

	2018 £	2017 £
YEAR ENDED 31 MARCH 2018		
Cash and cash equivalents	4,779,426	3,213,467
YEAR ENDED 31 MARCH 2017		
Cash and cash equivalents	3,213,467	1,980,367



INCLUSIONHOUSING

ADDRESS

INCLUSION HOUSING
106 HEWORTH GREEN
YORK
YO31 7TQ

EMAIL OR CALL

WWW.INCLUSIONHOUSING.ORG.UK
HELLO@INCLUSIONHOUSING.ORG.UK
01904 675 207

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