



INCLUSIONHOUSING

**YOUR ANNUAL  
TENANT REPORT  
2017/2018**





INCLUSIONHOUSING

# INCLUSION HOUSING ANNUAL TENANT REPORT 2017/2018

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# HELLO AND THANK YOU

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

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

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

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

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

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

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

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

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

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



**Pete Ottowell**, Chair



**Neil Brown**, Chief Executive



A woman with dark hair tied back is sitting on a striped couch, looking towards the camera with a slight smile. The entire image is overlaid with a semi-transparent red filter. In the lower-left corner, there is a dark blue rectangular box containing the text '2.0 ABOUT US' in white. The background shows a brick wall and some foliage.

# 2.0 ABOUT US

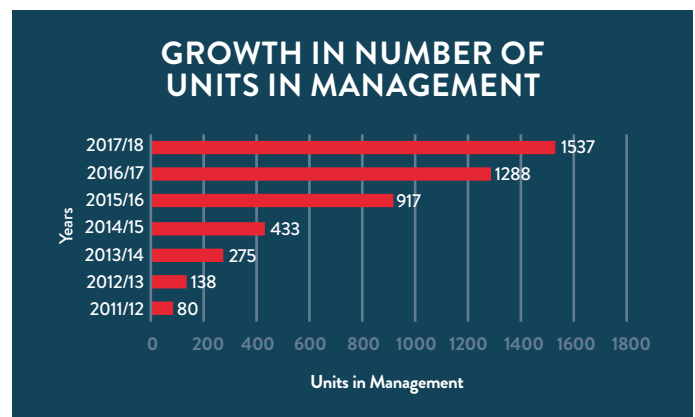
# ABOUT INCLUSION HOUSING

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

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

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

Continued business growth is helping to meet the demand for supported living accommodation in the social and healthcare sector. We have a major development programme underway to help deliver the best property and support services to thousands more people and demands from all over the United Kingdom to deliver a better way. We have a range of funders ranging from banks to the major financial institutions that invest in the housing and/or healthcare market. Continued business growth will encompass supported living accommodation in the affordable housing and healthcare sector.



Our unique and rewarding approach means we have first class relationships with our key delivery partners – including institutional investors, commissioners in local authorities, Clinical Commissioning Groups and developers. Institutional investment partners recognise that the creation of social benefits through our model in this sector also brings about the opportunity of sensible, stable, regular and reliable commercial returns for their stakeholders too.

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



IMPROVING THE  
LIVES OF THE MOST  
VULNERABLE PEOPLE  
IN OUR SOCIETY



WE GREW OUR  
BUSINESS BY  
NEARLY 300  
PROPERTIES  
IN 2017/18



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





## PEAR TREE COURT, KETTERING

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

### CASE STUDY: RYAN - KETTERING

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

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

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



# 3.0 STRATEGIC VISION & PRIORITIES



## 3.0 STRATEGIC VISION & PRIORITIES

### PURPOSE

#### Our two main purposes are:

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

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

### VISION

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

### VALUES

#### Our key values are:

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





## PRIORITIES

| Strategic Priority 1 | Strategic Objectives  | Issue    | Key Outcomes  | IH Value              |
|----------------------|---|----------|---|-----------------------|
| Asset Management     | <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><br><b>Reduced average property costs</b> | Excellence<br>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<br>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><br><b>Low turnover of staff</b> | Inclusive<br>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><br><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><br><b>Margins &gt;8%</b> | Excellence |



## NEWMAN GARDENS, BIRMINGHAM

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

### CASE STUDY: DAVID - BIRMINGHAM

#### David's Story

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

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

David says:

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

David with Lifeways Support Staff member: Shireen





4.0

## AWARDS & ACCREDITATIONS



## 4.0 AWARDS & ACCREDITATIONS

### QUEENS AWARD FOR ENTERPRISE (INNOVATION) 2018

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

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



### EUROPEAN BUSINESS OF THE YEAR 2017

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

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



### INVESTORS IN DIVERSITY 2018

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



### INVESTORS IN EXCELLENCE 2017

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



### CUSTOMER SERVICE EXCELLENCE 2017

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



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

### SME NATIONAL BUSINESS AWARDS 2017

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



### AMAZON AWARDS 2017

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



A photograph of two men in a red-tinted environment. The man in the foreground is looking down at a device, while the man in the background looks towards the camera. A dark blue rectangular box is overlaid on the bottom left of the image.

# 5.0 CUSTOMER SERVICE

## 5.0 CUSTOMER SERVICE

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

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

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

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

### CONTINUOUS IMPROVEMENT (NET PROMOTER SCORE)

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

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



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

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

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

### COMPLAINTS

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

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

### SCHEME STANDARDS

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

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

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

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

### INTENSIVE HOUSING MANAGEMENT

Inclusions Managing Agents provide Intensive Housing Management services for all tenants. This service is an investment in prevention and gives housing management support that reflects the additional needs of our tenants; with the objective of maintaining & developing independence in relation to their accommodation.

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

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

Intensive Housing Managements are monitored closely as part of our Operations Performance Scorecard, we team these person focused visits with scheme inspections where we assess the facilities, repairs and health and safety of our schemes. We aim to visit each scheme and undertake these assessments every 4 weeks and have a target of 95% attendance; the actual achieved in March 2017 was 90%.



| August 17             | Schemes | %    |
|-----------------------|---------|------|
| <b>Good</b>           | 148     | 92%  |
| <b>Fair</b>           | 10      | 6%   |
| <b>Unsatisfactory</b> | 3       | 2%   |
| <b>TOTAL</b>          | 161     | 100% |

### INVOLVING OUR RESIDENTS

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

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

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

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

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

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

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

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

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

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





## FIR TREE COURT, STAFFORDSHIRE

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

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

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

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

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

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



# 6.0 PROPERTY MANAGEMENT



## 6.0 PROPERTY MANAGEMENT

### ASSET MANAGEMENT

Before we make informed and evidence-based decisions about our assets we will follow a core set of good practice principles ensuring that we focus our limited resources into delivering greater value for money for the business and ensuring the future maintenance of our assets.

**IN DELIVERING THE ASSET MANAGEMENT STRATEGY, INCLUSION HOUSING WILL BE ABLE TO ACCURATELY DETERMINE THE INVESTMENT AND MAINTENANCE REQUIREMENTS OF OUR ASSETS. THIS WILL PROVIDE STAKEHOLDERS WITH GREATER ASSURANCE AND CERTAINTY OF THE VIABILITY OF THE BUSINESS PLAN AND EVIDENCE THAT WE CONTINUE TO DELIVER BEST PRACTICE IN ASSET MANAGEMENT.**

**The following principles are set out in the Asset Management Strategy and form part of the IH delivery plan but can be summarised as follows:**

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

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

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

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

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

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

## 6.0 PROPERTY MANAGEMENT

### REPAIRS SERVICE

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

### PLANNED MAINTENANCE

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

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

### HANDYPERSONS

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

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

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

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

### COMPLIANCE

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

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





## BIRCH TREE PLACE



### BIRCH TREE PLACE, BIRMINGHAM

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

#### CASE STUDY: ELIZABETH - BIRMINGHAM

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

##### Elizabeth's Story

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

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

Elizabeth tell us

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



7.0

**CONTINUOUS  
IMPROVEMENT**



## 7.1 OVERALL ANALYSIS

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

The frameworks have been approved by Board previously and the scoring represents the manifestation of their active implementation including the balanced scorecard, delivery plan, risk, board reporting, property compliance and governance frameworks.

The table below satisfies two objectives of the framework in regard to measurement and links to business frameworks. Overall the Continuous Improvement Approach has resulted in a positive trend with the average Continuous Improvement Score for the Business improving from 45% to 86%: -

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

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

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

## 7.2 2017/18 DELIVERY PLAN SUCCESSES

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

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

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

## 7.2 2017/18 DELIVERY PLAN SUCCESSES

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

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

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

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





# 8.0 PERFORMANCE MANAGEMENT

## 8.0 PERFORMANCE MANAGEMENT

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

**Source:** Balanced Scorecards 2015/16 & 2016/17    Housemark Benchmarking Data 2015/16    Acuity 2017/18

## 8.1 CUSTOMER INDICATORS

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

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

## 8.2 COST INDICATORS

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

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



## 8.3 OPERATIONS INDICATORS

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

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

## 8.4 PROPERTY INDICATORS

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

| Property Indicators                      | Benchmarking [Supported Housing] | 2015/16 Inclusion Housing | 2016/17 Inclusion Housing | 2017/18 Inclusion Housing | T/L |
|--|----------------------------------|---------------------------|---------------------------|---------------------------|-----|
| Satisfaction with Home Condition %       | 87%                              | 67%                       | 79%                       | 90%                       | ●   |
| Satisfaction with Neighbourhood %        | 90%                              |                           |                           | 90%                       | ●   |
| % Repairs Completed on First Visit       | 94.8%                            | 85%                       | 96%                       | 94.7%                     | ●   |
| Routine Repairs Completed in Target Time | 96.8%                            | 41%                       | 97.3%                     | 91%                       | ●   |
| Repairs Spend as % of rent               | 30%                              |                           |                           | 10%                       | ●   |
| Repairs per property                     | 3.1                              |                           |                           | 2                         | ●   |
| Total repair spend per property per week | £29.98                           |                           |                           | £27.05                    | ●   |

## 8.5 REGULATORY INDICATORS

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

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

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

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

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





## CASE STUDY: JON - WORKINGTON

### Jon's Story

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

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

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



## THE OLD VIADUCT HOTEL, WORKINGTON

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

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



# 9.0 VALUE FOR MONEY

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

#### VALUE FOR MONEY ACHIEVEMENTS 2017/18

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



## 9.0 VALUE FOR MONEY

### RETURN ON ASSETS

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

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

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

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

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

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

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



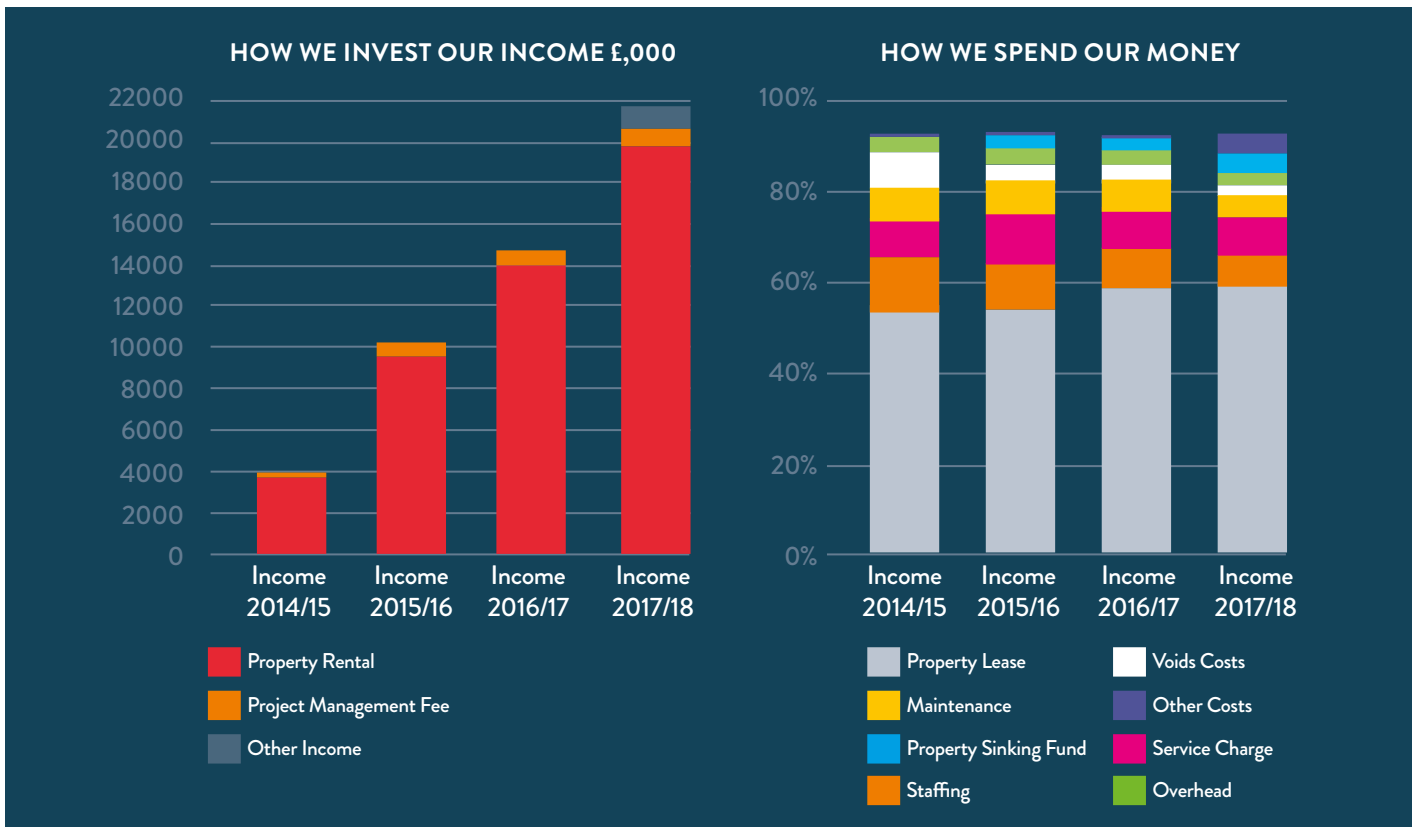
# 10.0 FINANCIAL VIABILITY

## 10.0 FINANCIAL VIABILITY

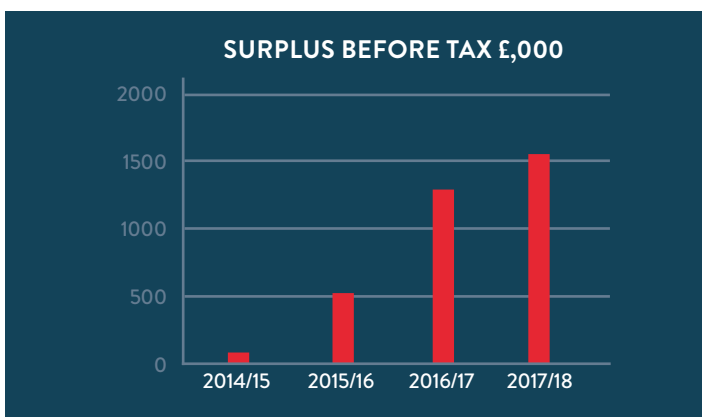
AS A HOUSING PROVIDER, IT IS ESSENTIAL THAT WE MAKE A HEALTHY SURPLUS SO WE CAN FULFIL OUR CORE STRATEGIC PRIORITIES.

All our surpluses are reinvested into bringing new units either into management or into improving services for our tenants. Since 2014/15 significant yearly growth in the number of units in management from 433 to 1546 and consequently income has grown significantly from £4 million to just under £20 million; 400% increase.

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



- IH Leases the majority of the properties in the portfolio and as a consequence the largest expense is the property lease cost, £2.8 million in 2014/15 (60% of income) rising to £6.5 million in 2015/16 (62% of income), £9.4 million in 2016/17 (60% of income) and £13.1 million in 2017/18 (62% of income). The agreement to stepped rent arrangements contributed significantly to the short-term fall in costs in 2016/17 and continued to dampen lease cost % in 2017/18.
- Economies of scale and efficiencies are being realized on staffing costs; 13% of income in 2014/15 reduced to 7% of income in 2017/18.
- Surplus before tax increased from £88K in 2014/15 to £1573K in 2017/18 due to the significant period of growth, reduced income loss from empty properties, procurement and efficiency savings.



**OVERALL, THE BUSINESS CONTINUES TO BE MORE PROFITABLE AS IT GROWS, AS WE ACHIEVE GREATER ECONOMIES OF SCALE THAT REDUCE OVERALL COSTS.**



## 10.1 FINANCIAL RATIOS

- The financial ratios support the improved financial position of the organisation from achieving very small margins in 2014/15 through to sustainable operating margins at 7% in 2017/18 to support the delivery of services for the long term. The improved Liquidity ratio supports the future cash requirements, to cover the risks associated with long-term lease commitments, excellent service delivery and investment in additional units in management.
- Leasing the majority of the properties in management means IH has no debt requirement. In 2016/17 IH repaid all historic loans relating to properties to rent. The only loan now in place relates to the purchase of the head office building at the beginning of 2017/18. There are no plans to increase the current level of borrowing.

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

## 10.2 COSTS

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

### AVERAGE UNIT COSTS

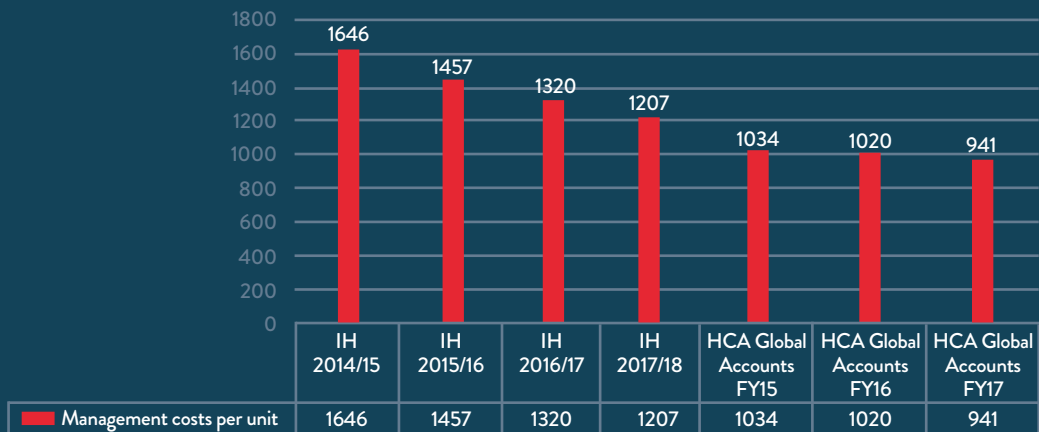
| Costs per Property per annum  | Inclusion 2014/15 | Inclusion 2015/16 | Inclusion 2016/17 | Inclusion 2017/18 | Median HCA global Accounts 2016/17 | T/L |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|------------------------------------|-----|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

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

## 10.2 COSTS

### MANAGEMENT COSTS PER UNIT

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





## CASE STUDY: DANNY - BUXTON

Danny tells us

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



## DALE VALLEY VIEW, BUXTON

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





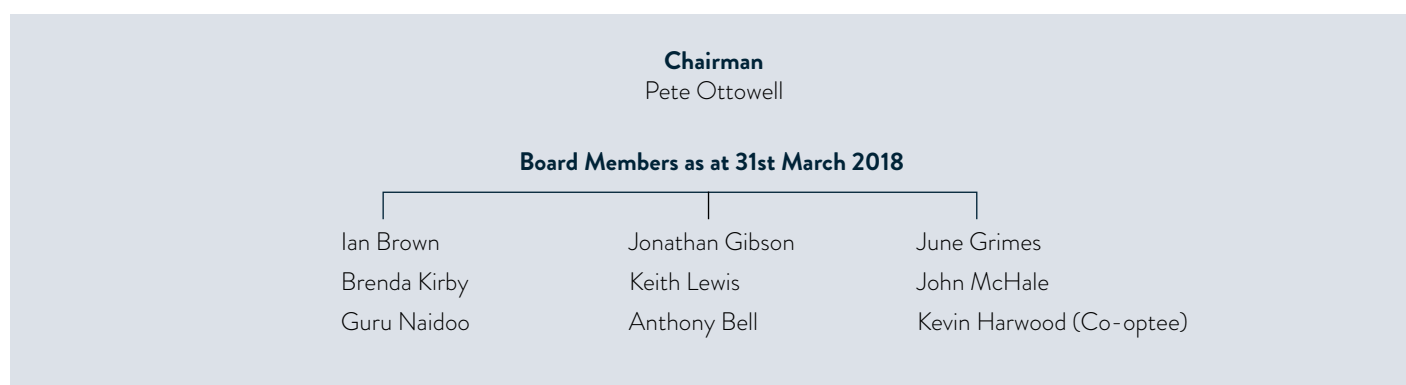
# 11.0 GOVERNANCE

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

The **Risk & Audit Committee** meets at least 3 times per year. It receives reports from the external and internal auditors and reviews the processes for audit and risk management. It is chaired by a member of the Board who is not the Chair of the Board of Inclusion Community Interest Company

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

Inclusion as a **Registered Provider** is subject to the requirements of the current social housing regulator, the regulator of Social Housing. The Board will continue to review progress against the business plan and assesses progress against the delivery of agreed priorities and targets including those which are VfM related. It will also continue to review this VfM self-assessment process in the context of its wider role of monitoring and ensuring compliance and helping to drive further improvements across the business.



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

| Audit & Risk Sub Committee  | Role     |
|---|----------|
| Tony Bell   | Chairman |
| Responsible for overseeing standards of probity, risk management strategy and internal and external audit |          |

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





# 12.0 LOOKING TO THE FUTURE



## 12.0 LOOKING TO THE FUTURE

The focus is on 'Excellence & Growth' by providing quality services to our customers and growing to in excess of 3000 units in management in the next 3 years, rising to 6000 units by 2028/29 with an increase in the number of schemes being self-funded from IH cash reserves. We will achieve this by enhancing our efficiency to generate increased surpluses for investment in homes and services and continuing to develop our people and organisation so that we can do more and better. These strategic priorities will help us to deliver our longer-term targets in line with the 30-year business plan.

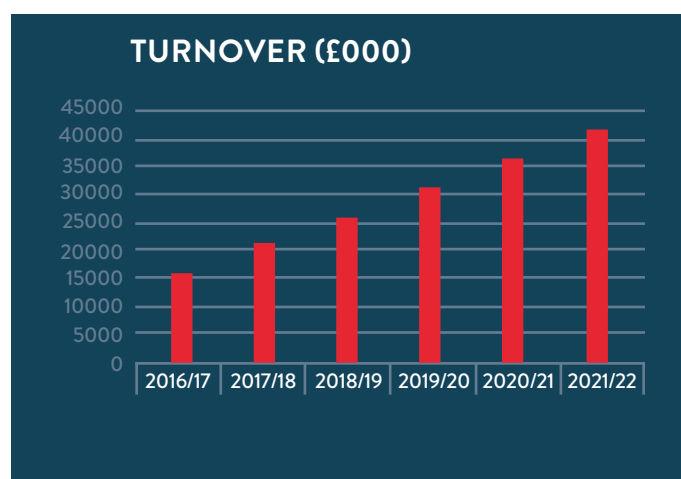
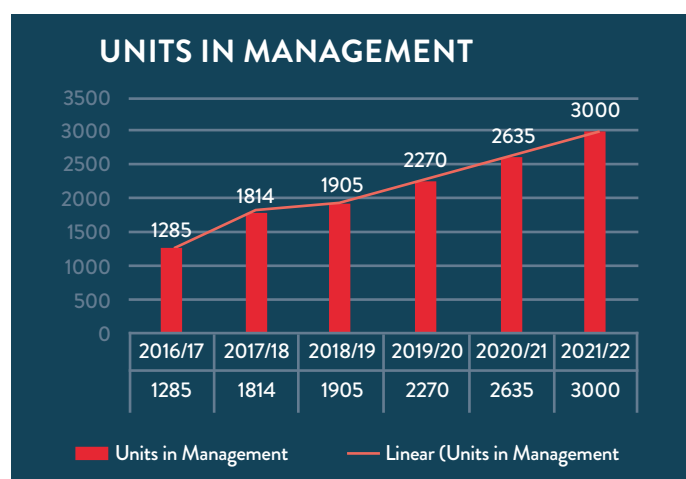
### THE KEY OPERATING PRINCIPLES OF INCLUSION HOUSING ARE:

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

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

Over the next 5-years it is anticipated that Inclusion housing will grow at an **average growth rate** of approximately **350 units per annum**; incorporating both new build and portfolio acquisition. This will result in the stock increasing from 1300 to 3100 units over the business plan term; and turnover reaching approximately £35m per annum. This is within the management capability of the existing organisational structure and will assist with reducing average management costs, increasing productivity and profitability, reducing risk and further consolidating our national profile.

|               | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|---------------|---------|---------|---------|---------|---------|---------|---------|
| B/FWD         | 433     | 917     | 1285    | 1814    | 1905    | 2270    | 2635    |
| In Management | 484     | 368     | 529     |         |         |         |         |
| Projected     |         |         | 311     | 365     | 365     | 365     | 365     |
| C/FWD         | 917     | 1285    | 1814    | 1905    | 2270    | 2635    | 3000    |
| % Growth      | 111%    | 34%     | 25%     | 23%     | 19%     | 16%     | 13%     |



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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