



INCLUSIONHOUSING



# YOUR ANNUAL REPORT 2019/2020





INCLUSIONHOUSING



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# INCLUSION HOUSING ANNUAL REPORT & ACCOUNTS 2019/2020

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# HELLO AND THANK YOU

**THROUGH OUR FIRST 5 YEAR STRATEGIC PLAN IN 2015 INCLUSION HOUSING WANTED TO BUILD RESILIENCE AND SCALE TO WITHSTAND ALL CHALLENGES AND TO POSITION THE COMPANY TO EXERT GREATER MARKET INFLUENCE FOR THE NEXT 5 YEARS. WE WANTED TO ACHIEVE 3000 UNITS IN MANAGEMENT BY 2021/22 AND WITH 2500 PROPERTIES ALREADY IN MANAGEMENT WE WILL ACHIEVE THIS TARGET.**

Through scale we have significantly reduced management costs while increasing service quality and reach; winning an array of awards and accreditations in the meantime. We can therefore justifiably state and have the evidence to substantiate that Inclusion Housing is the best in class in the provision of specialist supported housing in the UK

Our continued growth to over 2500 tenancies demonstrates the confidence that commissioners, funds and care providers have in Inclusion to deliver excellent services alongside sound finances and effective partnership working. Overall, we have substantive evidence to support our claim that we are meeting our strategic vision of being the leading health and social care landlord in the country.

This annual report provides demonstrable evidence of our continued and strengthening financial viability; with record turnover, continued surplus, strong cashflow and positive and strengthening balance sheet. Unlike other operators of the lease backed model, Inclusion has a track record over a number of years of lowering operational costs, increasing revenues, lack of indebtedness and strong balance sheet; while delivering excellent services.

Our responsible, well organized, low cost but high quality approach is unprecedented in the sector and we continue to innovate and deliver to benefit the most vulnerable in society; while saving substantive sums for health and local authorities. This is backed by a number of independently assessed accreditations.

Excellence and innovation was recognised 2019 when we were presented with a European Business Award (Chairman's Award) in Warsaw; a prestigious accolade and our second European Business Award in four years. The Chairman of the Judges included this category to recognise Innovation, Ethics and Business Performance.

Inclusion is delivering excellence with high levels of customer satisfaction at comparable low cost of management and operation. Our low hierarchy and local delivery approach utilising local contractors mean that our costs are approximately half of what is achieved by comparable supported housing providers. We operate on a national basis but maintain local delivery through our locally based staff and local contractors. Satisfaction with our managing agents is at 95%; we are extremely proud of the talented staff that we employ, develop and empower to deliver great services.

Overall, we are delighted to be able to make a meaningful difference to the quality of life for our vulnerable and disabled residents; the majority of whom would be faced with hospitalisation or registered care. Inclusion is delivering real independent living within the community in quality refurbished and new-build accommodation.

We recognise the great responsibility we have in providing key services to vulnerable people; and the business maintains a sharp focus on delivering our values (Excite) in whatever we do; excellence, collaboration, inclusive, trust and enterprise.

Inclusion continues to contribute substantively toward the governments objectives of transforming care by providing community based independent living options. Whilst our services are required and we continue to achieve the highest standards then Inclusion will work in partnership with local commissioners to deliver more supported living in partnership with our funders and care providers; we do it well and are best placed to do even more.



**Pete Ottowell**, Chair



**Neil Brown**, Chief Executive



# 2.0 ABOUT US

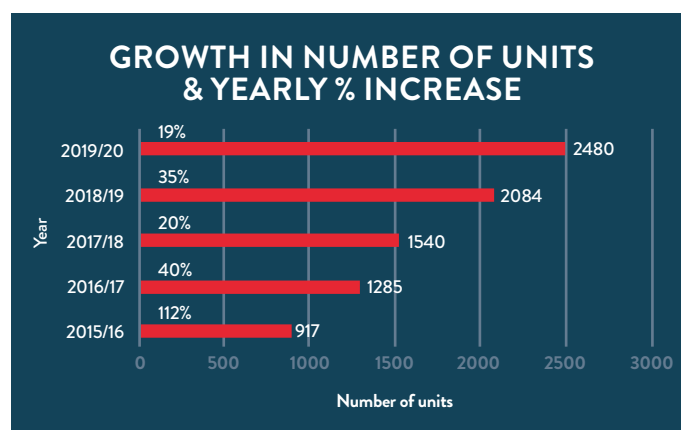
# ABOUT INCLUSION HOUSING

**INCLUSION HOUSING (IH) IS A COMMUNITY INTEREST COMPANY (CIC – SOCIAL ENTERPRISE) REGULATED BY THE GOVERNMENT CIC REGULATOR AND A REGISTERED PROVIDER OF SOCIAL HOUSING REGULATED BY THE REGULATOR 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; AWARDED THE QUEENS AWARD FOR ENTERPRISE (INNOVATION) 2018, RECOGNISED IN THE PARLIAMENTARY REVIEW 2019 AND A EUROPEAN BUSINESS AWARD WINNER AGAIN IN 2019/20.**

Award winning IH is the leading national provider 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 approximately 2500 units in management, located across 91 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.



The rate of growth achieved by IH over the last five years has been significant in order to build resilience, achieve scale, lower costs and raise service standards; all of which has been achieved despite challenge.

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 A LEADING UK SOCIAL ENTERPRISE COMPANY.**

IMPROVING THE  
LIVES OF THE MOST  
VULNERABLE PEOPLE  
IN OUR SOCIETY



2480 UNITS IN  
MANAGEMENT,  
LOCATED  
ACROSS 91 LOCAL  
AUTHORITY AREAS



AWARD WINNING IH IS ONE OF THE  
LEADING NATIONAL PROVIDERS OF  
NON - GOVERNMENT GRANT FUNDED  
SUPPORTED ACCOMMODATION



## **CASE STUDY: ALEX - CHESHIRE**

This is our tenant Alex from our scheme in Cheshire. Alex loves to keep busy and is a keen gardener. Recently he decided to go out and get some nice flowers for the front of the scheme to add some colour and is planting them himself.

Everyone is so proud of the work he has done and excited to see the final result. When the current government restrictions are

lifted, we are looking at getting him a Homelife grant so he can start a gardening club and get the rest of the tenants involved!

We would like to say a massive thank you to Alex for the care and attention he has put into the garden, we can't wait to see how it turns out!



# 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 (ExCITE)

#### Our key values are:

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



## PRIORITIES

Strategic Priority 1	Strategic Objectives	Issue	Key Outcomes	IH Value
Asset Management	<b>Maintain Assets</b> - The delivery of high performing efficient and compliant property maintenance and servicing arrangements that deliver excellence and maintain our property portfolio to a high standard	Property	<b>Top Quartile Maintenance Service Satisfaction</b>	Excellence
			<b>Reduced average property costs</b>	Trusted

Strategic Priority 2	Strategic Objectives	Issue	Key Outcomes	IH Value
Growth	<b>Develop New Business</b> - Fully appraise each development opportunity as IH expands its portfolio across the country as a unique housing & social enterprise;	Growth	<b>3000 properties in Management by 2022</b>	Enterprise Collaborative

Strategic Priority 3	Strategic Objectives	Issue	Key Outcomes	IH Value
Business Viability	<b>Organisational Development</b> - To encourage innovation and flair within the team, combined with a reward structure that encourages individuals will always continue to demonstrate the extra commitment to get the job done	People	<b>National Top Employer Award</b> <b>Low turnover of staff</b>	Inclusive Collaborative
	<b>Continuous Improvement</b> - To continuously improve our operational systems and service delivery	Delivery & Customer	<b>Best Companies Accreditation</b>	Excellence
	<b>Commercial Management Viability</b> - Be commercially governed and effectively managed	Governance	<b>G1 Governance Rating</b>	Trusted

Strategic Priority 4	Strategic Objectives	Issue	Key Outcomes	IH Value
Customer Excellence	<b>Homelife Tenant Involvement</b> - Support & encourage volunteering, training and employment opportunities and the related benefits this brings to an individual's lifestyle	Resident Involvement	<b>Top Quartile Customer Satisfaction</b>	Inclusive
	<b>Customer Excellence</b> - 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	<b>Customer Excellence Accreditation</b> <b>Investors in Diversity Accreditation</b>	Excellence

Strategic Priority 5	Strategic Objectives	Issue	Key Outcomes	IH Value
Financial Viability	<b>Financial Viability</b> - Be financially viable, and professionally managed	Finance	<b>Deliver against our business plan</b>	Trusted
	<b>Value for Money</b> - To be efficient in our drive to provide a range of housing and related services to a recognised quality to all our current tenants and customers	Value	<b>Reduce average operational costs by 15%</b> <b>Margins &gt;8%</b>	Excellence



## CASE STUDY: WIRRAL

### What a fun day!

The tenants at our scheme on the Wirral have been enjoying some outdoor games in the sun bought for them with the Homelife fund.

They loved spending time together, some of the tenants were competitive and doing these activities brought their personalities out.

It also made a lot of the tenants who prefer spending time alone come outside and join in the fun with their peers- a great day all around.



# 4.0 AWARDS & ACCREDITATIONS

## 4.0 AWARDS & ACCREDITATIONS



### EUROPEAN BUSINESS AWARD 2020 (CHAIRMAN'S' CATEGORY)

Excellence and innovation was recognised 2019 when we were presented with a European Business Award (Chairman's Award) in Warsaw; a prestigious accolade and our second European Business Award in four years. The Chairman of the Judges included this category to recognise Innovation, Ethics and Business Performance.

### PARLIAMENTARY REVIEW 2019

Inclusion has been appeared in the 2018/19 Parliamentary Review, showcasing the organisation's best practice as a learning tool to the public and private sector, in particular to leading policymakers/executives within the care sector.

The business has demonstrated how determined leadership and innovative thinking can turn around organisations and to highlight how organisations/individuals have become outstanding leaders in their field. The contributors thus act as a template for reform.

### INTERNATIONAL CORPORATE SOCIAL RESPONSIBILITY WINNER 2019

Inclusion was recognised by a panel of independent judges as being a 'project of significant merit' at the international corporate social responsibility awards in London.

### 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.

### LEADERS IN DIVERSITY 2018

The National Centre for Diversity has confirmed that Inclusion has successfully completed and been accredited with **Leaders in Diversity Award Stage 3**. Summarised below are key findings from the full report.

Staff are positive about leadership behaviours regarding EDI and indicate that, culture around inappropriate behaviour, discrimination or bullying and harassment is set at a zero tolerance and that policies & procedures that are in place are working.

Survey results and discussions show excellent continuous improvements in the organisation regarding behaviours and conduct in relation to EDI. It has developed an excellent range of effective policies and the previously mentioned E&D annual report, which is concise, easy to follow and includes the Leaders in Diversity action plan. There is clearly a fantastic commitment from leadership, in terms of quality and external standards, that are valued as a route to demonstrating this.





# 5.0 COMPETITIVE ADVANTAGE

## 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 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 important in working with care and commissioning agencies in the schemes themselves.

### **ONLINE SERVICE**

Inclusion has developed its online 24 hour 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 costs are comparatively low compared to others operating in this market.



# 6.0 WHERE WE OPERATE

## 6.0 A NATIONAL OPERATION WITH A LOCAL PRESENCE

### INCLUSION OPERATES ON A NATIONAL BASIS ACROSS ENGLAND WITH A PRESENCE ALSO IN WALES AND 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 is increasing its housing supply in the South of England to reflect the unmet need and increasing demand for accommodation and services for vulnerable adults.





# 7.0 OUR CUSTOMERS

### INCLUSION IS INCREASING ITS HOUSING SUPPLY IN THE SOUTH OF ENGLAND TO REFLECT THE UNMET NEED AND INCREASING DEMAND FOR ACCOMMODATION AND SERVICES FOR VULNERABLE ADULTS.

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.

IH gathers profiling data from all tenants to help us better understand our customer base and enable us to tailor our services to meet their needs.

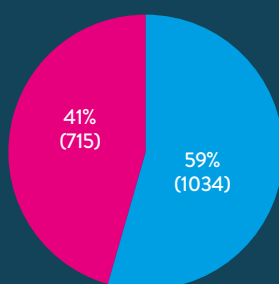
#### SOME KEY ASPECTS OF THE INFORMATION WE HAVE AVAILABLE IS DETAILED BELOW:

- We currently have **1790 tenants** (an increase of 455 from Oct 18) .
- **49 of the tenanted units have joint tenancies**, a significant increase from just 7 in October 2018.
- The **average age of tenants is 42 years**, with the ages split across a wide range, in line with previous results.
- We hold information on **ethnicity for 1310 tenants** (73.2%)

Further analysis is provided on the next page to inform the difference that we make to a diverse range of vulnerable and disabled people: ►



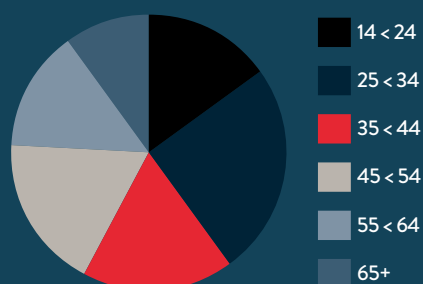
## GENDER SPLIT



Male Female

The male and female ratios are 59% and 41% (1034 and 715); this is consistent with the ratio reported 12 months ago.

## TENANT AGE



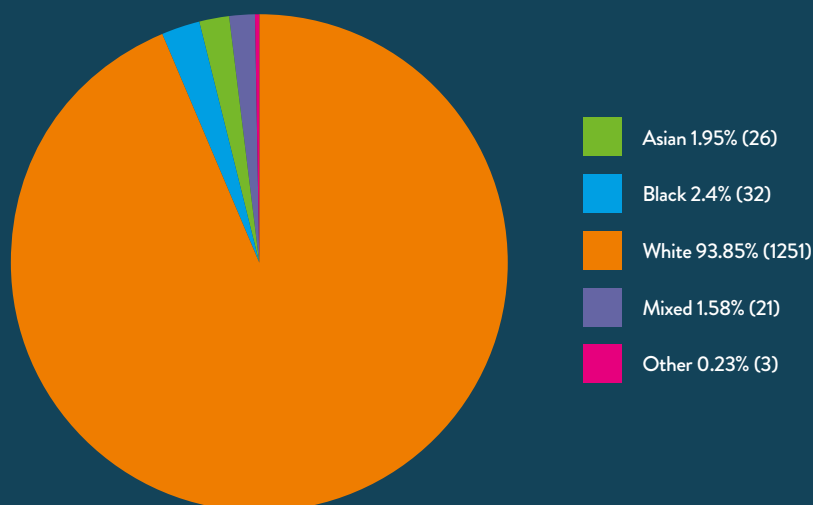
Age	Number	2019	2018
15 < 24	241	15%	13%
25 < 34	395	25%	25%
35 < 44	280	18%	18%
45 < 54	280	18%	19%
55 < 64	213	14%	13%
65 +	162	10%	12%
<b>TOTAL</b>	<b>1571</b>	<b>100%</b>	<b>100%</b>

Age profiles demonstrate a diverse range across our business with 10% of tenants above 65 years, and the majority being in the 25-34-year category.

## ETHNICITY

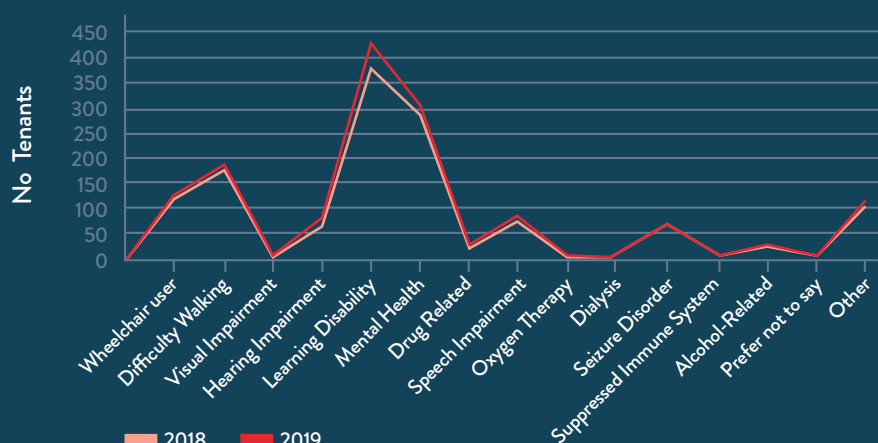
76.6% (1371) of current tenants chose to complete the ethnicity section within the profiling document, the data we have tells us that:

- 1251 tenants (93.85%) identify as White British.
- 2.4% identify as Black African, Black Caribbean or Black other.
- 2.8% of tenants preferred not to disclose their ethnicity to us, an increase of only 0.4% in 2018.



## TENANT PROFILE - DISABILITY

Our tenants have a wide range of disabilities, many spanning multiple categories. Based only on what tenants tell us, the results are similar to prior years. This detail is exported directly from our Housing Management System and is entered at the time of tenancy commencement, not all tenants disclose their primary disability, or any disability information and the results are only the perception of what the tenants believe their disabilities to be.





# 8.0 CUSTOMER SERVICE

## 8.0 CUSTOMER SERVICE

Our **KPI target** for overall satisfaction is 90% with a tolerance of 87%. The results of the most recent survey demonstrate that we continue operating with an actual overall satisfaction level with the service at **86%**.

We aim to achieve a Net Promoter Score of above 60 and the average is rated at **+57** across all 9 questions.

The table below provides insight into the 2019 survey results for the individual questions and overall:

Question	No	Very Satisfied	Satisfied	Impartial	Dissatisfied	Very Dissatisfied	Overall %		2019 NPS	2018 NPS	NPS Differential
Overall Service	794	59.7	23.2	10.5	3.9	2.8	<b>83</b>	100.0	53	56	-3
Managing Agent Service	794	69.3	20.2	7.2	2.4	1.0	<b>89</b>	100.0	66	68	-2
Condition & Repair	792	52.4	25.5	11.0	6.1	5.1	<b>78</b>	100.0	41	51	-10
Scheme	792	57.7	28.3	10.0	2.1	1.9	<b>86</b>	100.0	54	58	-4
ASB	749	57.9	23.6	12.6	2.8	3.1	<b>82</b>	100.0	52	55	-3
Supported	788	71.1	21.1	5.1	1.3	1.5	<b>92</b>	100.0	68	72	-4
Listened to	791	63.2	23.3	8.5	3.4	1.6	<b>86</b>	100.0	58	61	-3
Safe	794	68.6	22.7	4.7	2.5	1.5	<b>91</b>	100.0	65	69	-4
Opinions	793	61.7	25.5	8.4	2.1	2.3	<b>87</b>	100.0	57	62	-5
<b>Overall Service</b>	<b>7087</b>	<b>62.4</b>	<b>23.7</b>	<b>8.6</b>	<b>3.0</b>	<b>2.3</b>	<b>86</b>	<b>100.0</b>	<b>57</b>	<b>61</b>	<b>-4</b>

While Inclusion continues to achieve good levels of satisfaction across the majority of its services there has been a decrease in the number of tenants who are very satisfied and satisfied in comparison to last year.

There are still **high levels of satisfaction** with the service provided by Managing Agents; 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 91% report feeling safe.

### 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 challenging at +60% for each question on the survey; overall, we are achieving an average of +57%.

Question	NPS Sept 2018	NPS Sept 2019	Variance
How satisfied are you with the overall service provided by Inclusion Housing?	+56	+53	<b>-3</b>
How satisfied are you with the service your Managing Agent provides?	+68	+66	<b>-2</b>
How satisfied are you with the condition and repair of your home?	+51	+41	<b>-10</b>
How would you rate the satisfaction of the scheme you live in?	+58	+54	<b>-4</b>
How satisfied are you with our response to anti-social behaviour issues?	+55	+52	<b>-3</b>
Do you feel supported to manage your tenancy?	+72	+68	<b>-4</b>
Are you satisfied you are listened to by Inclusion staff?	+61	+58	<b>-3</b>
Are you satisfied with how safe you feel in your home?	+69	+65	<b>-4</b>
Are you satisfied that your opinions are taken seriously?	+62	+57	<b>-5</b>
<b>Overall Average for Questions</b>	<b>+61</b>	<b>+57</b>	<b>-4</b>

## 8.0 CUSTOMER SERVICE

Overall Inclusion is achieving Net promoter scores over 50% in all categories bar one. The overall 4% dip in performance is attributable to more respondents telling us on average that they were only satisfied in 2019 as opposed to very satisfied when compared to last year. The classification for net promoter is based on the number very satisfied, minus the number who are either dissatisfied or very dissatisfied.

Average	2018 %	2019 %	Diff
<b>Very satisfied</b>	66	62	-4
<b>Satisfied</b>	22	24	+2
<b>Impartial</b>	8	9	+1
<b>Dissatisfied</b>	2	3	+1
<b>Very dissatisfied</b>	2	2	0

Benchmark information has been utilised to compare Inclusions overall satisfaction with the services provided by other small supported housing organisations. Taken from the benchmarking report which was presented to Board in August 2019 and made up of participants of the Social Housing Benchmarking Club, the table below shows that overall, we are broadly reflective of the average for these organisations across the 3 service areas; with a need to further enhance home condition.

Customer Indicators	Benchmarking [SH median] 2018/19	2015/16 Inclusion Housing	2016/17 Inclusion Housing	2017/18 Inclusion Housing	2018/19 Inclusion Housing	2019/20 Inclusion Housing
<b>Customer Satisfaction</b>	89%	72%	89%	89%	87%	86%
<b>Satisfied with Managing Agent</b>	91%	68%	94%	93%	92%	89%
<b>Satisfaction with Home Condition</b>	89%	67%	79%	78%	80%	78%



## 8.0 CUSTOMER SERVICE

### COMPLAINTS

During the 2019/20 **21 complaints** were received in total. Complaints generally related to ongoing repair issues, problematic utility issues and service charge queries. Overall complaints are generally low and infrequent which reflects the improvement in maintenance services and the impact of the Managing Agents delivering a personalised service to residents.

### SERVICE STANDARDS

Our Service Standards were chosen because they were the things our customers told us were important to them; the implementation of **Mystery Shopping** has been aligned to these service standards and will further enhance our awareness and support us in our continuous improvement approach to delivering excellent services to our tenant and partners. Overall results showed we are meeting our requirements and that service provision is generally good.

Phone	% Yes
Call answered in 20 secs	98%
Courteous?	99%
Gave name / friendly?	96%
Avoided jargon and listened?	100%
Did you understand and agreed next steps?	99%
Email	% Yes
Responded to in 1 working day	83%
If not 1 working day did you get out of office advising of details?	50%
General	% Yes
Offered convenient appointment if asked for one?	100%
Staff member said thank you / offered further help & advice?	97%
Enquiry dealt with at 1st point of contact?	80%
Very satisfied	-4
Satisfied	+2
Impartial	+1
Dissatisfied	+1
Very dissatisfied	0

### 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 2020 was 88%.

### 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.

Inclusion now has 353 schemes in management and achieved **100% of schemes scoring good or fair** in March 2019; with the percentage of schemes rating poor dropping to less than 1%

March 2020	Schemes	%
Good	343	97%
Fair	9	3%
Poor	1	<1%
TOTAL	353	100%



9.0

## INVOLVING OUR RESIDENTS

## 9.0 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.

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 2019-20, overall, we supported more than 400 tenants using these funds:

The table below provides an overview into the different involvement, consultation and community initiatives that Inclusion Housing has been involved with over the last 12 months. Overall it demonstrates a wide body of varied work that Inclusion Housing has been involved in. We look forward to receiving ideas and approaches from residents about what else we can work with and invest in to make a difference in their communities in 2020.

### IN 2019 OUR HOMELIFE PROJECT DELIVERED PROJECTS, TRAINING AND OTHER INITIATIVES BENEFITING OVER 390 TENANTS.

	Events / Activities	No Involved	Outcomes
Consultation	IHM	All Tenants	<ul style="list-style-type: none"> <li>• One to one contact</li> <li>• Documented requests</li> </ul>
	Customer Satisfaction	All Tenants	<ul style="list-style-type: none"> <li>• Published results</li> <li>• Documented Improvement</li> </ul>
	Influencing	478	<ul style="list-style-type: none"> <li>• Published results</li> <li>• Engagement</li> <li>• Influencing the Business</li> <li>• Making a difference</li> <li>• Insight and accountability</li> </ul>
Involvement	Notice Boards	All Schemes	<ul style="list-style-type: none"> <li>• Informed on Safety</li> <li>• Regular Visits Documented</li> </ul>
	Resident Meetings 71 schemes	Est 560	<ul style="list-style-type: none"> <li>• Life enrichment</li> <li>• Inclusivity</li> <li>• Combat social isolation</li> </ul>
	Newsletter	All Tenants	<ul style="list-style-type: none"> <li>• Published results</li> <li>• Case studies (how we can help)</li> </ul>
	Tenant good news stories	27	<ul style="list-style-type: none"> <li>• Making a difference</li> <li>• Success stories</li> </ul>
	Tenant Annual Report	All	<ul style="list-style-type: none"> <li>• Transparency</li> <li>• Insight &amp; Accountability</li> </ul>

## 9.0 INVOLVING OUR RESIDENTS

	Events / Activities	No Involved	Outcomes
<b>HomeLife Activities</b>	Gardening projects (courses, equipment, flowers and veg growing)	12	<ul style="list-style-type: none"> <li>• Life enrichment</li> <li>• Inclusivity</li> <li>• Combat social isolation</li> <li>• Social skills</li> <li>• Health and Wellbeing</li> </ul>
	Arts and Crafts / Xmas Card Design	77	<ul style="list-style-type: none"> <li>• Stimulation</li> <li>• Combat social isolation</li> <li>• Inclusivity</li> <li>• Reminiscence</li> <li>• Social skills</li> <li>• Health and Wellbeing</li> </ul>
	Health and Wellbeing	61	<ul style="list-style-type: none"> <li>• Life enrichment</li> <li>• Inclusivity</li> <li>• Combat social isolation</li> <li>• Social skills</li> <li>• Health and Wellbeing</li> </ul>
	External Courses / Activities	16	<ul style="list-style-type: none"> <li>• Life enrichment</li> <li>• Inclusivity</li> <li>• Combat social isolation</li> <li>• Social skills</li> <li>• Health and Wellbeing</li> <li>• New skills</li> <li>• Learning / Development</li> </ul>
	Parties / Social Gatherings	165	<ul style="list-style-type: none"> <li>• Life enrichment</li> <li>• Inclusivity</li> <li>• Combat social isolation</li> <li>• Social skills</li> <li>• Health and Wellbeing</li> <li>• Healthy Eating</li> </ul>
	Reminiscence	60	<ul style="list-style-type: none"> <li>• Life enrichment</li> <li>• Inclusivity</li> <li>• Combat social isolation</li> <li>• Social skills</li> <li>• Health and Wellbeing</li> </ul>



### **CASE STUDY: PETER - DEVON**

Peter is a resident at one of our schemes in Devon. He was recently granted a homelife fund; Peter shares with Inclusion his purchases and how this fund has helped him.

**“THE HOMELIFE FUND HAS HELPED ME ENORMOUSLY, IT HAS ENABLED ME TO BUY SOME TOMATO PLANTS, STRAWBERRIES, ONIONS, FLOWERS FOR THE HANGING BASKETS AND RAISED BEDS. I STILL HAVE SOME VOUCHERS LEFT TO SPEND AND I AM READING SOME GARDENING BOOKS TO DECIDE WHAT NEXT TO BUY AND GROW.**

**IT HAS ENABLED ME TO CARRY ON GARDENING THIS YEAR WHICH I REALLY ENJOY, GETTING SOME FRESH AIR, A BIT OF EXERCISE AND SEEING WHAT I’VE PLANTED START TO GROW AND EVENTUALLY WE CAN EAT! I’M ALSO ABLE TO CHAT WITH THE NEIGHBOURS AT THE SAME TIME WHICH HAS HELPED A LOT AS I’M NOT ABLE TO GO OUT DUE TO CORONAVIRUS. WE HAVE BEEN SWAPPING GARDENING TIPS AND CUTTINGS AS WELL, IT REALLY DOES GIVE ME SOMETHING TO DO AND FOCUS ON.”**



# 10.0 PROPERTY MANAGEMENT

## 10.0 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.
- 6.** We will update the asset management strategy annually to reflect the asset investment requirements contained within this report.

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

Summary of All Key Data		
	2018/19	2019/20
Average Number of Properties (Leases ended)	1091	1371
Total Planned Investment (30 Years) <sup>1</sup>	£14,426,791	£28,837,230
Sinking Fund Income Received	£672	£818
Annual Investment Per Unit <sup>2</sup>	£427	£701
Percentage of Property Constructed Post 2000	82%	77%
Average SAP Rating	76.7	75.9
Percentage of Self-contained Accommodation	74%	76%
Percentage Shared Accommodation	26%	24%

1. Total investment requirement based on all leases ending on year surrender date.

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

### REPAIRS SERVICE

14,382 works orders were raised in the financial year 2019/2020 resulting in a repairs and servicing expenditure of £1,573,496. The increase in repairs orders is in line with the positive growth of the business compared to the 11,240 job completions last year.

We continue to review our systems and procedures and ensure wherever possible that non-urgent repairs are 'batched' and completed as cyclical maintenance to ensure we continue to reduce costs and enhance service delivery. To contribute to this, we have again expanded the 'handyperson service'.

## 10.0 PROPERTY MANAGEMENT

### PLANNED INVESTMENT

The Planned maintenance budget shows expenditure for 2019/2020 of £230,006 set against an annual budget of £200,400; 70% of the planned works had been completed by Quarter 2 of the financial year. The planned maintenance budget currently covers items such as boiler renewals, bathroom and kitchen replacements, internal and external decoration, fencing, roofs and guttering.

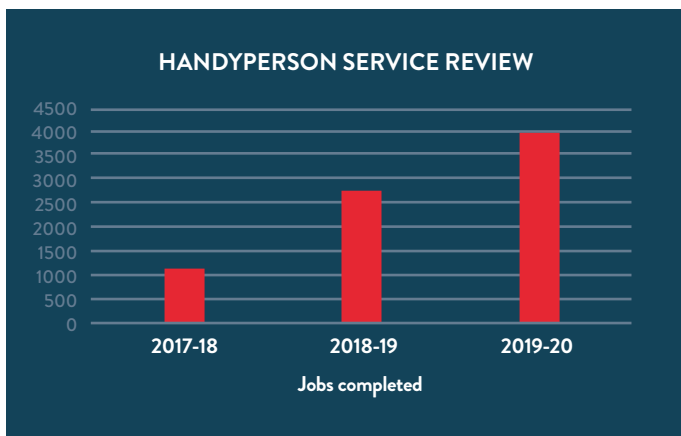
We continue to maintain the stock condition surveys of the company's stock on a five-year rolling programme and update all relevant property data.

### SINKING FUND RESERVE

Inclusion Housing has a Property Sinking Fund Reserve of £3.814M. The property sinking fund will be used for the programmed replacement and planned repairs of roofs, doors, windows, kitchens, bathrooms, electrical rewiring, communal decorations etc.

### HANDYPERSONS

In the 2019/20 financial year the handyman service provided by Inclusion Housing's network of local contractors has significantly expanded. The service continues to perform well, and we continue to receive positive feedback from tenants and care providers. As the service has expanded the total number of visits has increased from 409 to 640 which is a 56% increase on the previous year.



Jobs completed comparisons show a 43% increase from 2718 to 3899. The figures suggest that continued expansion of the service is allowing us to reach out to a wider selection of our vulnerable client group on a more regular basis.

### COMPLIANCE

The compliance working group meet monthly to monitor progress, performance and agree required actions; this group has a key role to play in ensuring compliance remains a key focus for Inclusion Housing

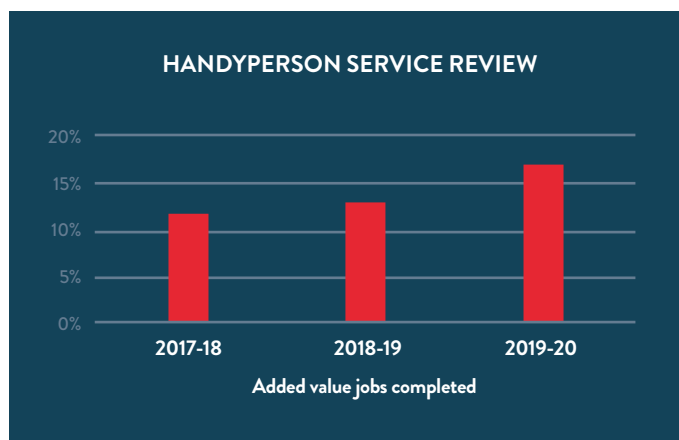
IH currently monitors 10,228 various compliance certificates; at year end we achieved 100% gas compliance.

#### Summary of Key Data 2020

30 Year Investment Plan Cost	£28,837,230
Annual Investment Plan Cost (Profiled)	£961,241
Number of Units	1371
Annual Investment Plan Cost Per Unit	£701.35
Income Per Unit Per Annum (@ £818)	£1,122,056
Total Annual Investment (Profiled)	-£961,241
Surplus/(Deficit) To Sinking Fund Per Annum	£160,815

The total 30-year investment plan budget requirement is £28,837,230 resulting in a profiled spend of £961,241 per year for the life of the plan. To ensure VFM IH will regularly survey the stock and update all data ensuring components are only replaced at the end of their economic life.

This increase is also impacted by the number of added value jobs which have increased by 17% of total jobs completed in the year.



Added value jobs have increased by 84% from 359 in the previous period to 663 and now accounts for 17% of total jobs completed. Added value jobs are works that would not normally be the responsibility of IH, but the handyman carries these out whilst on site. These are jobs where the tenant does not have capacity to do them personally and covers items such as picture/mirror hanging, curtains/blinds rehangng/fitting, bulb changes, electronic fittings, TV programming, setting of electrical items, furniture repairs, personal rubbish removal etc.



## **CASE STUDY:** **ROBERT - SUNDERLAND**

This is Robert, but he prefers to be known as Dicky. Dicky loves making things in his shed - picture frames, a work bench he built for himself and a wooden planter for the garden.

Dicky also loves artwork and photography; staff encourage him to take photos when he is out in the community and he turns them into paintings.

Dicky's paintings are hanging on the walls of Lifeways' Office, Sunderland Hospital and the local Doctor's Surgery. Dicky enjoys giving his paintings away to people he meets in everyday life as well as professionals he meets.

Dicky does the Christmas decorations every year at Castlereagh, he has his own art room where he can use his skills and imagination when creating his projects. One type of project he particularly enjoys is making model boats; currently he is making the Cutty Sark - he's even made a display cabinet for it once it is done.

Dicky is very passionate about his hobbies and is always at his happiest in his art room! Living at Castlereagh has given him the freedom to express himself personally and artistically. Dicky also gets invited to Lifeways coffee mornings - he's a very loved tenant!

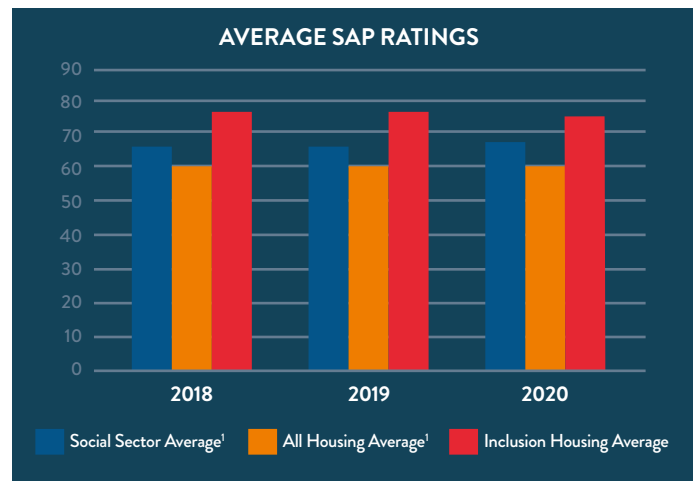


11.0

**ENERGY  
EFFICIENCY**

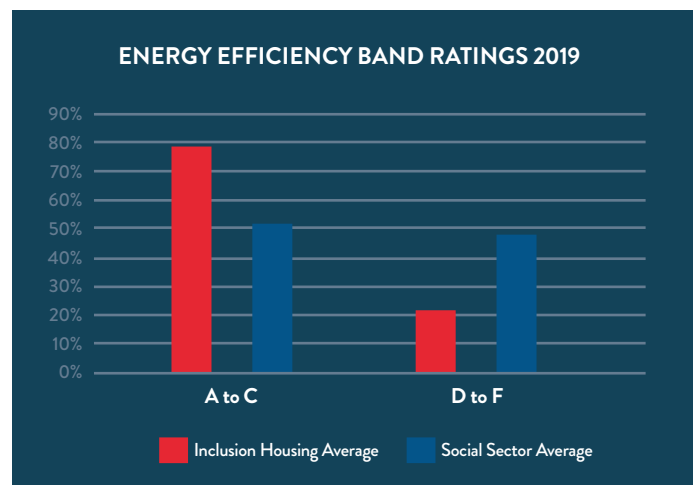
## 11.1 STANDARD ASSESSMENT PROCEDURE (SAP) RATINGS

Latest information provided by the English Housing Survey<sup>1</sup> states that the National Average SAP rating for social housing has increased slightly from 67 to 68 with the all housing average remaining constant at 61. Due to the recent portfolio transfers Inclusion Housings current average SAP rating has seen a slight decrease from 76.7 to 75.9; the average across IH properties clearly demonstrates that the majority of our properties are energy efficient.



## 11.2 ENERGY EFFICIENCY BAND RATINGS (EER)

The 2017-2018 English Housing Survey has published Energy Efficiency Band Ratings for the first time and comparisons have been made to ascertain where IH currently sits against these ratings. A-rated properties (those with a higher SAP rating) have better energy efficiency and lower running costs than G rated properties (those with a lower SAP rating). In the social sector, 52% of dwellings were in EER bands A to C with 48% of dwellings in bands D to F. Inclusion Housing currently has 78.6% of dwellings in bands A to C and 21.4% in D to E with no IH properties in band F.



<sup>1</sup> Data taken from the English Housing Survey 2017/18: Headline report, Ministry of Housing, Communities & Local Government.



# 12.0 GROWTH 2019/20

## 12.0 GROWTH 2019/20

In management, there are **340** schemes ranging from bespoke 1-unit schemes to the largest scheme of 60 units at Strand Court, with the average size remaining at seven units per scheme.

### UNITS IN MANAGEMENT 2019/20

Scheme	Units
Salop Road, Redditch	3
Restharrow Mead, Bicester	3
Riding Gardens, Bradford	16
Peters Court, Blackpool	6
Royal House, Bolton	5
Marsden Road, Redditch	4
Pensby Road, Bidston	19
Trowels Lane, Derby	6
Woodland View, Stanley	21
Heysham Road, Morecambe	6
Bective Road, Northampton	12
Nelson House, Nottingham	12
Eldon Lodge, Bradford	17
Moor Park Court, North Shields	3
Sutton Road, Maidstone	5
Hays Lane, Hinckley	5
Pear Tree Bridge Inn, Telford	9
Dukes Hill, Telford	3
Alderbrook Drive, Nuneaton	2
Riverlsey Road, Nuneaton	2
Victoria Road, Lytham St Annes	4
Carpenter's Place, Cannock	12
Ewell Court, Surrey	5
Deepdale, Telford	5
Oakley Court, Redditch	6
Redditch Road, Bromsgrove	2
Haig Street, Derby	2
Mayfield Road, Derby	1
Mayfield Road, Derby	1
Brighton Road, Derby	1

Scheme	Units
Drewry Lane, Derby	2
Bakewell Street, Derby	2
Warren Street, Derby	4
Magnolia Drive, Telford	4
Horsham Road, Crawley	7
West Drive, Bedford	2
Lonsdale Road, Sunderland	2
Waterside House, Stafford	15
Paynes Lane, Coventry	3
Ashbrow Heights, Huddersfield	9
Steyne Road, East Sussex	4
Foxlands Drive, Wolverhampton	5
Barber Gardens, Chatteris	18
Cliff Gardens, Scunthorpe	14
North Parkway, Leeds	11
Glebe Road, Hinckley	2
Nimrod Drive, Hatfield	4
Oxford Road, Birmingham	4
Wensleydale Close, Nottingham	4
Brittania House, Crewe	3
Staindale Drive, Nottingham	4
St Oswald's Court, Wirral	27
Blanquettes Avenue, Worcester	5
The Old Vicarage, Derby	8
Anchor Court, Haydon Bridge	9
St Peters Gardens, Northampton	17
Blackburn Road Barwell Leicester	3
Forest Hills, Surrey	6
Arnewood Gardens, Yeovil	4
<b>TOTAL</b>	<b>400</b>



## **CASE STUDY:** **CAISTOR ROAD**

Here at Caistor Road, the tenants usually have a very busy social life with activities every day including swimming, bowling, walks at People's Park, weekly cinema visit and not forgetting the pub buffet breakfast and their weekly trip to Morrisons for their cream tea!

Staff have been creative with organising activities for the tenants during lockdown. They are enjoying their daily exercise in which they go on nice long walks, and they have been busy playing board games and creating an Easter bonnet which the tenants won first prize for! They have weekly movie night with popcorn, quizzes and not forgetting their weekly treat of a cream tea!

Here are some snaps of the tenants making the most of lockdown and styling their winning Easter bonnet!



# 13.0 CONTINUOUS IMPROVEMENT

## 13.0 CONTINUOUS IMPROVEMENT

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 twelve 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; Inclusion was **89% effective in 2020/21**. Overall the Continuous Improvement Approach has resulted in a positive trend with the average **Continuous Improvement Score** for the Business improving from: -

Year	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Trend
CI Score	45% (est)	76%	85%	85%	85%	<b>89%</b>	99%

This represents a **99% positive trend** improvement since 2014/15 and reflects the progress made during the last two financial-years. During 2019/20 the improvement trend increased or was maintained across all frameworks except for development; this was impacted by more demanding targets year on year.

Framework	2015/16	2016/17	2017/18	2018/19	2019/20	Trend
Risk	64%	67%	68%	79%	80%	+ 25%
Performance	46%	71%	58%	54%	67%	+46%
Delivery	94%	92%	97%	86%	100%	+6%
Governance	93%	97%	98%	100%	100%	+8%
Facilities	81%	89%	95%	95%	99%	+22%
Customer Service	76%	91%	91%	92%	91%	+20%
Development Appraisal	86%	85%	85%	82%	80%	-7%
Development Delivery	n/a	98%	98%	96%	98%	0%
Property Compliance	n/a	97%	100%	96%	99%	+2%
Board Effectiveness	n/a	82%	83%	88%	89%	+9%
Return on Assets	75%	77%	79%	79%	82%	+9%
Organisational Development	71%	71%	73%	73%	85%	+20%
<b>Average CI Score</b>	<b>76%</b>	<b>85%</b>	<b>85%</b>	<b>85%</b>	<b>89%</b>	<b>+17%</b>

## 13.1 2019/20 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	Enhance interior shared accommodation standards of furniture and decoration where appropriate.	<b>Complete</b> - Works surveyed and orders issued following procurement. Completed Oct 2019
ii	Development of <b>paperless tenancy sign up</b> process through review of IT equipment and process	<b>Completed</b> – Docu Sign implemented and rolled out across teams

Continuous Improvement – People		
Ref	Description	Impact
i	7 new roles created in 2019 including 2 regional manager roles.	<b>Complete</b> – Smaller MA patches with enhanced management and strengthen teamwork
ii	Roll out of home working through enhanced provision of laptops and docu sign software	<b>Complete</b> – Enhanced and more convenient working practices for remote staff.

## 13.1 2019/20 DELIVERY PLAN SUCCESSES

### Continuous Improvement – Innovation

Ref	Description	Impact
i	Maintain <b>CSE accreditation</b>	<b>Complete</b> – CSE accreditation valid
ii	Monitor and <b>review the current SDM database</b> used to manage all compliance certification. Consider its suitability as property numbers increase and identify possible solutions for over 3000 and over 5000 units.	<b>Implemented</b> – Compliance software C365 procured and implemented.

### Continuous Improvement – Knowledge

Ref	Description	Impact
i	<b>Review external audit</b> provision	<b>Completed</b> – procurement for the external auditors progressed and Beevers & Struthers appointed
ii	Devise <b>asset purchase model</b> to inform decision making on asset acquisition	<b>Complete</b> – devised and reported to Board Feb 20.
iii	Review and <b>enhance due diligence of care partners</b> linked to credit rating and exposure to risk	<b>Complete</b> – New arrangements implemented at Risk Cttee.

### Continuous Improvement – Efficiency

Ref	Description	Impact
i	Implement approach to <b>utility management and procurement</b> to <b>eliminate void invoicing</b> and ensure consolidated invoicing where IH responsible for long term provision.	<b>Complete</b> – Energy Angels contracted to undertake task; implemented in March 2019
ii	Identify and secure <b>freehold accommodation to be directly purchased</b> and managed through Inclusion Housing	<b>Completed</b> – Topland portfolio identified and purchased

#### CASE STUDY: SONIA - LEEDS

Meet Sonia, one of our Tenants at our scheme in Leeds. Sonia was asked why she likes living at Meadowhurst, in which Sonia told Inclusion:

**“THEY HAVE GREAT STAFF. I LOVE LIVING HERE AND HAVING MY OWN ROUTINE. I HAVE MORE INDEPENDENCE AND I AM GAINING CONFIDENCE. I FEEL I HAVE BECOME MORE GROWN UP IN MY TIME AT MEADOWHURST AND HAVE MORE RESPONSIBILITIES.”**



A woman with dark hair tied back, wearing a patterned tank top, is in a kitchen. She is looking down at something in her hands. The background shows kitchen cabinets and a tiled wall. A large red rectangular overlay covers the bottom half of the image, containing the text '14.0 PERFORMANCE MANAGEMENT'.

# 14.0 PERFORMANCE MANAGEMENT

## 14.0 PERFORMANCE MANAGEMENT

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

### 14.1 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	2018/19 Inclusion Housing	2019/20 Inclusion Housing	T/L
Customer Satisfaction - Net Promoter Score %	88%	72%	89%	89%	87%	86%	●
Complaints Resolved within timescale	99%	n/a	100%	100%	100%	75%	●
Satisfied views taken into account	86%	-	-	85%	87%	87%	●
Satisfied with Managing Agent	90%	68%	94%	93%	92%	89%	●

### 14.2 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	2018/19 Inclusion Housing	2019/20 Inclusion Housing	T/L
Overhead cost per property %	16%	-	6.2%	6.2%	5.2%	11%	●
Reactive spend per property per week	£9.42	n/a	£5.08	£8.10	£13.32	£6.30	●
Major/Cyclical Cost per property	£1095	-	£785	£626	£550	£408	●
Annual Housing Mgt cost per property	£393	-	£432	£329	£293	£315	●
Annual Responsive Repairs and Voids per prop	£695	-	£374	£585	£693	£442	●



## 14.3 OPERATIONS INDICATORS

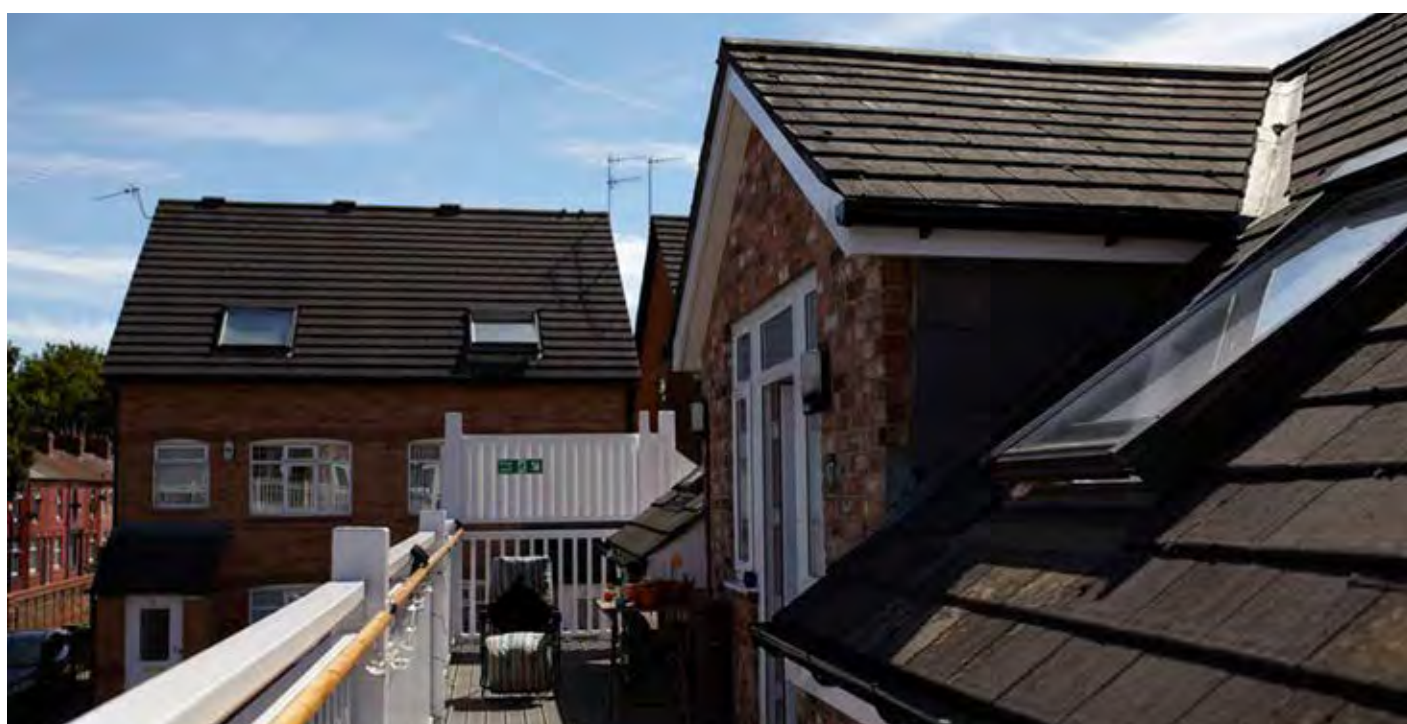
Overall operation indicators improved during the last two years in regard to reducing current and former rent arrears. Void loss is reducing but we aim to improve further in regard to average re-let days.

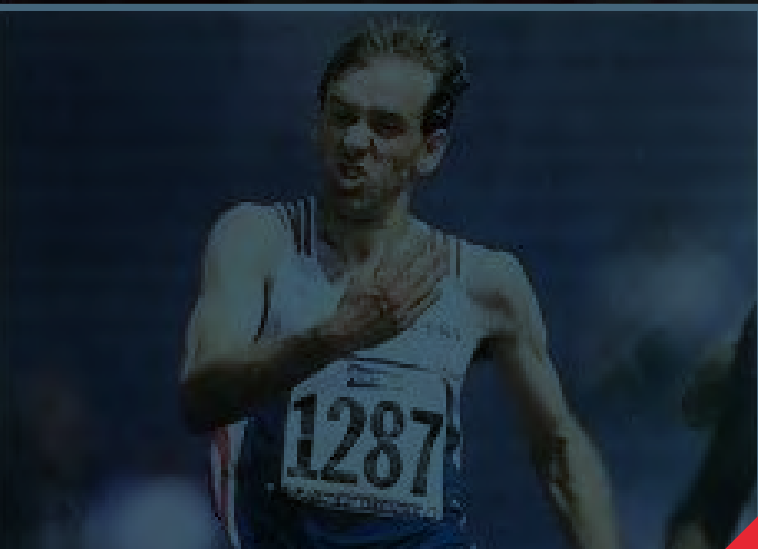
Operation Indicators	Benchmarking [Supported Housing]	2015/16 Inclusion Housing	2016/17 Inclusion Housing	2017/18 Inclusion Housing	2018/19 Inclusion Housing	2019/20 Inclusion Housing	T/L
Net Current Rent Arrears %	1.25%	5.51%	1.86%	1.31%	2.1%	2.0%	●
Former Tenant Arrears %	1.2%	0.47%	0.25%	0.24%	0.2%	0.5%	●
Arrears Written Off	0.6%	n/a	0.26%	0.18%	0.1%	0.2%	●
Rent Collection %	98.5%	95.5%	95.9%	100.2%	97.2%	98.2%	●
Re-let Days	209	183	156	219	175	209	●
Net Void loss %	5.6%	11.7%	7.7%	5.2%	7.8%	6.1%	●
Workdays lost to sickness	4.9 days	n/a	4.2	6	3.7	2.8	●

## 14.4 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	2018/19 Inclusion Housing	2018/19 Inclusion Housing	T/L
Satisfaction with Neighbourhood %	88%	-	-	90%	86%	82%	●
% Repairs Completed on First Visit	95%	85%	96%	94.7%	88%	98%	●
Routine Repairs Completed in Target Time	97%	41%	97.3%	91%	97%	98%	●
Repairs Spend as % of rent	27%	-	-	10%	10%	22%	●
Repairs per property	2.9	-	-	2	1.7	1.6	●
Total repair spend per property per week	£26.26	-	-	£27.05	£29.50	£17.6	●





## CASE STUDY: PAUL - WIRRAL

We love hearing stories about our tenants, with that in mind, we are happy to share the below with you! Paul is one of our tenants in our Wirral scheme and he has lived here for over 6 months now. Paul loves it here; he loves the fact that he has a ground floor flat and can look out onto the garden. He enjoys that he still has his independence but can access support when needed.

Paul used to be a Paralympian, he competed in the 1992 and 1996 Paralympics! He won a Silver medal in the 100 metres in 1992 in Barcelona and a Bronze medal in the 100 metres in 1996 in Atlanta.

Managing agent for Wirral, Claire Coco said:

**“I LOVE SITTING WITH PAUL, HAVING A CUP OF TEA AND CHATTING ABOUT HIS CAREER. WE ARE SO HAPPY TO HAVE HIM AS A TENANT AT INCLUSION HOUSING AND ARE HAPPY THAT HE LOVES HIS FLAT.”**

Here are just a few photos of Paul, we're happy to see him thriving in his home with Inclusion and loved learning about his achievements back in the 90's!



15.0 RISK

## 15.0 RISK

### THE BOARD OF IH IS ULTIMATELY RESPONSIBLE FOR MANAGING THE RISKS IT FACES; 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:

- Over committed growth plan
- Failure to ensure adequate governance
- Failure to meet legal or statutory requirements
- Welfare reform changes
- Counterparty risk with reliance on nomination / void agreements
- Reduced investment into the sector
- Adverse increase in lost income due to reduced demand and or performance

The Lockdown measures introduced by the government due to coronavirus have presented new and emerging uncertainties. IH enacted its contingency plan on the 2nd March 2020 undertaken in consultation with the Board to scale back face-to-face visits to schemes and a move towards home working for all head office staff.

Emergency, compliance and urgent repairs have been completed during the period of lockdown to ensure vulnerable tenants are supported, with an element of anticipated catch up relating to non-urgent repairs later in the year with possible increased demand driven costs. The IH income has remained robust with a stable voids position and strong cash flows from housing benefit payments, removing the need to access any of the government support options.

New development opportunities have incurred delays during the first half of 2020/21 financial year giving rise to an anticipated fall in development income in the short term. The medium-term outlook is positive with investment confidence strong due to returns from the specialist supported housing market not being negatively impacted compared to other 'commercial property investment.

The new normal will include social distancing, increased levels of remote working providing both staff and tenants with new opportunities to engage via a digital platform. The main impact of the lockdown measures has been the slowing down of the growth of the business in the short term.

IH needs to take managed risks in order to deliver on its primary aim of increasing the supply of specialist supported housing for vulnerable and disabled people. The IH business model is considered a higher risk model when compared to traditional supported housing registered providers.

We therefore ensure a robust risk management framework is in place in order to maintain financial viability and to protect the homes and tenancies we own, lease and manage.

#### Underpinning our risk, appetite and approach to risk management are the requirements that we will:

- Hold adequate cash balances to ensure continued operations during any period of adjustment in adverse circumstances
- Provide services to customers, meeting all regulatory and health & safety requirements
- Protect social housing assets and the reputation of the social housing sector
- Reduce our reliance on a dominant counterparty
- Continued strengthening of reserves to mitigate against adverse operating conditions or threats

The Business plan has been stress tested to ensure the Executive and Board are aware of the affect increases in the number of voids, changes in government legislation, unexpected increased costs, limited growth and counterparty risk on the organisation. The scenario testing revealed one of the key risks to the financial success of the organisation is the lost income due to empty properties. A Key performance objective for IH is to reduce the number of empty properties and diversify the range of partners that it works with; increased from 43 last year to 56 by March 2020.

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

## 15.1 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 regulatory requirement to identify and learn from any related issues. Welfare reform remains our top external risk which is mitigated through our partnership and sharing of risk alongside lobbying of government.

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

## 15.2 RISK DIRECTION OF TRAVEL

Overall, 31 risks are identified on the Inclusion Risk Register; 17 strategic and 14 operational risks. The overall average score for all these risks is medium low and the **direction of travel is positive** with the average risk score reducing by 50% over the last 5 years.

Category	Score	2015	2016	2017	2018	2019	2020
High	15+	5	0	1	3	1	2
Med/High	12-15					1	1
Medium	8-11	15	7	6	5	7	5
Med/Low	4-7	7	21	22	21	16	19
Low	0-3					4	4
<b>Total</b>		<b>27</b>	<b>28</b>	<b>29</b>	<b>29</b>	<b>29</b>	<b>31</b>
Average Score		12	8	8	9	6	6

## 15.3 HEALTH & SAFETY

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

The Board of Management approved the updated Health and Safety policy in 2019; 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.



## **CASE STUDY: IMMINGHAM**

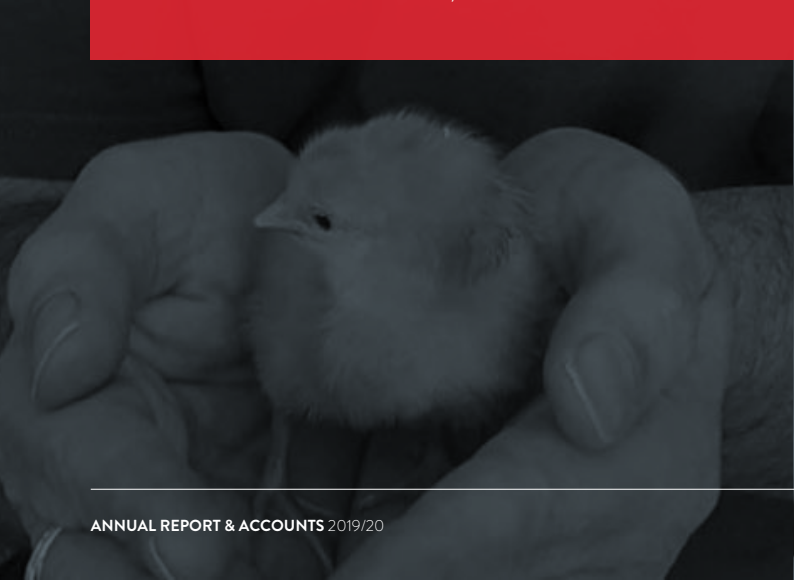
Residents of our scheme in Immingham took part in a programme of ethical egg hatching with eggs provided by the Living Eggs Company.

Tenants and staff were very excited when little chicks appeared.

Tenants were pleading with support staff to keep them; they were so cute and fluffy.

Until they had to leave, they certainly got plenty of attention and hugs!

Pictured below are residents Geoffrey and Carl with the new arrivals, the smiles say it all!



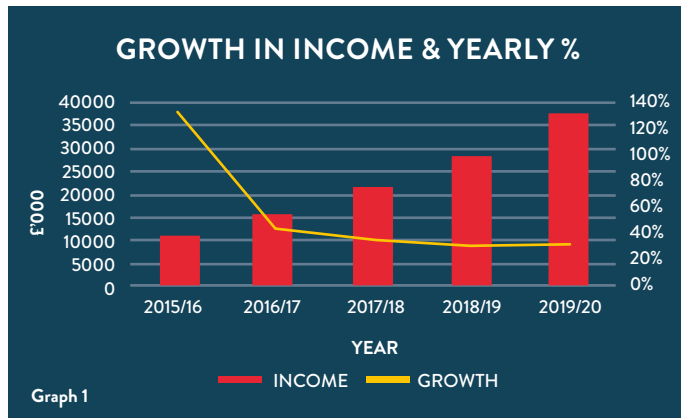


# 16.0 BUSINESS REVIEW

## 16.1 DEVELOPMENT & PERFORMANCE

**AS A HOUSING PROVIDER, IT IS ESSENTIAL THAT IH MAKE A HEALTHY SURPLUS TO FULFIL ITS 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.**

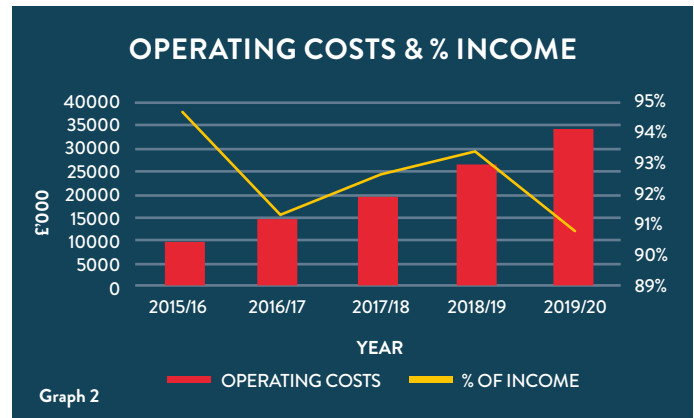
The Board is pleased to report a surplus on ordinary activities before interest and taxation for the year of £1,764K alongside an increase in property sinking fund reserve £1,392K (held as cash), to be allocated against future investment in properties managed by IH maintaining quality homes for our residents.



The income over the last five years increased from £11million to £37 million driven by the increase in the number of units in management shown in graph 1.

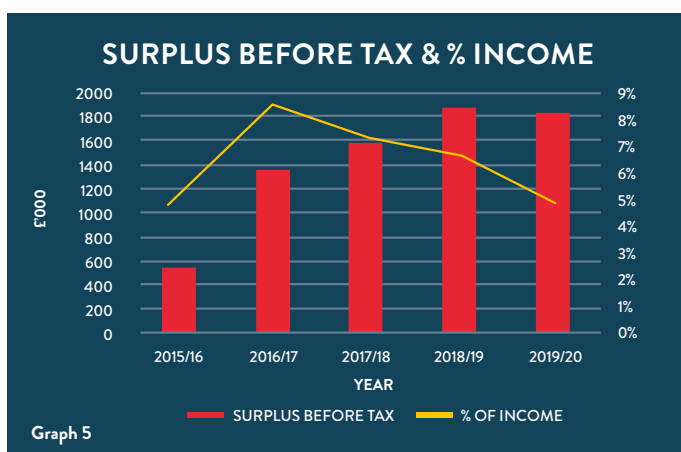
The rate of increase peaked during 2015/16 at 130%, reducing to an average of 36% over the past four years. The yearly percentage increase in income generated will diminish over time with the projected units into management in the future reflecting a reducing trend in line with graph 1.

During the last five years, IH has achieved a significant reduction in operating costs, in particular during the period 2015/16 to 2016/17,

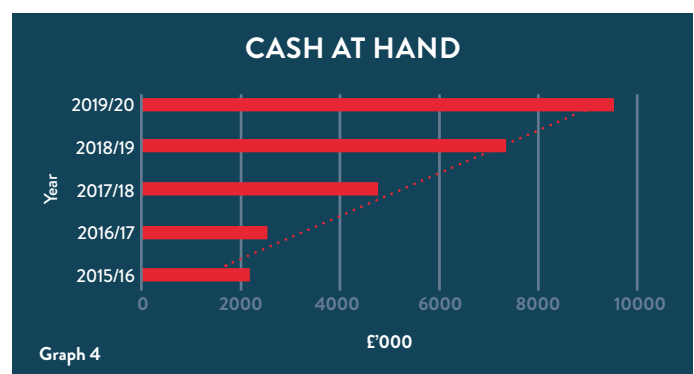


stabilising in recent years between 93% and 91% of income; demonstrating a history of cost control in an environment of rapid growth.

The combination of continued growth in income and the control of costs has resulted in yearly-sustained surplus before tax achieving a consistent return of 7% in the year 2017/18 and 2018/19. One off exceptional costs have been incurred in 2019/20 dampening the return, the budget for 2020/21 reflects a 7% return in line with previous years.



Strong working capital management and surplus generated has enabled cash reserves of £9.5 million to be generated and retained, including a property sinking fund of £3.8 million available to support the future property investment to ensure the IH properties are maintained to a high standard; providing desirable places to live for the long term. The healthy cash reserves enabled the purchase of three unencumbered assets, providing supported living homes in line with plans to grow the asset base and thus further diversifying the business into a broader range of financing sources.



In the past five years IH has demonstrated strong financial gains on a consistent basis, providing a strong platform to provide further specialist supported housing in the future.

## 16.2 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 2018/19 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 relate to the purchase of the head office building at the beginning of 2017/18.

Indicator	2014/5	2015/6	2016/7	2017/8	2018/9	2019/20
Operating Margin	1.4%	5.3%	8.7%	7.4%	6.5%	4.7%
EBITDA	1.8%	7.8%	11.9%	10.68%	11.31%	9.4%
Liquidity Ratio	1.15	1.25	1.46	2.07	2.26	2.29





# 17.0

## VALUE FOR MONEY

## 17.0 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’**

The three classic components of ‘VFM’: – economy, efficiency, and effectiveness, are –

- **Economy** relates to keeping down the **cost of inputs**,
- **Efficiency** relates to the **transformation of inputs to outputs** (quantity & quality) i.e. how much you put in, in relation to what you get out.
- **Effectiveness** relates to **achieving desired outcomes**. Outcomes are what matter to the customer and should map across to the business’s high-level objectives.

In bringing these three components together, IH is producing a range of quantitative and qualitative outputs across a range of services, which collectively deliver the desired outcomes for the best possible cost. This objective is underpinned by the following aims: –

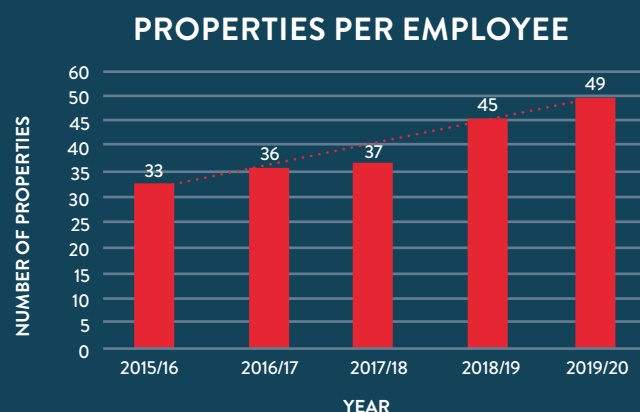
- To ensure that VFM is embedded into all aspects of the Business’s work that all staff understand that VFM and improvement form part of individual performance targets
- To measure and benchmark VFM to enable informed service improvements, costs and priorities
- To fully understand our service costs and the factors that affect these
- To ensure that opportunities for procurement and partnering are fully explored
- To ensure that efficiency gains are reinvested into front line services, and the people and infrastructure that support these services, in line with customer wishes and community needs
- To ensure that there is demonstrable improvement in our VFM performance through challenging but achievable and sustainable efficiency targets year on year

There is a range of activities underway within IH to ensure the delivery of VFM. They include a clear role for governance in setting strategic priorities and the delivery for VFM; performance management and benchmarking; effective fiscal management and the dissemination of accurate and relevant financial information; clear efficiency targets reflected in budgets; and effective procurement. Inclusion has a continuous improvement framework to achieve economies and efficiencies as a fundamental requirement.

### 17.1.1 PRODUCTIVITY EFFICIENCIES

As IH has grown we have managed to gain efficiencies through economies of scale, increasing front line staffing at levels to ensure excellent service delivery, whilst keeping the management numbers static. Graph 9 shows the sustained increase in efficiencies over the last 5 years achieving productivity gains from 33 properties in management per average number of employees to 49 in 2019/20 a 48% increase. This strategic approach is key to the business plan indicating future increases in the average number of properties in management per employee to 52 (6% increase) over the next 5 years.

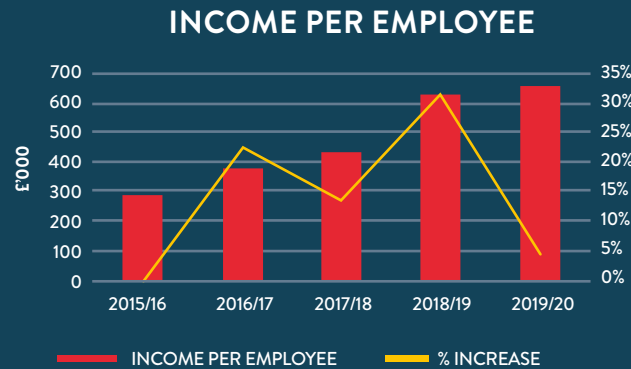
Graph 6



## 17.1.1 PRODUCTIVITY PER EMPLOYEE

Graph 7 highlights the substantial year on year increase in the income per employee rising from just under £300k per employee to £653k over the five-year period, a 118% increase. Greater productivity achieved an average year on year improvement of 18%. The business plan captures further yearly productivity gains of approximately 5% over the next three years reflecting an established lean structure.

Graph 7



## 17.1.2 VALUE FOR MONEY SUMMARY TABLE

Key Strategic Priority	Self-Assessment
<b>Asset Management</b>	<p><b>Growth in Business</b></p> <p>Completed 400 new units in management with plans to deliver future sustained growth in specialist supported housing in line with the business plan.</p> <p>Included in the above, 10 units, 3 properties purchased below the market value providing strong future return</p> <p>Biannual return on assets report is presented to audit &amp; risk committee containing a review of the financial viability of all schemes, and consideration of required actions to ensure ongoing positive returns from each scheme managed are achieved</p>
<b>Added Value</b>	<p><b>Handyperson Service</b></p> <p>38% of schemes (131) receive a handyman service this proactive approach to delivering the repairs service is achieving added value through:</p> <ul style="list-style-type: none"> <li>• Enhanced service provided through value added jobs</li> <li>• Reduced number of informal complaints</li> <li>• Reduced number of calls to IH staff ordering and chasing repairs</li> <li>• The improved relationships between IH and care providers.</li> <li>• Schemes stay fresher for longer as the handyperson regularly touches up paintwork around hard used areas (lifts/doors etc.).</li> </ul> <p>Value added jobs (17% of total handyperson jobs) cover items not normally the responsibility of IH, where there is no capacity to undertake the jobs examples are - picture/mirror hanging, curtains/blinds rehanging/fitting, bulb changes, electronic fittings (TVs/DVDs/programming/setting of electrical items).</p>
<b>Business Viability</b>	<p><b>Continuous Improvement</b></p> <ul style="list-style-type: none"> <li>• 8% increase in productivity per employee</li> <li>• Further year on year reduction in days lost due to sickness from an average of 3.66 in 2018/19 to 2.87 days per employee in 2019/20: a 21% fall. This reducing trend compares favourably to the supported housing benchmarking club 2019 annual report median at 3.7 days</li> </ul>

## 17.1.2 VALUE FOR MONEY SUMMARY TABLE

Key Strategic Priority	Self-Assessment
<b>Community</b>	<p><b>Homelife Project</b></p> <p>Homelife project is about forging links between tenants of IH and our neighbours in the local community, with the aim of tenants becoming more involved in local activities. A Number of initiatives delivered benefiting up to 390 tenants during the year</p> <p><b>HomeLife encourages our tenants to: -</b></p> <ul style="list-style-type: none"> <li>• Learn new skills</li> <li>• Combat social isolation</li> <li>• Access training or employment</li> <li>• Improve health and wellbeing</li> <li>• Access volunteering</li> <li>• Join a social activity</li> <li>• Improve confidence and self-esteem</li> <li>• Reduce isolation, build connections and friendships</li> </ul>
<b>Working in Partnership</b>	<p><b>Cost Savings to Public Funds</b></p> <p>Working in partnership with East Sussex Adult Social Care and care provider, IH were approached to manage an existing service in Steynes, near Brighton. The scheme supported clients with learning disabilities but required a more intensive housing management service to provide and maintain high quality housing standards and manage repairs and maintenance. The property is owned by East Sussex County Council but leased on a peppercorn rent basis, providing cost savings on public funds, services to meet local demand and has brought quality accommodation into use for the benefit of the Council's strategic needs.</p> <p>An additional benefit for tenants and customers has been East Sussex and IH worked in partnership to review Inclusion's existing Pictorial Tenancy Guide to better support clients with identified learning disability, the updated guide has now been rolled out to support and benefit all Inclusion tenants.</p>
<b>Financial Viability</b>	<p><b>Financial Viability</b></p> <ul style="list-style-type: none"> <li>• A move towards self-insurance of lost income from void properties resulted in retaining £1.3 million in the business, rather than funding insurance premiums</li> <li>• Void agreements enhanced to include recovery of council tax incurred on empty properties additional £20K recovered in the year</li> <li>• Void support pots held at the end of the year totalled £1.3 million utilised to support specific schemes in the event of lost income through voids both in the short and long term.</li> <li>• Property Sinking Fund growth to £3.8 million cash reserves, supporting the 30 year asset investment plan.</li> <li>• Competitive procurement of property insurance resulted in a 27% reduction in renewal rates: £73K total saving against budget in 2019/20</li> <li>• New two-year utility contracts estimated to provide savings on current tariffs of 21% gas and 9% electricity supply, savings to be realised on 2020/21.</li> <li>• DocuSign introduced allowing legal Operational documents such as tenancy agreements and facilities contracts to be signed remotely, reducing our carbon footprint and bringing time and material (paper / postage) efficiencies. Each DocuSign envelope providing a saving just under £4 per tenancy pack, estimated saving in the year £2K.</li> </ul> <p><b>Treasury Management</b></p> <ul style="list-style-type: none"> <li>• Increase in total cash balance £2.1 million from £7.3 million to £9.5 million</li> <li>• Focused arrears management resulted bad debt write off remaining low at £50K 0.2% of net rental income; supported housing benchmarking club average 0.9%</li> <li>• Interest bearing bank accounts generated £25K additional interest receivable by comparison to the previous year</li> </ul>

### 17.1.3 TARGET SETTING & MONITORING

Value for money is monitored and reported to Board bimonthly through the publication of the performance scorecards including value for money scorecard, containing actual against budget analysis, with yearly targets being set by the board to achieve strategic objectives. The scorecards include the RSH value for money metrics and IH own VFM targets.

### 17.1.4 MEASURABLE PLANS PERFORMANCE IMPROVEMENT

Key to the financial success of IH is the minimisation of voids lost income, this materialises when there is no occupancy of a unit and no contractual arrangement to recover the rental income from third party or through subsidies / revenue grants. Further mitigation comes from negotiation of contractual rent-free periods or void pots to cover initial and turnover voids; along with insurance and self-insurance facilities, which has a net effect of reducing overall cash void loss.

Performance during 2019/20 reflects an improving trend compared to 2018/19, a reduction in lost income from 7.9% to 5.6%.

**A measurable target of 5.5% has been set for 2020/21, achievable through the following measures:**

- Work closely with Commissioners & Care providers to proactively secure referrals
- High Levels of investment in properties to ensure desirable place to live
- Reduce number of tenants leaving through proactive Intensive housing management
- Ensure all new developments include Voids agreements from earliest possible moment
- Continue to self-insure lost income
- Secure void pots on new developments wherever possible
- New schemes into management with a referral pipeline

## 17.2 VALUE FOR MONEY METRIC

Value for money metrics introduced by the RSH broadly setting a measure to capture performance across the sector in a fair and comparable way. It is however acknowledged that any metric, will inevitably be more appropriate for some providers than others. The lease-based model does provide some results outside the sector norm.

Table 1 - Sector Benchmarking

Number	VFM Metrics	IH Actual 2019/20	IH Target 2019/20	Sector Lower Quartile	Sector Medium Quartile	Sector Upper Quartile	Continuous Improvement Trend
RSH 1	Reinvestment %	53.1%	50%	3.8%	6.2%	9.0%	●
RSH 2A	New supply delivered (Social housing units)	16.1%	17%	0.4%	1.4%	2.5%	●
RSH 2B	New supply delivered (Non social housing units)	0.0%	0%	0%	0%	0%	●
RSH 3	Gearing % Assets Valuation	-383.2%	-190%	32.9%	44.1%	57%	●
RSH 4	EBITDA MRI%	-14700%	-17000%	133%	183%	244%	●
RSH 5	Headline Social housing cost per unit	£12,901	£13,720	N/A	N/A	N/A	●
IH Matrix	Headline Social housing cost per unit (Omitting Lease Rent Costs)	£4,363	N/A	£3,090	£3,620	£4,600	●
RSH 6A	Operating Margin (Social housing Lettings only)	3.6%	6.3%	23.4%	29.7%	36.5%	●
RSH 6B	Operating Margin	4.7%	6.3%	20%	27.2%	32.9%	●
RSH 7	Return on Capital Employed	15.5%	22%	3%	3.8%	4.9%	●
IH Matrix	Units per Employee	47	46	N/A	N/A	N/A	●
IH Matrix	Turnover per Employee	£653	£650	N/A	N/A	N/A	●
IH Matrix	Salary Costs %	5.5%	6.0%	N/A	N/A	N/A	●

RSH source: Global Accounts 2018/19 VFM Metrics

## 17.2 VALUE FOR MONEY METRIC

Table 2 - VFM metrics IH performance trends over the past three years

Number	VFM Metrics - Peer Comparison	2017/18	2018/19	2019/20	Continuous Improvement Trend
RSH 1	Reinvestment %	15.9%	0.0%	53.1%	●
RSH 2A	New supply delivered (Social housing units)	14.9%	26.5%	16.1%	●
RSH 2B	New supply delivered (Non social housing units)	0.0%	0.0%	0.0%	●
RSH 3	Gearing % Assets Valuation	-365.1%	-590.6%	-383.2%	●
RSH 4	EBITDA MRI%	-6218.5%	-15038.6%	-14700%	●
RSH 5	Headline Social housing cost per unit	£11,012	£11,209	£12,901	●
IH Matrix	Headline Social housing cost per unit (Omitting Lease Rent Costs)	£3,791	£3,746	£4,363	●
RSH 6A	Operating Margin (Social housing Lettings only)	7.4%	6.3%	3.6%	●
RSH 6B	Operating Margin	7.4%	6.5%	4.7%	●
RSH 7	Return on Capital Employed	28.1%	22.0%	15.5%	●
IH Matrix	Units per Employee	37	45	47	●
IH Matrix	Turnover per Employee	£432	£624	£653	●
IH Matrix	Salary Costs %	6.8%	6.0%	5.5%	●

### RSH 1- REINVESTMENT

In 2017/18 IH was able to acquire three section 106 properties providing general needs accommodation in a rural setting, no suitable opportunities arose in 2018/19, however in 2019/20 a significant opportunity to purchase a small property portfolio, 13 supported housing units and funded from cash reserves.

The 2019/20 50% target detailed in table 1 has been achieved, with a further target of 40% set for 2020/21 to acquire the equivalent of £1 million of unencumbered property assets in line with the business plan.

The percentage growth exceeds the sector top quartile level of 9% due in part to the relatively low level of owned assets.

### RSH 2 & 2A – NEW SUPPLY DELIVERED

New supply of social housing units peaked in 2018/19 with a healthy 26.5% level achieved just under the three-year average trend. The future trend is a slowing new supply delivered via the lease based module with a target in 2020/21 of 10%, ahead of the sector top quartile of 2.5% due in part to the lease based module allowing rapid supply of properties in response to commissioner demand.

No New supply of non-social housing units were delivered in the year in line with the business plan.

### RSH 3 – GEARING % ASSETS VALUATION

IH cash balances grew over the year by just over £2 million, alongside a static position on loan debt charged against the York head office, the movement in the matrix reflects the £1.2 million investment in unencumbered property assets. The business aim is to acquire additional properties as unencumbered keeping future debt to a minimum. The matrix does not align to the IH business module in the same way as a traditional RP would be due to the lease-based model.

### RSH 4 – EBIDA MRI%

EBIDA MRI% measures the level of earnings by comparison to interest paid on debt, with the very low level of debt the matrix reflects a healthy position, outside of the sector norm. The year on year comparison reflects an adverse trend due to the overall surplus generated in the year.

## 17.2 VALUE FOR MONEY METRIC

### RSH 5 – HEADLINE SOCIAL HOUSING COST PER UNIT

Headline social housing costs yearly trend is adverse due to exceptional legal costs incurred during the year dampening the overall surplus generated. The measure is outside the sector norm due to the matrix including the lease rent costs, a further IH indicator has been added removing the lease rent costs. The revised measure (£4,363) reflects a cost closer to the sector upper quartile of £4,600 per unit and significantly lower than other supported housing providers whose costs are on average £6,490 per unit (2018/19 SPBM Benchmarking).

### RSH 6 – OPERATING MARGIN

Operating margin is low due to the exceptional legal costs incurred in the year; this is not expected to reoccur with future margins set just above 6%. The normal margin levels achieved by IH are approximately a quarter of the sector median quartile this is due to the impact of the lease rent charges incurred as an operating cost.

### RSH 7 – RETURN ON CAPITAL EMPLOYED

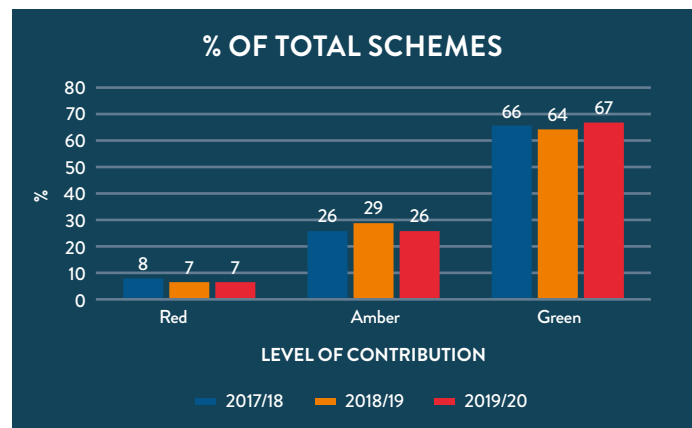
IH return on capital is approximately four times higher than the sector, due to the strong margin generated from a small property asset base.

## 17.3 RETURN ON ASSETS

IH undertakes twice ever 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 analysis suggests in 2019/20 compared to 2018/19 & 2017/18 there has been an increase in the number of schemes achieving a green rating up to 67% compared to 64% of the total number of schemes in management. The number of schemes achieving an amber contribution has seen a year on year decrease from 29% to 26%, with a neutral position for schemes achieving a red return.

The cost consequences associated with empty properties is the biggest factor placing schemes in the amber category; voids lost income has reflected an improvement in 2019/20 at 5.6% compared to 2018/19 7.9% of income.



The percentage of units in management making a negative contribution has continued to fall from 12% in 2016/17 to 8% in 2017/18 and 7% in 2018/19 and 7% in 2019/20, a positive trend. Suggesting there is little correlation between the size of scheme or date into management and the ability of the scheme to generate a loss.

Classification	2015/16	2016/17	2017/18	2018/19	2019/20	% Trend
Schemes Making a Loss	17 (12%)	19 (12%)	16 (8%)	20 (7%)	26 (7%)	↑
<b>Total</b>	<b>141</b>	<b>164</b>	<b>204</b>	<b>282</b>	<b>340</b>	

In 2019/20, 67% of the leased schemes were classed as green, 26% as amber and 7% as red. This is a continuing positive trend with loss making schemes accounting for only 0.4% of business turnover.



# 18.0 GOVERNANCE

## 18.0 GOVERNANCE

### THE BOARD CONSISTS OF NINE MEMBERS, ONE CO-OPTEE AND ONE INDEPENDENT COMMITTEE MEMBER; DETAILS OF APPOINTMENTS AT COMPANIES HOUSE ARE INCLUDED AT PAGES 1 & 2 TO THESE FINANCIAL STATEMENTS.

The Board's role is to provide strategic direction and to govern, control and scrutinise our operations. The Board meets regularly to review the performance of the business and operate in line with the NHF excellence in governance 2015 (adapted).

The Board commissioned an independent Governance Review in 2019 through a leading UK and European Governance expert who found that the Board to be operating to a high standard in undertaking its statutory and business responsibilities.

An annual appraisal and skills assessment is completed to ensure the Board has the appropriate skills and experience to comply with the NHF Code of Governance, and the RSH Regulatory Standards ensuring the effective delivery of its Corporate Plan.

An annual self-assessment is completed and this continues to confirm that IH is fully compliant with the NHF Code of Governance. A Board improvement plan is in place to sustain and continuously improve compliance.

Insurance policies indemnify Board members and Officers against liability up to certain limits, when acting for the organisation.

Position	Name	Remuneration
Chair	Pete Ottowell	£11,028
Board Member & Chair Remuneration Committee	Guru Naidoo	£5,514
Board Member & Chair Audit & Risk Committee	Anthony Bell	£5,514
Board Member	Ian Brown	£3,859
Board Member	June Grimes	£3,859
Board Member	Kevin Harwood	£0
Board Member	Paul Redfern	£3,859
Board Member	Ruth Patterson	£3,859
Board Member	Tony Allen	£3,859
Board Co-optee	Tom Frank	£3,859
Independent Committee Member	Frank Ashton	£2,040

Remuneration & Governance Committee	Role
Guru Naidoo	Chairman
Meets twice a year, responsible for overseeing effective governance, policy on staff & Board remuneration and Board member appraisal process	

## 18.0 GOVERNANCE

Audit & Risk Committee	Role
Anthony Bell	Chairman
Meets three times a year, responsible for overseeing standards of probity, risk management strategy alongside internal and external audit	

The remunerated Board and Committee members attended 88% of meetings in 2019/20 and are subject to regular performance appraisals.

### NEW BOARD MEMBER APPOINTMENTS

- R Patterson** – Appointed 29th October 2019  
**T Allen** – Appointed 23rd January 2020 (Independent member Risk & Audit Committee from 22nd August 2018)

### NEW COMMITTEE APPOINTMENTS

No new Committee appointments were made in the year.

### KEY MANAGEMENT PERSONNEL

- N Brown** – Chief Executive  
**P Atkins** – Property Director  
**M Dodgson** – Operations Director  
**S Milnes** – Finance Director  
**S Waters** – Company Secretary

## 18.1 BOARD MEMBER PROFILES



### PETE OTTOWELL

Pete has been Inclusion's Chair since the inception of the organisation and has more than forty years' experience working in the social housing sector and is a member of the Chartered Institute of Housing. Pete started his career at a junior level in 1974 as a front-line housing officer to retirement in 2010 from his role as Managing Director of Four Housing Group.



### GURU NAIDOO

Guru joined Inclusion's board in 2015 following a successful 32-year career in the public and social housing sector. In 2016 he was appointed as Chair of Catalyst a voluntary community and social enterprise organisation that provides specialist support to voluntary agencies on Teesside. Guru recognises and appreciates the critical role that affordable housing plays in meeting the needs of diverse communities and the contribution it makes to local communities and individuals in need of specialist housing.



### ANTHONY BELL

Tony joined Inclusion's board in June 2016. He has more than 20 years' experience at board level in the education and social housing sectors and has also held senior roles in the private sector.

Tony is a qualified accountant and has previously held positions of Group Commercial Director and Director of Finance in the education sector. In addition, Tony has been a Non-Executive Board Member at The Guinness Partnership/Northern Counties Housing Association and concluded his term on the group's audit and risk committee in March 2016 prior to joining IH's board. Tony is also Deputy Chair of a managed workspace complex company and a non-executive director at Greater Manchester Mental Health NHS Foundation Trust.



### IAN BROWN

Ian joined Inclusion's board in October 2015 following a successful 30-year career in the public and social sector. Most of this time was spent operating in senior leadership roles across a diverse range of public health, private and social housing initiatives. This included a key role dedicated to developing communities, new build homes, regeneration and housing management. Ian has a detailed knowledge of business assurance, organisational governance and regulatory frameworks. Ian is a fellow of the Chartered Institute of Housing and a member of the Chartered Institute of Environmental Health.



### JUNE GRIMES

June joined Inclusion's board in October 2015. She began her career in social housing and has more than 30 years' experience in a variety of senior management roles within local authorities and housing associations. June also has considerable experience in commissioning and inspecting adult residential care schemes. As well as being qualified to teach at further education establishments up to degree level she was employed by *Project North East* as a consultant delivering training and development to the third sector. Before retiring in 2015, June was the Regional Director for the national homeless charity *Crisis*. June has held trustee positions and sat on a number of boards in a variety of sectors including housing organisations and business membership organisations.



### PAUL REDFERN

Paul joined Inclusion's Board in 2018. Paul is a professionally qualified Chief Auditor / Risk Director with a wealth of national and international experience across the public and private sectors designing and delivering first class governance solutions aligned to international best practice and achievement of corporate objectives. A proven expertise as an audit and risk executive, audit committee chair, risk management facilitator, managing forensic engagements, fraud investigations and project management. Paul currently holds the position of Director of Corporate Services at Trade Remedies Investigations Directorate with previous posts held including Director of Business Assurance with Registered Provider Gentoo.

## 18.1 BOARD MEMBER PROFILES



### TOM FRANK (CO-OPTEE)

Tom joined Inclusions board as a co-optee in 2018. Tom's has 18 years intensive experience in the property sector, with a broad range of experience across residential, commercial, leisure and overseas. Tom brings strong understanding and experience in property investment and funding, with a track record of structuring and sourcing private equity investment. Tom is currently Director of Ice Cubed Property Finance and Ice Cubed Consulting providing independent property finance brokerage and property/investment consultancy.



### TONY ALLEN

Tony joined the Risk & Audit Committee as an independent member in 2018. Tony has significant, senior level expertise gained in the private and public sectors at Board level and has delivered sustainable business improvements in a variety of sectors. Tony is a qualified accountant (FCMA CGMA) and ILM accredited coach and mentor. Tony is Managing Partner of TNL Consulting Limited and in addition currently holds non-executive positions at Dudley CCG, Shrewsbury & Telford Hospital NHS Trust, Brio Leisure Group and Mastercall out of hospital Service.



### RUTH PATTERSON

Ruth joined our Board in October 2019. She trained as a corporate finance lawyer for global law firm Herbert Smith Freehills working on billion-pound international debt restructuring and real estate finance transactions before moving into senior managerial roles as General Counsel and Executive Director of industry leading technology companies. A qualified lawyer in England for over 8 years, Ruth also has a master's in professional legal practice and brings a wide range of legal, regulatory and governance skills to the Board.

## 18.2 COMPLIANCE WITH GOVERNANCE AND FINANCIAL VIABILITY STANDARD

In February 2019, the regulator of social housing (RSH) published its first regulatory judgement stating that it found IH was non-compliant in terms of both the governance and viability standards issuing a non-compliant G3/V3 assessment. In response to the regulatory engagement, IH continues to work with the regulator to address their concerns.



# 19.0 EXECUTIVE LEADERSHIP

## 19.0 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 field and services 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.



## 19.1 PENSIONS

The directors and key management personnel are eligible to be members of the defined contribution pension scheme. They participate in the scheme on the same terms as all eligible staff and IH contributes to the scheme on behalf of its employees.



# 20.0 LOOKING TO THE FUTURE

## 20.0 LOOKING TO THE FUTURE

The focus is on exerting increasing influence in our market through ‘Excellence & Growth’ by providing quality services to our customers and growing to in excess of 3000 units in management in the next few years including 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 business 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:

- Exert influence in the market to reduce risk and increase investment
- Continue to grow and develop the number of units in management
- Provide services on a national level.
- Enhance our working relationship with others
- 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 is 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 the drive to deliver innovative social enterprise initiatives.

### CASE STUDY: CHRIS - DARTMOUTH

Here at Inclusion Housing, we pride ourselves on ensuring both you and our people are at the heart of everything we do. We love hearing stories about our tenants, with that in mind, we are happy to share the below with you!

Chris moved into our scheme in Dartmouth 3 years ago and has since started work at Sainsbury’s Café in Dartmouth and been on holiday to Texas with his support worker to visit The Buddy Holly Centre, his idol. He’s now about to go to the Isle of Wight and explore the island with Steve!

Chris has also started swimming twice a week on a Monday and Thursday thanks to funding from Inclusion Housing. Chris says ‘It’s great fun, I’ve met new friends and I feel much healthier and fitter’.

Chris loves living in Dartmouth and has become great friends with Peter whom he shares the house with and has gained the independence and confidence to do things on his own.

Chris likes it when his managing agent, Kate Morrish, brings her dogs down to visit with her so he and Peter can play ball with them.



# 21.0

## **FINANCIAL STATEMENTS Y/E 31ST MARCH 2020**

# INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2020

### 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 annual controls assurance report is reviewed & considered by board members annually at the Audit & Risk committee.

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 & Governance committee
- Clearly defined management responsibilities for the identification, evaluation and control of significant risks
- Robust strategic and business planning processes, with detailed financial budgets, forecasts, stress testing, property investment plan and asset & liability register
- Formal HR policies for all staff
- Established approval and appraisal procedures for significant new initiatives and commitments
- Board approved financial regulations and scheme of delegation
- Robust performance reporting framework
- Internal Audit programme
- Annual Controls Assurance scrutiny from Executive Directors
- Annual review of compliance against regulatory standards

### 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.

The strategic report was approved and authorised by the Board at the meeting held on the 25 August 2020.

### FINANCIAL INSTRUMENTS

IH uses various financial instruments, including loans and cash, and other items such as rental & trade arrears alongside trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the organisation's operations. The existence of these financial instruments exposes the organisation to a number of financial risks. The main risks arising from the organisations financial instruments are understood by the Board to be liquidity risk and credit risk.

### DIRECTORS

The directors who served the company during the year are shown on pages 61.

### STATEMENT OF COMPLIANCE

The Company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the Company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. This includes information that would have been included in the business review and the principal risks and uncertainties.

### 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 2018, 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.

## INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

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

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 2019.

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

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### 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

Beever and Struthers have expressed their willingness to continue in office. Accordingly, a resolution to reappoint them as Auditors will be proposed at the forthcoming Annual General Meeting.

The directors report was approved and authorised by the Board at the meeting held on the 25 August 2020 and signed on its behalf by:

#### ON BEHALF OF THE BOARD:

Mrs S Waters – Company Secretary

Date: 25 / 08 / 2020

#### OPINION

We have audited the financial statements of Inclusion Housing Community Interest Company "the Company" for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of 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 2019.

#### 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 company 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.

## INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

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

#### CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report to you 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 COMPANY'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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. 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.

#### 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 strategic report and the Board's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Board's report have been prepared in accordance with applicable legal requirements.

#### MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Board's report.

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

# INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2020

### RESPONSIBILITIES OF THE BOARD

As explained more fully in the Statement of Director's Responsibilities, the Board is 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 determines 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 company'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 intend to liquidate the company or to cease operations, or have 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

### USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Sue Hutchinson FCCA (Senior Statutory Auditor)

For and on behalf of  
Beever and Struthers  
Statutory Auditor  
St George's House  
215-219 Chester Road  
Manchester  
M15 4JE

# INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

## STATEMENT OF COMPREHENSIVE INCOME (INCLUDING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2020

		<b>2020</b>	2019
	Notes	£'000	£'000
Turnover	2	37,634	28,374
Operating expenditure	2	(35,870)	(26,526)
Gain on disposal of property, plant and equipment		-	16
<b>OPERATING SURPLUS</b>		<b>1,764</b>	<b>1,864</b>
Interest receivable	5	56	31
Interest and financing costs	6	(13)	(13)
<b>SURPLUS BEFORE TAXATION</b>		<b>1,807</b>	<b>1,882</b>
Taxation	7	(354)	(371)
<b>SURPLUS FOR THE YEAR</b>	8	<b>1,453</b>	<b>1,511</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>1,453</b>	<b>1,511</b>

All of the above results derive from the continuing operations of the Company.

Historical cost surpluses and deficits were identical to those shown in the income and expenditure account.

The notes form an integral part of these financial statements.

# INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

## BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2020

		2020	2019
	Notes	£'000	£'000
<b>FIXED ASSETS</b>			
Housing properties	11	2,388	1,177
Other fixed assets	12	647	656
		<u>3,035</u>	<u>1,833</u>
<b>CURRENT ASSETS</b>			
Trade and other debtors	13	4,099	3,067
Cash and cash equivalents	14	9,517	7,347
		<u>13,616</u>	<u>10,414</u>
Less:			
<b>CREDITORS</b>			
Amounts falling due within one year	15	(5,269)	(3,788)
		<u>8,347</u>	<u>6,626</u>
<b>NET CURRENT ASSETS</b>			
Total assets less current liabilities		11,382	8,459
<b>CREDITORS</b>			
Amounts falling due after more than one year	16	(5,651)	(4,178)
Provisions for liabilities	20	(9)	(12)
		<u>5,722</u>	<u>4,269</u>
<b>TOTAL NET ASSETS</b>			
		<u>5,722</u>	<u>4,269</u>
<b>RESERVES</b>			
Income and expenditure reserve		5,722	4,269
		<u>5,722</u>	<u>4,269</u>
<b>TOTAL RESERVES</b>			
		<u>5,722</u>	<u>4,269</u>

The financial statements were approved and authorised for issue by the Board on 25 August 2020 and were signed on its behalf by: -

**P Ottowell**  
Board Member

**T Allen**  
Board Member

The notes form an integral part of these financial statements.

# INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

## STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 MARCH 2020

	Income and expenditure reserve	Total £'000
<b>BALANCE AT 1 APRIL 2018</b>	2,758	2,758
Surplus for the year	1,511	1,511
<b>BALANCE AT 31 MARCH 2019</b>	4,269	4,269
Balance at 1 April 2019	4,269	4,269
Surplus for the year and total comprehensive income	1,453	1,453
<b>BALANCE AT 31 MARCH 2020</b>	<b>5,722</b>	<b>5,722</b>

The notes form an integral part of these financial statements.

# INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 £'000	2019 £'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	1	3,703	2,621
Interest paid		(13)	(13)
Taxation paid		(411)	(499)
<b>Net cash flow from operating activities</b>		<u>3,279</u>	<u>2,109</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of tangible fixed assets		(1,293)	(18)
Grants received		158	476
Interest received		56	31
		<u>(1,079)</u>	<u>489</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayments of borrowings		(30)	(30)
		<u>(30)</u>	<u>(30)</u>
<b>Net change in cash and cash equivalents</b>		2,170	2,568
<b>Cash and cash equivalents at beginning of year</b>		7,347	4,779
		<u>9,517</u>	<u>7,347</u>
<b>Note 1</b>			
Surplus for the year		1,453	1,511
Adjustments for:			
Depreciation of tangible fixed assets		91	76
Grants utilised in the year		(76)	(476)
Increase in trade and other debtors		(1,032)	(1,388)
Increase in trade and other creditors		2,956	2,561
Gain on disposal of tangible fixed assets		-	(16)
Interest payable		13	13
Interest receivable		(56)	(31)
Taxation		354	371
		<u>3,703</u>	<u>2,621</u>

The notes form an integral part of these financial statements.

# INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### 1. PRINCIPAL ACCOUNTING POLICIES

Inclusion Housing Community Interest Company is a private company, limited by guarantee, registered in England and Wales and is registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing. The registered office is 106 Heworth Green, York, YO31 7TQ.

#### BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018.

The financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The financial statements are prepared on the historical cost basis of accounting and are presented in sterling £, which is the functional currency of the Company, and rounded to the nearest £'000.

The financial statements have been prepared in compliance with FRS 102. In complying with FRS 102 the Company meets the definition of a public benefit entity.

#### GOING CONCERN

The financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. No significant concerns have been noted and we consider it appropriate to continue to prepare the financial statements on a going concern basis based on the Company's business plan, which has been subjected to stress tests including the impact of COVID-19.

#### JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

##### a. Classification of operating leases

The Company classifies a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership otherwise the lease is classified as an operating lease. The Company has reviewed its lease agreements and concluded that all current leases meet the criteria of an operating lease.

##### b. Useful economic lives of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated economic useful lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on future investments, economic utilisation and the physical condition of the assets

##### c. Impairment of non-financial assets

Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

The notes form an integral part of these financial statements.

# INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### TANGIBLE FIXED ASSETS

#### HOUSING PROPERTIES

Social housing properties are stated at cost less accumulated depreciation. Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, developments costs, interest charges on loans during the development period and expenditure on improvements. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property.

Major components of housing properties are depreciated at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Structure	50 years
Heating and plumbing – boiler	15 years
Kitchens	15 – 20 years
Bathrooms	15 – 30 years
Windows and doors	30 – 35 years
Rewire	25 – 40 years

#### OTHER

Other tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Buildings – freehold (structure)	50 years
Fixtures and fittings	4 years

Freehold land is not depreciated. Housing properties under construction are not depreciated until they are in use and the useful economic lives of all tangible fixed assets are reviewed annually.

### LEASEHOLD PROPERTIES

Alterations to leasehold properties are charged to the income and expenditure account at the point expenditure occurs.

### LEASES

Rentals payable and receivable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. Lease payments are recognised as an expense in the year they become due.

### DEBTORS AND CREDITORS RECEIVABLE / PAYABLE WITHIN ONE YEAR

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the statement of comprehensive income in other administrative expenses.

### INTEREST PAYABLE

Interest is allocated at a constant rate on the carrying amount over the period of the loan, charged to the income and expenditure account in the year.

The notes form an integral part of these financial statements.

## INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

#### FINANCIAL INSTRUMENTS

The Company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Financial instruments, which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102, are accounted for under an amortised historical cost model.

#### TAXATION

Current tax represents the amount of tax payable or receivable in respect of taxable income for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences. Deferred tax on revalued non-depreciable tangible fixed assets and investment properties is measured using the rates and allowances that apply to the sale of the asset.

#### VALUE ADDED TAX

The activities of the Company are partially exempt from VAT. Because of the small amounts involved, expenditure is shown gross and the VAT recovered is included in other interest receivable and similar income. Irrecoverable VAT which can be attributed to a capital item or operating expenditure is added to the cost of the capital item or expenses where practicable and material.

#### TURNOVER AND REVENUE RECOGNITION

Turnover is measured at the fair value of the consideration received or receivable net of VAT and trade discounts. The policies adopted for the recognition of turnover are as follows:

Turnover represents rental and service charges income receivable in the year net of rent and service charge losses from voids, non-government revenue grants and development fees. Development fees are received to support the costs incurred in bringing new schemes into management ensuring the property is constructed / refurbished to the agreed specification and quality. Income is recognised at the point of either property coming into management or during the construction period of new build properties.

As the company is registered for VAT, such income is stated net of VAT where applicable.

Interest income is recognised using the effective interest method.

#### VOIDS SELF – INSURANCE

The weekly rent charge includes an allowance for void expenses in the event of a unit in management becoming empty for a period at some point in the future. The intended purpose is to fund costs incurred by the company during periods when the unit is not occupied. The void charge is extracted from the income collected and initially presented as deferred income on the balance sheet. Income is recognised when a void loss on these properties occurs.

The notes form an integral part of these financial statements.

# INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

### SINKING FUND

The weekly rent charge includes a sinking fund allowance to be utilised for the future replacement of major property components at each scheme forming part of the lease obligations. The sum being collected per unit in management has been tested against the 30-year investment plan and found to adequately cover the future component replacement lease liabilities. The sinking fund deferred income is reflected in creditors and as liquid assets in a separately identified bank account.

### REVENUE GRANTS

Revenue grants have been provided to the company for a number of purposes including:

- Subsidising the lease rent over the twenty-year life of the lease. The grant is released on a straight line basis to income during the year, the liquid assets transferred to the current account and the balance of grant reflected in creditors and as liquid assets in a separately identifiable bank account.
- Property investment funds to support works to transferred schemes into management, funds recognised as income on a matching basis as expenditure is incurred. The balance of the grant is reflected as short-term creditors.
- Short-term lease cost subsidies in place to support the business during the initial period a new scheme comes into management ahead of full occupation.
- Five-year void pot – to support specific schemes on the expiry of the void's agreement with the care provider. Monies held in a separately identifiable bank account and grant reflected as a creditor greater than one year.
- Short-term void pots in place to support the business during the initial period a new scheme comes into management ahead of full occupation balance of the grant reflected in creditors and as liquid assets in a separately identifiable bank account.

The grants are recognised on the performance model methodology.

### SDLT LIABILITY

Cash funds equivalent to the Stamp Duty Land Tax liability due on the 20-year anniversary of a lease is included in creditors falling due after one year. The cash is held in a separately identifiable bank account.

### EMPLOYEE BENEFITS

When employees have rendered service to the Company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The Company operates a defined contribution plan for the benefit of its employees. Contributions are expensed as they become payable.

The notes form an integral part of these financial statements.

# INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

## 2. PARTICULARS OF TURNOVER, OPERATING EXPENDITURE AND OPERATING SURPLUS

FOR THE YEAR ENDED 31 MARCH 2020

		2020		
		Turnover £'000	Operating Expenditure £'000	Operating Surplus £'000
<b>SOCIAL HOUSING LETTINGS</b>	Note 3	36,222	(35,152)	1,304
<b>Other social housing activities</b>				
Charges for support services		700	(700)	-
Other		656	(234)	422
<b>Activities other than social housing</b>		56	(18)	38
<b>Total</b>		<u>37,634</u>	<u>(35,870)</u>	<u>1,764</u>

		2019		
		Turnover £'000	Operating Expenditure £'000	Operating Surplus £'000
<b>SOCIAL HOUSING LETTINGS</b>	Note 3	27,313	(25,847)	1,466
<b>Other social housing activities</b>				
Charges for support services		433	(433)	-
Other		541	(229)	312
<b>Activities other than social housing</b>		87	(17)	70
<b>Total</b>		<u>28,374</u>	<u>(26,526)</u>	<u>1,848</u>

# INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

## 3. PARTICULARS OF TURNOVER AND OPERATING EXPENDITURE FROM SOCIAL HOUSING LETTINGS FOR THE YEAR ENDED 31 MARCH 2020

	2020			
	General needs housing	Supported housing	Total 2020	Total 2019
	£'000	£'000	£'000	£'000
<b>INCOME</b>				
Rent receivable net of identifiable service charges	35	32,818	32,853	24,688
Service charge income	-	2,597	2,597	1,946
Other grants	-	772	772	679
<b>Total turnover from social housing lettings</b>	<b>35</b>	<b>36,187</b>	<b>36,222</b>	<b>27,313</b>
<b>OPERATING EXPENDITURE</b>				
Management	(28)	(27,819)	(27,847)	(20,738)
Service charge costs <sup>2</sup>	-	(2,346)	(2,346)	(1,553)
Routine maintenance	(4)	(1,749)	(1,753)	(1,926)
Planned maintenance	(7)	(2,643)	(2,650)	(1,552)
Major repairs	-	-	-	-
Rent losses from bad debts	-	(265)	(265)	(41)
Depreciation of housing properties	(9)	(48)	(57)	(37)
<b>Total operating expenditure on social housing lettings</b>	<b>(48)</b>	<b>(34,870)</b>	<b>(34,918)</b>	<b>(25,847)</b>
<b>Operating surplus on social housing lettings</b>	<b>(13)</b>	<b>1,317</b>	<b>1,304</b>	<b>1,466</b>
<b>Net void losses</b>	<b>-</b>	<b>2,118</b>	<b>2,118</b>	<b>2,249</b>

Management costs include lease rents payable of £23,513K (2019: £17,596K).

Comparative management and service charge costs have been restated to reallocate costs relating to void properties as management costs.

# INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

## 4. ACCOMMODATION OWNED, MANAGED AND IN DEVELOPMENT FOR THE YEAR ENDED 31 MARCH 2020

	2020 Number	2019 Number
General needs	4	4
Supported housing	25	15
Total owned	29	19
General needs	6	6
Supported housing	2,320	1,961
Housing for older people	125	98
Total held under an operating lease	2,451	2,065
Accommodation managed for others	274	274
Total managed	2,754	2,358
Accommodation in development	535	512

The Company manages properties on behalf of Bromford Housing Association, a registered social housing provider and Lifeways.

Opening stock at 1 April 2019	2,358
New units acquired	400
Units Disposed	-4
Closing stock at 31 March 2020	2,754

# INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

## 5. INTEREST RECEIVABLE

FOR THE YEAR ENDED 31 MARCH 2020

	2020 £'000	2019 £'000
Bank interest receivable	56	31

## 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2020 £'000	2019 £'000
Loan interest	13	13

# INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

## 7. TAX

FOR THE YEAR ENDED 31 MARCH 2020

### ANALYSIS OF CHARGE FOR THE YEAR

	2020 £'000	2019 £'000
<b>Current tax</b>		
UK corporation tax at 19% (2019: 19%)	357	370
Adjustment in respect of prior years	-	3
Total current tax charge	357	373
<b>Deferred tax</b>		
Origination and reversal of timing differences	(1)	(2)
Adjustment in respect of prior years	(2)	-
Total deferred tax charge/(credit)	(3)	(2)
<b>Tax on surplus on ordinary activities</b>	<u>354</u>	<u>371</u>
<b>Reconciliation of tax charge</b>		
Surplus on ordinary activities before taxation	1,807	1,882
Tax on surplus at standard corporation tax rate of 19% (2019: 19%)	343	358
Effects of:		
Expenses not deductible for tax purposes	13	4
Depreciation in excess of capital allowances	-	8
Movement in short term timing differences	1	-
Adjustments in respect of previous periods	(2)	3
Deferred tax – origination and reversal of timing differences	(1)	(2)
Tax charge for the year	<u>354</u>	<u>371</u>
<b>Deferred tax</b>		
Deferred tax included in the Statement of Financial Position is as follows:		
Included in provisions for liabilities (note 20)	<u>9</u>	<u>12</u>

# INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

## 8. SURPLUS FOR THE YEAR FOR THE YEAR ENDED 31 MARCH 2020

### SURPLUS IS STATED AFTER CHARGING/(CREDITING)

	2020 £'000	2019 £'000
Auditors' remuneration (excluding VAT):		
- In their capacity as auditors	18	16
- In respect of other services	6	-
Depreciation of housing properties	57	37
Depreciation of other tangible fixed assets	34	39
(Gain) on disposal of fixed assets	-	(16)
Operating lease rentals	23,513	17,596
	<hr/>	<hr/>

# INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

## 9. EMPLOYEE INFORMATION FOR THE YEAR ENDED 31 MARCH 2020

**THE AVERAGE MONTHLY NUMBER OF  
EMPLOYEES EXPRESSED IN FULL TIME EQUIVALENTS  
(CALCULATED BASED ON A STANDARD WORKING  
WEEK OF 35 HOURS) WAS:**

Key management personnel  
Property  
Operations  
Finance  
Business administration

**2020**  
Number

5

6

21

7

12

51

**2019**  
Number

5

4

17

9

11

46

**STAFF COSTS  
(FOR THE ABOVE PERSONS):**

Wages and salaries  
Social security costs  
Other pension costs

**2020**  
£'000

1,628

151

91

1,870

**2019**  
£'000

1,361

125

61

1,547

**AGGREGATE NUMBER OF FULL TIME  
EQUIVALENT STAFF WHOSE REMUNERATION  
EXCEEDED £60,000 IN THE YEAR**

£60,000 – £70,000  
£70,001 – £80,000  
£80,001 – £90,000  
£90,001 – £100,000  
£100,001 – £110,000

**2020**  
Number

-

-

4

-

1

5

**2019**  
Number

3

1

-

1

-

5

# INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

## 10. KEY MANAGEMENT PERSONNEL EMOLUMENTS FOR THE YEAR ENDED 31 MARCH 2020

KEY MANAGEMENT PERSONNEL ARE DEFINED AS BOARD MEMBERS, THE CHIEF EXECUTIVE AND EXECUTIVE TEAM.

The remuneration paid to the Directors of the Company was:

### Executive Directors

	2020 £'000	2019 £'000
Salaries and wages	406	366
Pension contributions	31	24
	437	390
Board members emoluments	54	48
Total	491	438

### Emoluments: paid to the highest paid Director (the Chief Executive)

(Excluding pension contributions)	102	93
-----------------------------------	-----	----

The Chief Executive is an ordinary member of the Company's defined contribution pension scheme.

No enhanced or special terms apply. There are no additional pension arrangements.

A contribution of £8K (2019: £6K) was made by the Company in addition to the personal contributions of the Chief Executive.

# INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

## 11. HOUSING PROPERTIES

FOR THE YEAR ENDED 31 MARCH 2020

	Social housing properties for letting completed	Improvements to properties	Total
	£000	£000	£000
<b>COST:</b>			
At 1 April 2019	1,368	28	1,396
Additions – completed properties acquired	1,268	-	1,268
Disposals	(27)	(28)	(55)
At 31 March 2020	<u>2,609</u>	<u>-</u>	<u>2,609</u>
<b>Depreciation</b>			
At 1 April 2019	196	23	219
Charge for the year	52	5	57
Eliminated on disposals	(27)	(28)	(55)
At 31 March 2020	<u>221</u>	<u>-</u>	<u>221</u>
<b>Net book value</b>			
At 31 March 2020	<u>2,388</u>	<u>-</u>	<u>2,388</u>
At 31 March 2019	<u>1,172</u>	<u>5</u>	<u>1,177</u>
<b>Housing properties comprise:</b>		<b>2020</b>	<b>2019</b>
		£'000	£'000
Freeholds		2,388	1,177
		<u>2,388</u>	<u>1,177</u>

Included in freehold social housing property is a property acquired in 2011 for £1 and valued at £616,982 for insurance purposes. This property is kept in perpetuity for social purpose; future disposal is restricted under the terms of the transfer agreement.

# INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

## 12. OTHER FIXED ASSETS

FOR THE YEAR ENDED 31 MARCH 2020

	Freehold	Furniture and office equipment	Computer Equipment	Total
	£'000	£'000	£'000	£'000
<b>COST:</b>				
At 1 April 2019	650	2	103	755
Additions	-	-	25	25
Disposals	-	-	(8)	(8)
At 31 March 2020	<u>650</u>	<u>2</u>	<u>120</u>	<u>772</u>
<b>Depreciation</b>				
At 1 April 2019	30	1	68	99
Charge for the year	15	1	18	34
Eliminated on disposals	-	-	(8)	(8)
At 31 March 2020	<u>45</u>	<u>2</u>	<u>78</u>	<u>125</u>
<b>Net book value</b>				
At 31 March 2020	<u>605</u>	<u>-</u>	<u>42</u>	<u>647</u>
At 31 March 2019	<u>620</u>	<u>1</u>	<u>35</u>	<u>656</u>

# INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

## 13. DEBTORS

FOR THE YEAR ENDED 31 MARCH 2020

### AMOUNTS FALLING DUE WITHIN ONE YEAR:

Rental debtors  
Less: Provision for bad debts

Sales ledger balances  
Prepayments and accrued income  
Other debtors

**2020**  
£'000

2,303  
(224)

2,079  
1,588  
402  
30

4,099

**2019**  
£'000

1,557  
(76)

1,481  
1,284  
261  
41

3,067

## 14. CASH AND CASH EQUIVALENTS

Cash equivalents  
Cash at bank

**2020**  
£'000

2,252  
7,265

9,517

**2019**  
£'000

1,580  
5,767

7,347

Cash and cash equivalents includes £Nil (2019: £360,651) in respect of an Escrow account that is in the name of the Company and the other party of the agreement. Transactions on the account are subject to the agreement of both parties and the monies held in the account could not be expended until five years had elapsed from the commencement of the agreement.

## INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

### 15. CREDITORS

FOR THE YEAR ENDED 31 MARCH 2020

#### AMOUNTS FALLING DUE WITHIN ONE YEAR:

	2020 £'000	2019 £'000
Bank loans and overdrafts	30	30
Trade creditors	2,290	2,320
Taxation	133	187
Rents in advance	338	213
Accruals and deferred income	1,903	812
Deferred revenue grants (note 19)	444	146
Other taxation and social security	87	68
Other creditors	44	12
	<hr/> 5,269 <hr/>	<hr/> 3,788 <hr/>

### 16. PROVISIONS FOR LIABILITIES

#### AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR:

	2020 £'000	2019 £'000
Bank loans and overdrafts	337	366
Sinking fund	3,874	2,482
Deferred revenue grants (note 19)	705	921
Five year void pot	687	361
SDLT reserves	48	48
	<hr/> 5,651 <hr/>	<hr/> 4,178 <hr/>

## INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

### 17. OPERATING LEASES

FOR THE YEAR ENDED 31 MARCH 2020

**Total future minimum lease payments under  
non-cancellable operating leases are as follows:**

Not later than one year

Later than one year and not later than five years

Later than five years

**2020**  
£'000

24,564

100,474

368,204

493,242

**2019**  
£'000

21,472

83,579

326,174

431,225

### 18. SECURED DEBT

**The following secured debts are  
included within creditors.**

Bank loan

**2020**  
£'000

367

367

**2019**  
£'000

396

396

The above bank loan is secured on the office property in note 12.

## INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

### 19. DEFERRED GRANT INCOME FOR THE YEAR ENDED 31 MARCH 2020

	2020 £'000	2019 £'000
<b>At 1 April 2019</b>	1,067	801
Grant received in the year	158	387
Grant released to income in the year	(76)	(121)
	<hr/>	<hr/>
<b>At 31 March 2020</b>	1,149	1,067
	<hr/>	<hr/>
mounts due to be released < 1 year	444	146
Amounts due to be released > 1 year	705	921
	<hr/>	<hr/>
	1,149	1,067
	<hr/>	<hr/>

The weekly rent charge includes an allowance for void expenses in the event of a unit in management becoming empty for a period at some point in the future. The intended purpose is to fund costs incurred by the company during periods when the unit is not occupied. The void charge is extracted from the income collected and initially presented as deferred income on the balance sheet. Income is recognised when a void loss on these properties occurs.

### 20. PROVISIONS FOR LIABILITIES

	2020 £'000	2019 £'000
<b>Deferred Tax – Accelerated Capital Allowances</b>	<hr/>	<hr/>
	9	12
	<hr/>	<hr/>

# INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

## 21. CAPITAL COMMITMENTS

FOR THE YEAR ENDED 31 MARCH 2020

	2020 £'000	2019 £'000
Capital expenditure that has been contracted for but has not been provided for in the accounts:	-	-
Capital expenditure that has been authorised by the Board but has not yet been contracted for:	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

It is intended that this anticipated capital expenditure will be financed in the next 12 months by:

	2020 £'000	2019 £'000
Cash reserves	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

## 22. CONTINGENT LIABILITIES

At the balance sheet date there were no contingent liabilities (2019: ENiI).

## INCLUSION HOUSING COMMUNITY INTEREST COMPANY (REGISTERED NUMBER: 06169583)

### 23. PENSION SCHEME

FOR THE YEAR ENDED 31 MARCH 2020

The Company operates a defined contribution scheme for its employees.

The costs for the year were £91K (2019: £61K).

Total outstanding contributions as at 31 March 2020 were £15K (2019: £10K).

### 24. ANALYSIS OF CHANGES IN NET DEBT

	As at April 2019	Cash flows	Other Non- cash changes	At 31st March 2020
	£'000	£'000	£'000	£'000
Cash at bank	5,767	1,498	-	7,265
Cash equivalents	1,580	672	-	2,252
Loans falling due within one year	(30)	-	-	(30)
Loans falling due after more than one year	(366)	29	-	(337)
	<u>6,951</u>	<u>2,199</u>	<u>-</u>	<u>9,150</u>

### 25. POST BALANCE SHEET EVENTS

On 17 July 2020 the Board approved a restructure of the company with two new companies to form a Group.

Inclusion Group Limited was formed on 17 July 2020 and will be the parent company in the new Group structure. Inclusion Property Holdings Limited, incorporated on 27 July 2020, and Inclusion Housing Community Interest Company will be subsidiaries of the parent company.



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