



ENCOMPASS ANNUAL BUSINESS PLAN 2019/20

Foreword

This document sets out our priorities as a Company and the milestones we will use to assess our progress.

Over the past 12 months a great deal of work has gone into managing the demands from implementing the Homelessness Reduction Act, developing Encompass Living and improving the quality of adult social care services. The coming financial year is also likely to be one of transition as we continue to develop and implement new services, and build on the foundations of the work undertaken in 2018/19.

We do our utmost to improve the services we provide. Meeting the needs of vulnerable adults by the implementation of the Homelessness Reduction Act and developing Encompass Living is an important step forward. The implementation of the Homelessness Reduction Act was an important step forward in improving services to households who are threatened with homelessness or actually homeless.

The service must review its performance management arrangements, both at a strategic and operational level. Like many public sector bodies, the challenges facing Encompass LATC are increasingly financial, business and efficiency related and there is a recognition that performance management systems help to drive the improvement of service delivery. We will maintain our focus on working collaboratively with the London Borough of Sutton and other agencies in tackling homelessness and organising care and support services as part of our overall aim to deliver solutions to vulnerable adults living in the community.

Improvements in these areas must not be at the expense of the quality of our decision making, case preparation and presentations. During 2019/20 we will continue to reinforce existing quality assurance arrangements to include the formal monitoring of our quality compliance.

Of course, the foundation for all of this is our employees.

We will continue to provide the support needed by staff, which will be designed to improve our performance and achieve our vision to be recognised as a first providing first class services. I am confident we can rise to the challenge ahead.

Introduction

Encompass LATC is a limited company delivering a diverse range of services but with a vibrant and strong synergy between each service. The primary role of Encompass LATC is to deliver statutory housing and homelessness services, and to arrange and provide care and support for vulnerable people living in the community. We have also developed Encompass Innovate, an exciting service that focuses on providing Digital Transformation and G-Suite Training Services to local authorities, public sector organisations and independent businesses..

Together our services underpin the approach Encompass has to empowering people who are in need of support, or simply require advice and information, to resolve their problem, whether that is at home or at work. Always looking for solutions, Encompass offers the most appropriate resolutions to meet people's needs.

Accountability and Governance Arrangements

The Encompass Board of Directors supports the Managing Director in the leadership of Encompass, reaching decisions on the strategic direction of the company, the development and implementation of appropriate strategy and in meeting corporate governance responsibilities. The Board comprises three Council nominated non-executive Directors (one as Chair), one Executive Director and two independent non-executive Directors.

The Board of Directors reports to Sutton Shareholdings Board for matters reserved to the Shareholdings Board.

FINANCIAL SUMMARY

i) Performance

The 4 year business plan presented to Strategy and Resources Committee on 14th December 2015 forecasted a pre tax surplus of £168,200 for year ending 2018/19.

Encompass LATC is forecasting an end of year operating surplus of £337,882 and has therefore exceeded the forecast in the business plan by almost £170k.

In the first three quarters of 2018/19 Encompass worked with the London Borough of Sutton to use grant to fund a range of posts. Combining savings achieved through the use of grant and a surplus that was generated in the first three quarters of 2018/19, Encompass was able to agree to a reduction of £318,000 in the 4th quarter's contract sum and this is reflected in the forecasted end of year surplus.

This reduction realised the Council's savings target of £150,000 against the contract sum in 2018/19 and met costs not included in Council budgets.

It is important to note that the surplus chiefly arises from vacant posts and we are working to address the recruitment difficulties. Therefore this level of surplus is not expected going forward.

At the end of the third quarter of 2018/19 Encompass LATC generated revenue from business streams outside the main contract with the London Borough of Sutton of £134,987 from these business streams - see Table 1

Table 1 - 2018/19 Revenue from business streams outside of the main contract

Business Stream	Actual at 31/12/18
Digital Innovation	£ 61,177
Financial Administration Service	£ 60,918
Registered Social Landlord void advertising charges	£ 7,450
DBS service	£ 5,442
Total	£134,987

Within the 4 year business plan income from the development of a social lettings agency and the development of a support and brokerage service to people who fund their own care were presented as the income streams from which a surplus would be generated.

A significant difference in this 2019/20 annual business and the original business plan is that income generation through sales of services to landlords is not reflected in our revenue projections and revenue from sales of services to those people that fund their own care and support have been adjusted to forecast a very moderate income.

Shortly after launching the LATC in July 2016 the government announced in its Autumn Statement in November 2016 that it intended to end letting fees and renewal charges to tenants.

There was no previous debate on this matter and, like others, Encompass would not have been aware of this development. Although the announcement started a lengthy process in getting the intention into a legislative form, a decision was made that the risk of investing and developing a business predicated on charges to tenants was too high and this project was put aside until the outcome of the final legislative provisions was known. The Tenants Fees Bill completed its passage through the House of Commons and moved to the House of Lords in September 2018 and received its third reading January 2019. The business proposal will be reviewed in light of the final piece of legislation.

The second income stream based on providing support brokerage service to those that fund their own care has been slow to bring to the market. In January 2018 Zest was appointed as Encompass LATC's marketing agents and in August 2018 the service was formally launched. Marketing activities since September 2018 have not generated sales and a review of our marketing activities has taken place and it has been agreed to focus on direct communication with health partners and appropriate community groups and targeted media channels.

Furthermore, business opportunities presented themselves to Encompass this year and in November 2018 we secured a contract with Sutton Clinical Commissioning Group to manage and deliver personal health budgets. We intend to develop this service as a possible income stream by marketing it to other CCGs.

There has been more opportunity than anticipated to develop Encompass Digital Innovation services to meet the growing demands of the public sector to provide support to employees in making sense of digital transformation in practice. In 2018/19 the Digital Innovation service continued to grow organically and by 'word of mouth', with income increasing by 100% on 2016/17, signalling a promising outlook for 2019/20. In the first three quarters of 2018/19 our digital innovations service generated an income of £43,162. The digital innovation services are being taken to the market in the fourth quarter of 2018/19.

Furthermore, Encompass LATC were accepted onto the ESPO Framework, which means that all public sector services are able to use Encompass services without going through any other public procurement exercise.

Income from business streams independent of our main contract with the London Borough of Sutton have been and are indicative but the 2019/20 business plan will demonstrate growth and an opportunity to build on current business streams which were not considered as part of the original 4 year business plan.

ii) 2019/20 Financial Projection

The chart below sets out the forecast income and expenditure for the company, based on the figures in the profit and loss forecast.

The company will have three principal income streams. The first is Council core funding for statutory duties, the second is grant funding for a mix of statutory duties and discretionary functions and the third income from trading activities.

Table 2 - Forecasted Income 2019/20

Core funding	£ 2,912,600
Grant Funding	£ 1,294,031
Income from trading activities	£ 384,911
Total Income	£ 4,591,542

Table 3- Forecasted Expenditure 2019/20

Employee Gross Salaries	£ 2,569,510
Employee Overheads	£ 1,355,281
Fixed Overheads	£ 122,080
Variable Overheads	£ 463,845
Total Expenditure	£ 4,510,716

Encompass LATC is forecast to generate sales of approximately £3,297,511 in 2019/20 and net trading profits of £80,826

Whilst this pre tax surplus at first glance appears to be below that forecasted in the 2015 original four year business plan of £205,000, it should be noted those surpluses were calculated on the full contract sum without any adjustment for the savings target achieved in both 2018/19 and built into the 2019/20 core funding income. If an adjustment is made to reflect the reduced contract sum the projected surplus would be £230,826.

Table 4 - 2019/20 Revenue from business streams outside of the main contract

Business Stream	2019/20 (forecast)	2018/19
Encompass Innovate	£ 66,800	£ 61,177
CCG Public Health Contract	£ 44,341	Nil
Encompass Living	£ 10,000	Nil
Financial Administration Service	£ 40,000	£ 60,918

Registered Social Landlord void advertising charges	£ 5,000	£ 7,450
DBS service	£ 5,600	£ 5,442
Total	£171,141	£134,987

Summary

The LATC continues to operate within the funding contract and has returned annual results in 2018/19 better than the original business plan and continues to make good progress with non-council income generation.

Risks.

Unbudgeted Costs

During 2018/19 Encompass worked with LBS finance colleagues to use grant funding to its full potential and were able to agree a cut in the fourth quarter contract sum to assist with General Fund budget pressures. However, a permanent solution will need to be found to address this.

Furthermore, at budget setting, the LBS finance service build income assumptions into their budgets based on forecasted surpluses set out in the 4 year business plan and automatic adjustments are made to Encompass' contract sum.

Forecasted, pre tax, surpluses were calculated on the full contract sum without any adjustment for the savings target. In 2018/19, Encompass were able to deliver on the contract sum reduction and the forecasted surpluses but, as noted above, are unable to continue to do so in 2019/20, with a projected pre tax surplus of £80, 826.

This practice creates a risk for Encompass since surpluses may not reach the level forecasted. Decisions on how surpluses will be used are reserved to the Sutton Shareholdings Board and by pre-empting income back to the Council at the budget setting stage this both undermines Encompass's ability to develop sound financial plans and removes the decision from the SSB as to how surpluses will be used.

ENCOMPASS LATC STRATEGIC PRIORITIES

Strategic Priority 1: Financial

Goal 1. To increase financial resources and cash reserves in order to increase financial resilience, invest in future projects and build cash flow to fund expansion.

Strategic Priority 2: Innovation and Growth

Goal 2. Increase community and business partnerships to build mutual understanding, responsibility and investment.

Strategic Priority 3: Customer and Relationships

Goal 3. Achieve and maintain outstanding customer and client service satisfaction.

Strategic Priority 4: Business Processes

Goal 4. Effectively translate strategic or operational objectives and initiatives into measurable success indicators and ensure alignment among the different levels and parts of the organisation.

Strategic Priority 5: People/Learning

Goal 5. Build a culture of high performance

What We Plan to Achieve in 2019/20

This Annual Business Plan describes how we intend to take forward our strategic objectives, building on the achievements of previous years.

Strategic Priority 1: Financial

Goal 1. To increase financial resources and cash reserves in order to increase financial resilience, invest in future projects and build cash flow to fund expansion.

What we plan to achieve	How we will make it happen
<p>We will deliver against identified savings targets with the LBS budgets contributing to the Council's financial objectives.</p> <p>In order to ensure proper governance and adherence to the Shareholders reserved matters, Encompass will draft a briefing for the 'authorised officers' attention, setting out the issues with the way in which surpluses currently treated by the LBS and make recommendations.</p> <p>We will ensure that all agreed savings objectives identified for the year ahead are met. We will work with the London Borough of Sutton to manage any funding gaps identified.</p> <p>We will carry out relevant preparations for the next contract negotiations ensuring that Encompass LATC are able to demonstrate its value as an organisation.</p> <p>We will ensure that Encompass remains financially viable by understanding our budget pressures, income sources and expenditure pressures.</p> <p>We will review Encompass's pensions liability and</p>	<p>Negotiate a new 4 year contract with the London Borough of Sutton.</p> <p>Meet agreed savings delivery objectives for 2019-20 by planning savings within annual budget forecast.</p> <p>Prepare monthly budgets and financial statements for regular reconciliation and review.</p> <p>Consider options to reduce our pension liability with regard to the defined benefits pension scheme and make recommendations.</p> <p>Agree recharge costs with LBS finance services.</p>

consider the options available to reduce Encompass's liability and manage the current pensions deficit.

We will maximise our external funding and income. During 2018/19 progress was made in introducing the collection of administration charges from self funders who ask the London Borough of Sutton to organise care and support. Encompass will work with the LBS to resolve the remaining obstacles to implementing this charge.

We will bid for any funding available to develop services to households homeless or threatened with homelessness. We will use current funding from MHCLG to prevent homelessness and reduce the number of households in temporary accommodation. We will review our accommodation strategy to ensure the resources available target those in temporary accommodation.

We will maintain excellent collection rates for income collectable across housing and social care services.

We will undertake an analysis of our costs aligned to outputs and outcomes to inform an effective delivery structure.

We will increase sales of Encompass Innovate services to new customers and existing customers.

We will increase sales of Encompass Innovate services to new customers. We will launch Encompass Innovate onto the open market, but we will target public sector services building on our unique position in the market having delivered programmes to the London Borough of Sutton and Royal Borough of Kingston upon Thames. We will capitalise on our understanding of public sector services and the restraints within the industry. We will focus on introducing the service to small to medium businesses where

Analyse inputs and outputs against core functions activities to identify cost benefits for each activity.

Gain LBS and political support for cost recovery of administration charges for self funders who choose LBS to arrange support on their behalf.

Benchmark current costs against contract price. Establish % change in costs.

Review compliance against the companies risk management framework and governance structure.

Finalise Encompass Innovate Business Plan.

Develop a website for Encompass Innovate.

<p>there is unlikely to be an internal I.T department and our services will be able to maximise improved internal efficiency.</p> <p>We will develop supporting product presentation materials to be used to develop our market.</p> <p>We will implement cost recovery charges to households services to meet their care and support needs when arranged by Encompass on behalf of the LBS.</p>	
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Strategic Priority 2: Innovation and Growth

Goal 2. Increase community and business partnerships to build mutual understanding, responsibility and investment.

What we plan to achieve	How we will make it happen
<p>We will increase our external funding (including funding secured through partnerships).</p> <p>We will develop consumer awareness of the Encompass brand through advertising and increasing our presence in the community building trust and confidence in our brand.</p> <p>We will focus marketing Encompass Living Services to community based organisations, linking the service to the social prescribing agenda, increasing partnership working with health services.</p> <p>We will expand our market share through presence in the community and by demonstrating our knowledge of our products and services in a way that supports the delivery of the organisations aims and objectives.</p> <p>We will develop our relationship with Google to increase our presence amongst Google users and increase our profile as the Google public sector</p>	<p>We will:</p> <p>Develop relationships with other public sector organisations and the voluntary sector to increase presence and profile of Encompass LATC .</p> <p>Refresh Encompass Living Marketing plan with the emphasis on community organisations.</p> <p>Maintain a presence at Sutton Chamber of Commerce events.</p> <p>Maintaining a presence at</p>

<p>representative.</p> <p>We will implement the new contract with the CCG to process Public Health Budgets. We will work closely with the CCG to develop performance measures that underpin a good quality service. Building on the relationship with the CCG, we will discuss the opportunity to deliver other services linked to the social prescribing agenda.</p>	<p>Google events.</p> <p>To implement the CCG personal health budgets contract to operational status.</p> <p>Collateral disseminated to health services, community organisations and voluntary groups.</p>
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Strategic Priority 3: Customer and Relationships

Goal 3. Achieve and maintain outstanding customer and client service satisfaction.

What we plan to achieve	How we will make it happen
<p>We will maintain existing quality assurance arrangements to ensure that quality standards are met consistently across all business areas. In identifying our quality assurance priorities, we will consider the inspections carried by the compliance officer and will review compliance with recommendations made.</p> <p>We will respond to any issues identified via contract monitoring meetings by providing the necessary training and guidance to staff.</p> <p>As part of Encompass's commitment to continuous improvement and delivering excellent services we will work with our partners to meet their needs.</p> <p>We will continue to set out the standards and levels of service which all stakeholders can expect and measure our performance against agreed key performance indicators.</p>	<p>Establish a Quality Assurance Board.</p> <p>Carry out an internal restructure of the Processing Team to ensure that skills are appropriate to service needs and the quality standards expected are achieved.</p> <p>Set up regular liaison meetings with Commissioning to identify future needs and agree an annual work plan.</p>

<p>We will improve communication links with clients, customers and service users in order to improve staff accessibility.</p> <p>We recognise the value in achieving external recognition and endorsement of the way we work and the quality of the work. We will achieve quality or industry awards in key areas of the service that improves our service user interface and set standards across the services we provide.</p>	<p>Measure performance through an integrated performance management plan building on 2018/19 outturns.</p> <p>Develop the audit reports to identify cases not resolved with the billing cycles.</p> <p>Consider the case for developing a CRM system to include partners.</p> <p>Achieve DAHA accreditation.</p>
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Strategic Priority 4: Business Processes

Goal 4. Effectively translate strategic or operational objectives and initiatives into measurable success indicators and ensure alignment among the different levels and parts of the organisation.

What we plan to achieve	How we will make it happen
<p>In October 2019, Encompass LATC successfully bid for funding to increase access to the private rented sector for households who were homeless.</p> <p>In response to the Homelessness Reduction Act, a new delivery model was introduced to support the implementation of the new legislation.</p> <p>That delivery model is fragile under the weight of the increased responsibilities. An increase in staff within the teams has not alleviated stress levels amongst housing staff. Due to the number of staff with each team and the number of trainees employed, team managers are struggling to provide sufficient</p>	<p>Implement the new Access to the PRA initiative. Draft a project plan drawing on the mobilisation plan presented to the MHCLG. Set up a project group to oversee the implementation of the project.</p> <p>Review the Housing Advice, Information and assessment service (HAIA). We will look at demand against resources, job roles, skills</p>

<p>supervision to staff.</p> <p>To ensure we continue to promote the highest standard of decision-making, case management and advocacy, we will review the Housing Advice, Information and Assessment team structure.</p> <p>We will review our processes and policies to reflect LBS core values, aims and objectives. During the year we will develop a new policy statement on cases involving care leavers. Other policy areas will be updated where appropriate.</p> <p>We will develop clear operational delivery plans with clear targets to achieve our goals. Operational delivery plans will form the Encompass service plan and be disseminated through team plans and appraisals.</p> <p>We will ensure that skills and resources are appropriately aligned to job roles.</p> <p>We will review systems to ensure they meet business and service needs and procure the right systems to underpin operational delivery.</p>	<p>and the levels of management resource available.</p> <p>Contribute to the development of the Boroughs Homelessness and Temporary Accommodation Strategy.</p> <p>Develop and recommend a suite of policies to support the delivery of the homelessness services.</p>
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Strategic Priority 5: People/Learning

Goal 5. Build a culture of high performance.

What we plan to achieve	How we will make it happen
<p>During 2018/20 Encompass has struggled to effectively recruit to staff vacancies. The company has operated at a 20% vacancy rate with housing services experiencing the greatest difficulty in recruiting to posts.</p> <p>Recruitment to the 'Gateway' posts was difficult. Posts were advertised in excess of seven times without a full complement of staff being achieved. In order to recruit to posts a 'trainee' scheme was developed by housing services, but the number of</p>	<p>Set clear actions and objectives for staff. Ensure compliance with the Annual Business Plan.</p> <p>Identify employee training needs and meet agreed corporate training priorities.</p> <p>We will maintain an effective</p>

<p>trainees within the team render the services fragile and vulnerable. The number of trainees within the teams place additional pressure on team managers and more experienced staff in providing supervision, coaching and support.</p> <p>Furthermore, the grade of the posts within the processing team are not reflective of the duties that staff are required to carry out.</p> <p>We will review Encompass's pay and reward scheme to ensure that Encompass offer competitive pay and rewards, and is able to attract and retain skilled and motivated employees.</p> <p>We will review current recruitment trends and outcomes including, benchmarking current salaries. We will develop a recruitment and retention strategy that offers at appropriate staff rewards and benefits.</p> <p>We need to ensure that all staff have the skills and support they require to deliver exceptional services. We will develop a 'people strategy' based on four elements i) effective leadership, ii) high performing teams, iii) an enabled workforce, and iv) improved skills and resources.</p> <p>The 'people strategy' - will be developed to deliver Encompass's priorities through a motivated, committed and skilled workforce.</p> <p>We will introduce a 'rising stars' programme which reflects the company's commercial approach to delivering services and develop our emerging leaders. We will review current structures to ensure staff are supported and resources are able to meet demand.</p> <p>We will ensure that all staff understand Encompasses strategic objectives and how the annual business plan delivers those objectives. We will ensure that appraisal objectives reflect the priorities set out in the annual business plan.</p> <p>We will also seek to maintain an effective absence</p>	<p>absence management framework and promote health and well-being.</p> <p>Develop and implement a 'rising stars programme'.</p> <p>Review Encompass's Pay and Reward scheme and make recommendations.</p> <p>Review Encompass's appraisal scheme and make recommendations to the Board.</p> <p>Appraisal objectives reflect the priorities set out in the annual business plan.</p>
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<p>management framework and promote health and will achieve this through launching our 'well-being' plan, training and the promotion of coaching and mentoring.</p>	
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