

# Growth Strategy 2017-19

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Date of First Issue: 2006  
Last full review date: February 2014  
Updated: December 2016  
Date of next review: December 2018

This document relates to:

- |   |   |                         |
|---|---|-------------------------|
| The  Group | ✓ | The Calico Group        |
|          | ✓ | Calico Homes            |
|          | ✓ | Calico Enterprise       |
|          | ✓ | SafeNet                 |
|          | ✓ | Acorn Recovery Projects |
|          | ✓ | Whitworth Care Trust    |

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## **1. Introduction and scope**

Our first Growth Strategy commenced in 2006 and since this time we have been extremely successful in significantly expanding our business and diversifying our activities in accordance with our overall vision. The most tangible representation of our success is that Calico now comprises seven companies, providing a range of diverse services on both a charitable and commercial basis under the umbrella of a 'not-for-profit' parent company. Indeed, the Calico brand is now defined as: *'Calico: A group of businesses and charities innovating for social profit'*

The governance structure of The Calico Group and the relationship between individual companies has been developed over the last few years to maximise our ability to grow and (if we wish) to continue to diversify our service offer whilst minimising risk.

This Growth Strategy applies to the Group and is for a two year period recognising that we are operating within an extremely fluid external environment, particularly with regard to the Government's economic and social policy agenda. We are also in the process of reviewing the structure of the Group to ensure amongst other factors it supports our Growth aspirations. While this is a new updated strategy document, the underlying strategy of the Calico Group has not significantly changed.

The next review of the Group Growth Strategy will come at a time when we are making a decision on refinancing for Calico Homes (we have refinancing risk in 2020 and the process for refinancing needs completing by March 2019), and therefore both pieces of work will to be linked.

## **2. Why do we want to grow?**

There are numerous reasons why we wish to grow which ultimately link to our purpose and values.



These are:

- a) To ensure that a greater number of people and partners benefit from our well - developed skills and experience thereby improving the quality of life for the people with whom we work – this is our reason for being. In addition to supporting a larger number of people through growth, there is potential to integrate services to provide wider support to people and increase improvements in individual well-being. This will result in a greater ‘social return on investment’ or social profit which can be measured
- b) To contribute towards the continued success of The Calico Group through further strengthening our financial viability. In particular, the drive for efficiency and the necessity of controlling risks to our income - arising most notably from welfare reform and reducing contract rates – means that diversifying income streams and increasing revenue is crucial to our medium and long term success.
- c) We recognise that organisations such as ours have a central role in regenerating communities socially and economically; a role that encompasses not only the quality of housing provision, but also one in being a key player in the related issues of providing support for people to live independently and providing and brokering employment and training opportunities.
- d) Growth will lead to more opportunities for our staff which helps realise their potential. Without growth, our company would see reduced turnover and employee numbers.

This Growth Strategy recognises that our objectives are not growth for the sake of growth but, are about us ensuring that we are vibrant and fit for purpose in an ever changing operating environment and embrace new opportunities whilst effectively countering threats.

### 3. Definition of 'growth'

We define growth as meeting any of the following criteria:

- a) A 'real' (inflation adjusted) increase in our income.
- b) An increase in our profit/surplus.
- c) The addition of properties to our existing portfolio, either new build or by way of acquisition.
- d) The provision of goods and services - either to existing or new customers or on behalf of other organisations in accordance with our organisational vision - that produces additional income.

### 4. Growth since 2006

We have grown consistently since 2006 as a result of:

- Diversification.
- Stock growth.
- Internalisation of services previously provided by contractors.
- Tendering success with commissioners.
- Internal 'start-up' businesses/enterprises.
- Previously independent organisations joining The Calico Group, adding scale, efficiency and new expertise.

The following tables illustrate the scale of our growth in relation to Group turnover figures and staff numbers.

## Group Financial Growth

	2007/08 £'000	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
<b>Consolidated</b>									
<b>Turnover</b>	<b>16,367</b>	<b>17,721</b>	<b>18,989</b>	<b>20,223</b>	<b>21,159</b>	<b>22,106</b>	<b>26,442</b>	<b>30,757</b>	<b>31,579</b>
Reserves	(30,998)	(36,588)	(40,275)	(35,735)	(17,730)	(19,621)	(16,416)	(17,802)	(16,869)
<b>Non Consolidated</b>									
<b>Turnover</b>	<b>16,367</b>	<b>17,861</b>	<b>19,162</b>	<b>20,419</b>	<b>21,547</b>	<b>25,357</b>	<b>34,301</b>	<b>42,464</b>	<b>42,983</b>
Reserves	(30,998)	(36,588)	(40,275)	(35,735)	(17,730)	(19,642)	(16,258)	(17,701)	(16,869)
<small>Consolidated includes any inter-Company trading. Non-Consolidated includes inter-Company trading</small>									

## Group Financial Growth-By Company

	2007/08 £'000	2008/09 £'000	2009/10 £'000	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
<b>Homes Turnover</b>	15,751	15,994	16,578	16,696	17,618	18,549	21,024	21,233	23,604
<i>Revised</i>	(31,142)	(36,973)	(40,751)	(36,335)	(19,045)	(21,138)	(19,303)	(21,563)	(19,628)
<b>Enterprise Turnover</b>	616	1,867	2,584	3,723	3,247	2,991	2,974	4,247	4,371
<i>Revised</i>	144	385	476	600	707	727	797	1,360	997
<b>SafeNet Turnover</b>					682	933	1,067	1,089	1,397
<i>Revised</i>					608	815	914	929	866
<b>Acorn Turnover</b>							1,724	3,679	3,263
<i>Revised</i>							1,109	1,309	934
<b>Ring Stones Turnover</b>							2,513	5,760	7,540
<i>Revised</i>							(43)	172	137
								7,540	7,712
<i>Revised</i>								137	0

- SafeNet joined the Group on 2<sup>nd</sup> April 2011
- Acorn Recovery Projects joined the Group on 1<sup>st</sup> November 2013
- Whitworth Trust – Calico Homes was appointed Corporate Trustee on 1<sup>st</sup> November 2015
- Ring Stones joined the group on 2<sup>nd</sup> October 2012,
- (Calico now owns 100% since August 2015)

## Group Staffing Growth

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
<b>Homes</b>	186	196	205	201	196	200	204	238	237	239
<b>Enterprise</b>			60?	134	162	92	83	89	174	186
<b>SafeNet</b>						37	55	63	64	90
<b>Ring Stones</b>							23	35	58	63
<b>Acorn</b>								83	78	83
<b>Total</b>	186	197	205	335	358	329	365	508	611	661

Some key achievements are:

- Increased turnover by nearly 100% over the last eight years or over 150% if internal trading is included.
- Dramatic increase in staff numbers
- The creation of a group of companies with a structure that maximises growth potential, including a parent company that is not regulated by the Homes and Communities agency.
- Development activity (and stock ownership) across a number of local authorities and recognition as a key delivery partner of these organisations.
- Incorporating within the Group existing independent organisations, SafeNet, Acorn Recovery Projects, The Whitworth Trust, Furniture Matters, Delphi and Afta Thought. Such incorporation has expanded our service range and positioned us to respond to the opportunities presented by the growing integrated commissioning market.
- The creation of an innovative new company – Ring Stones Maintenance and Construction LLP – that undertakes all of our Investment Programme and house building works, as well as generating external income from third party clients.
- An innovative approach to training and apprenticeships that have returned sustainable employment for a large number of people organisations.
- Building new relationships with new partners (Health) which has created new opportunities
- Safeguarding community services such as the Chai Centre and Valley Street Community Services

While we have been very successful in achieving growth, the company tables show that contracts can be lost as well as won. The nature of contracts are becoming increasing less secure and short term, and we need to continue to find ways to ensure companies are flexible and responsive. We also need to ensure the structure of the Group is able meet the challenges posed in the future.

All companies have profit/surplus targets and these are monitored at the Group Board on a quarterly basis.

## **5. Key internal and external factors influencing the Growth Strategy**

### Internal factors

1. We have demonstrated that we have the organisational capacity and desire to successfully grow our organisation, including to geographical areas across the North West.
2. We have financial 'headroom' within our existing business plan (and associated loan agreement) to fund a programme of new development and stock acquisition activity for the duration of this Strategy. A new borrowing facility was put in place to fund additional growth in 2015.
3. We have demonstrated our ability to successfully integrate previously independent organisations into the Group, fulfilling our commitments made to them at the time of integration.

4. We have demonstrated our ability to diversify activity and use creative delivery models to grow our business. The creation of Ring Stones Maintenance and Construction LLP as a Joint Venture company is such an example as is (on a much smaller scale) our 'Constructing the Future' business
5. We have expertise and a track record with regard to delivering cost effective and quality services to vulnerable people. We have also demonstrated our ability to react successfully to a climate of reducing contract values and match income and costs effectively.
6. Our successful operation of contracts, our approach to service delivery and management of risk has further established our reputation as a key partner of an increasing number of local authorities, we are able to implement new initiatives effectively and provide innovative solutions to public service provision.
7. We have established a clear role in respect of our services to address worklessness. We have an excellent reputation in this area and work with a range of customers and partners to deliver employment opportunities and increase skill levels. The range of our work is significantly greater than the vast majority of housing associations across the country and we thus currently have an important competitive advantage with regard to knowledge and track record of delivery.
8. While building successful relationships with partners has been positive, we are now seen as an 'enabler' to make things happen and to solve other partners difficult problems, this brings opportunities and risks.
9. While Calico has grown successfully, we need to ensure the current structure of the Group is fit for purpose in the future.

#### External factors

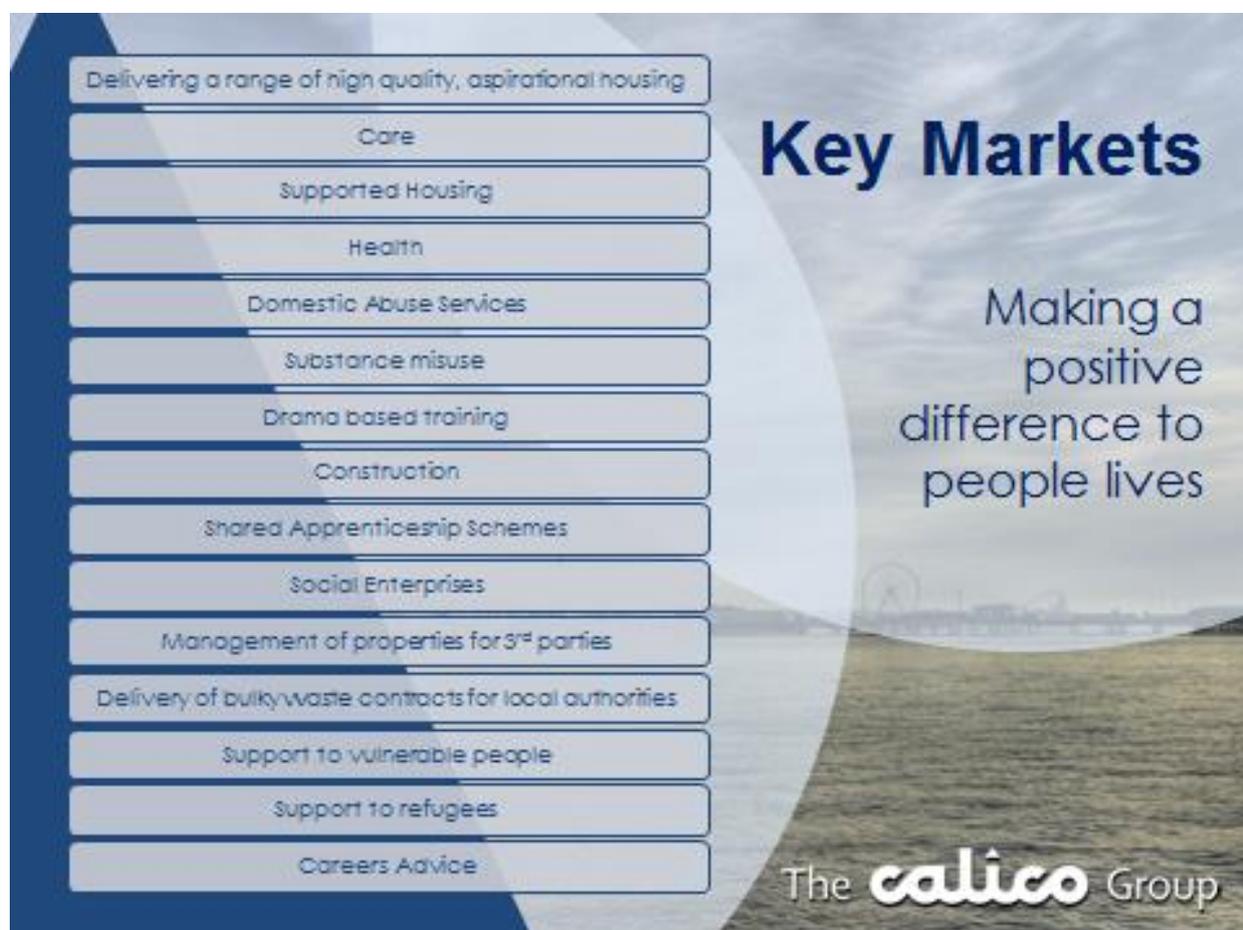
1. Key demographic and socio-economic projections / issues for many parts of Lancashire and the North West and North of England are:
  - Falling population.
  - A greater proportion of elderly people.
  - A greater proportion of people with a disability.
  - Low educational attainment.
  - High levels of worklessness and low levels of skills, particularly amongst young people
  - Over reliance upon manufacturing as an employment sector
  - A need for more affordable housing for rent and ownership
2. The current state of the UK economy means that public sector spending could continue to reduce over forthcoming years. This presents threats to:
  - Our overall income as a result of welfare reform changes.
  - The levels of subsidy being available to fund new social housing construction.
  - Funding available for Supporting People work has been withdrawn and funding is focused on 'crisis work' rather than preventive services. and other public sector commissioned works is generally being reduced
  - The overall 'spending' power of all of our key customers.

3. Cost effective, responsive and innovative organisations such as Calico will prosper at the expense of inefficient organisations in times of reduced public spending. Such a financial environment may actually offer more opportunities.
4. The issue of worklessness has increased as a political priority and cost effective innovative organisations that can contribute to this agenda are well placed.
5. Government approach to funding new housing for home ownership rather than for affordable rent will make house building increasingly challenging for us
6. There is considerable financial pressure upon charitable organisations that threatens their overall viability and, hence, ability to operate independently.
7. A preference for most local authorities to work with a small number of larger providers
8. Organisations such as local authorities, Lancashire County Council and the National Health Service are continuing to face significant challenges that could impact negatively on vulnerable people. From these organisational changes, opportunities may arise for organisations like Calico to offer solutions

These are the key factors that have determined the strategy and additional evidence based information to support these statements sits underneath this document.

## 6. Key Markets and Competitors

Previous growth strategies have organised our targets broadly around key strands of our business activity. :



## Key Competitors

While competitors such as other housing associations and private landlords may be obvious for Calico Homes as in a similar way other contractors are for Ring Stones. There is a wide and diverse range of competitors in health care and support as follows:

### Support (Calico Enterprise)

- National – Stonham – Home Group, Change, Grow, Live (formerly CRI), Creative Support, Richmond Fellowship, Barnardos, Shelter, Riverside
- Regional – DISC, Foundation, Action Housing (Yorkshire & Humber), n-compass, Threshold
- Local – Age UK, MIND, plus, Lancashire Women’s Centres, Families Health & Wellbeing Consortium, Lancashire Care Foundation Trust, Local authorities looking to deliver services in-house

### Domestic Abuse (SafeNet)

- Women’s Aid, Lancashire Women’s Centres, HARV, Greater Together

### Drug and Alcohol (Acorn & Delphi)

- National – Change, Grow, Live (formerly CRI), Lifeline, Phoenix Futures, Adaction
- Regional & Local – DISC, NHS Trusts, e.g. Merseycare, Cheshire Wirral Partnership

### Skills Training and Employability (Calico Enterprise)

- National – G4S, Serco, Ingeus, Best, People Plus (formerly A4E), Learn Direct, Rathbones, Newcastle College (Intrain)
- Regional & Local – Bootstrap, Groundwork, SELNET, Child Action North West, Local Colleges, T2000, North Lancs Training Group

While there is a wide range of competitors the key issue is they exist at national, regional and local level. The nature and scale of these contracts means it is difficult to compete with the larger organisations and achieve the benefits of being a lead provider.

Perceptions of Calico can also make it challenging to compete with such a wide range of organisations. We are not also seen as a ‘truly’ third sector organisations by the collaborations that achieve success in this sector. It is also true that many still see Calico as a primarily a housing organisations or are confused by the array of markets we operate in.

Our new Customer Strategy will use customer insight to better understand our customers and our markets, in order to grow and deliver excellent services that our customers want and need. This will allow us to position ourselves as a provider of integrated services that help us to better respond to growth opportunities within commissioners who are expecting more for less

The structure review that has started within the Calico Group will aim to ensure that our company arrangements are the best they can be to address these issues and ensure continued success. This will also include a branding review and marketing plan to address these issues.

## 7. Targets

For this version of the strategy the targets have been organised around the specific companies in the group, whilst recognising that the above markets still guide our activity.

In deciding what growth opportunities to pursue we will take the following into account:

- There will be no minimum or maximum size of contract that we will compete for, but we will recognise that we need to make the best use of our resources and maximise the social profit created
- Our offer will reflect the key markets detailed above, but we know that the amount of social profit created is increased when we carry out multiple services in one locality
- There will be no geographical limit to our work. For example, Afta Though and Bad Kamra deliver work across Great Britain and Ireland and mainland Europe.
- Our ambition is that our company is values led, and the successful delivery of this strategy will play a key part in delivering against our ambition.

## Calico Homes Limited Growth Targets 2016-19

### (a) Stock growth through development and acquisitions

We will seek to make use of Homes and Communities Agency funding opportunities to support the provision of new build accommodation and we will continue to seek funding from HCA programmes despite the HCA focus on home ownership.

The feasibility of all new build schemes will be considered in conjunction with the financial parameters set by the Board. Use of the Disposals Proceeds Fund monies will also be considered.

We have been working with commissioners of supported housing services to gather market intelligence and position Calico to benefit from business growth opportunities. Thus, in addition to consolidating our existing service in this area (we are the landlord of supported housing schemes in Lancashire with partner organisations providing the care/support) we aim to provide a number of new units of self-contained Supported Housing. The precise number will be determined by demand from commissioners in conjunction with funding availability and financial viability – hence no precise target has been set at this stage.

#### Targets for 2016-19

1. 464 new units have been built through development programme from 2016 – 2020
2. A complex needs building has been developed for SafeNet
3. A replacement scheme for the Elizabeth Street Project has been developed
4. All sales at Primrose Mill have been completed
5. External funding has been attracted to support asset growth
6. Consider providing a broader range of tenures including low cost homeownership and market rent
7. The supported housing business plan has been delivered increasing supported housing units. Target to be agreed by March 2017.
8. Review our offer in relation to management of stock on behalf of third parties

### b) Review our offer to older customers

Develop a strategy to implement a modern service offer and related facilities which reflect older people's ambitions and the forward care and support context.

### c) Whitworth Trust

At the Sunnyside Rest Home in Whitworth we currently provide residential and nursing care for older people. An alternative site has been identified to redevelop the services to increase the scale of the service to a minimum of 28 beds to ensure sustainability. We also need to develop our services for those with dementia in order to meet customer needs and to attract an enhanced level of funding.

Significantly, we will be seeking to extend our provision of accommodation with nursing or personal care and domiciliary care services against a background of local authority cuts in care services. As an example Lancashire County Council (LCC) are seeking to

reduce the number of admissions to residential and nursing care through better integration of health and social care budgets.

In order to expand our range of care services we will need to gain CQC accreditation for the delivery of domiciliary care services (although again LCC are seeking to greatly reduce the number of domiciliary care providers with whom they work in order to reduce costs and improve the quality of services). In order to grow our market share in a contracting market we will need to ensure consistent, high quality service delivery that meets the needs of customers and commissioners and to consider providing care services in other local authority areas.

### Targets 2016-19

1. To expand our provision of residential and nursing care to at least 28 units and the new scheme is fully operational by June 2018.
2. To ensure we meet CQC requirements for the provision of nursing or personal care for those with dementia, including the provision of dementia day care.
3. To attain CQC accreditation for the delivery of domiciliary care services.

## Calico Enterprise Limited Growth Targets 2016-19

Calico Enterprise continues to provide two key areas of work on behalf of the Group; these are skills & enterprise and care, support and wellbeing. The last two years have been challenging for all areas of operation. Calico Enterprise has seen significant changes in its operating environment, particularly the way in which care, support and wellbeing services are funded by many local authorities and the way in which training services are commissioned, both regionally and nationally.

These changes have seen the operating model of Calico Enterprise change. We have lost the long term flagship services Help Direct and Floating Support, and begun the process of identifying new work streams to replace these lost services. These service losses are a direct result of the national Government's austerity measures and are an indication of likely funding challenges we will face over the coming period. It is anticipated that new commissions will be subject to fierce competition and, where we have a limited track record much smaller often 'pilot' schemes.

Whilst there are significant challenges, Calico Enterprise is well placed to make the necessary changes to our business in order to make us competitive and fit for the future. Our financial strength, Group support and our innovative staff will be key to us meeting the challenges that exist now and over the next two year period.

Over the next two years we have identified the following specific growth and development opportunities for Calico Enterprise;

### **(a) Skills and enterprise**

- The opportunity to deliver our 'training provider' objective to deliver more secure financial arrangements through a broad ranging shared apprenticeship scheme in partnership with Nelson and Colne College. This will provide a direct response to the need for a local employer led training model and the opportunities that present through the apprenticeship levy. This also has the potential to link to a much wider partnership including recruitment and employer engagement support.
- The need for the Calico Group to be more involved, in a planned, pro-active way, in primary and secondary education in order to help raise aspiration and support effective careers advice in schools.
- The potential importance of a key role within the Lancashire Economic Partnership and the Combined Authority on future funding and service delivery opportunities.
- The need to consolidate our social enterprise activity around the efficiency agenda and the opportunity to develop new services based initially on a secure platform of internal markets.

### **(b) Care, support and wellbeing**

- The opportunity to extend existing support contracts in Blackpool, Bury and areas of West Lancashire. Alongside this is the prospect of winning new areas of work through utilisation of pre-existing networks. An example would be the work around our Accommodation Finding Services and 'crossing the threshold' our mental health social prescribing model/

- The extension of our work into new markets relating to health and wellbeing as a direct response to the emerging needs of the healthcare services, particularly in East Lancashire.
- The opportunity to develop a response to residential and community care markets linked to the Groups work at the Whitworth Trust.
- Consideration of the opportunities around the transforming rehabilitation/ prison service reform.
- Consideration of the importance of the Lancashire Economic Partnership and the Combined Authority on future funding and service delivery opportunities. The opportunity for Calico to lead a Lancashire model that draws best practice from Athena, the Greater Manchester housing provider groups employment and skills vehicle.

### Key targets 2016-19

1. To successfully deliver our training provider model in partnership with Nelson and Colne College increasing the volume of apprenticeships we deliver by 25% and increasing our scope of delivery beyond construction with at least two additional fields in addition to construction.
2. To seek to play a regional role in respect of our skills and enterprise programme developing relationships with the Local Economic Partnership (LEP) and the emerging Combined Authority model. Assess our role with Lancashire Housing Partners and consider relationship with Athena.
3. To continue to deliver the Furniture Matters efficiency programme aligned to delivering sustainable growth through a balanced approach to new public sector contracts (bulky waste) and growth in commercial income which will achieve a financially balanced business by June 2017 and a financial surplus by March 2018.
4. To identify and undertake a feasibility study for the development and implementation of a new social enterprise by March 2018.
5. For Constructing the Future to achieve a minimum of 50 placements per annum in our Lancashire model; to achieve a minimum of 50 placements per annum either solely in the Merseyside model or through the development of further area of growth (Greater Manchester or Cumbria) by March 2019.
6. To successfully deliver the remaining care, support and wellbeing contracts held with local authorities partners. Retain existing contracts and find at least two new opportunities for new work in care, support and wellbeing activities.
7. Subject to a successful feasibility study, progress a business model built around care, support and wellbeing that;
  - Develops a model and related proposals for developing personal budgets linked to healthcare services.
  - Achieves at least 3 partnerships in the following areas – Improving hospital discharge, reducing demand and A&E and Dementia/Mental Health
8. To have used the social profit calculator to produce Group Social Profit Accounts and to have returned at least our initial investment in this partnership.

## Acorn Recovery Projects Growth Targets 2016-19

During the last two years, the substance misuse sector has gone through significant change. Commissioning of Local Authority services has moved away from the National Treatment Agency and local Drug Action Teams as part of Health and Social Care reform and now sits within Local Authority Public Health services. Funding which was previously 'ring fenced' is now part of the main Local Authority budget which has seen cuts as large as 40% in some areas over the last two years.

Prison and Probation service reform has also been slower than anticipated and prison services have also suffered cuts to budgets from central Government. New lead providers have emerged and are focusing on core services in order to cope with reduced funding.

The impact of this level of change for Acorn has been significant and varied:

- Many of the existing community service lead providers such as 'Change, Crow, Live' CGL (formerly CRI), Lifeline and DISC have had to review their sub-contract arrangements and make savings within existing services themselves. This has led to Acorn losing some sub-contract arrangements or having a reduction in the budgets available to deliver services
- Tendering and contract retention has become increasingly difficult which has led to Acorn not being able to secure as many new contracts
- Lead providers in prisons are struggling to fund crucial services such as RAMP as funding for these services has been hard to retain and win within the prison sector
- Local Authorities have had reduced budgets for high cost services such as Rehabilitation (Tier 4) and have had to direct more service users to cheaper Tier 3 community services. In order to control costs more effectively, the use of frameworks within Tier 4 is becoming more common with fixed ceiling prices. Client numbers coming into Tier 4 services during 15/16 was at an all-time low.

Despite these challenges, Acorn remains a strong organisation and with the support of the Calico Group and all the additional services it is able to offer to its clients, is well placed to deal with these challenges.

Opportunities often arise from challenging times and we see the next two years being crucial to Acorn's development as a key player within the substance misuse sector – moving from a small organisation reliant on charitable donations and sub-contracted funding, to a lead provider within the field offering a wide range of end to end services which cater for the changing and growing needs of clients and their families.

- Acorn has been working with Delphi Medical for a number of years and during 2016 Delphi joined Acorn as a subsidiary, thus enabling the two organisations to come together to become a lead provider – something that neither organisation have been able to do in their own right before

- The potential to increase the amount of 'recovery supported housing' remains strong. Acorn has already been awarded some small contracts during 2016 with opportunities to develop much more across Lancashire with the development of new services in Burnley and Lancaster.
- A number of key contracts are due to be tendered within the next two years (Blackpool, North and Central Lancs along with Sefton, Trafford, St Helens and Barnsley) which provide excellent opportunities for Acorn, Delphi and the Calico Group to become a lead provider.
- There is renewed focus from a Government level on transforming prison services with six 'pilot' prisons to be identified and new ways of working with prison Governors being more in control of budgets and commissioning services. Acorn has developed positive working relationships with large prison service providers such as Sodexo whom we aim to work closely with moving forward to deliver valuable services such as RAMP and develop pathways from prison into rehabilitation and independent living services.
- Acorn remains committed to developing further services which support families and clients with children. Opportunities to work with Safenet on the development of a complex needs refuge will enable this to become a reality over the coming year.
- Acorn are experts in challenging and changing thinking and behaviour which has successfully been demonstrated within RAMP, DEAP, and our 12 Step programme. We envisage Local Authority commissioned services becoming more generic, focusing on general Health and Wellbeing rather than specific areas such as substance misuse. Obesity and weight management are high priorities for Government and Acorn is well positioned to break into this market with the development of the new H.E.A.R.T (Healthy Eating and Responsible Thinking) programme. Following the completion of the pilots, we aim to take the programme to the Public Health arena and develop local services to help individuals manage weight related health problems and improve their overall health and wellbeing.
- Acorn has always been very effective and strong at delivering training – both for staff, clients and external customers. Acorn Academy is now starting to develop and see opportunities for external commissions in colleges, community services and with other employers.

### Targets for 2016-19

1. Retention of all current contracts (local authority and sub-contracts)
2. Increase 'spot purchase' referrals to tier 4 rehabilitation services through the development of new relationships with Local Authorities and strengthening existing ones
3. Continue to develop service models/infrastructure to enable Acorn and Delphi to tender as a 'lead provider' and to be successful in winning at least two lead provider contracts

4. Development of at least four new community based services e.g. Tier 2 and Tier 3 in new areas either as a sub-contractor or as a main provider
5. Development of detox and rehabilitation' services' for private clients and families with 25% increase in income from private clients
6. Develop a suite of 'therapeutic and activity based programmes' (self-supporting solutions) which are able to reach a wider client group e.g. HEART, Hoarding, smoking cessation, gambling, sex addiction, perpetrators of domestic violence, new psychoactive substances (NPS), employability, winning at least 4 new contracts by March 2019.
7. Diversify funding streams outside of Local Authority tendering processes and other statutory providers to reduce reliance on public funding, increase unrestricted funding and develop self-sustaining services. Reduce ratio from 95/5% to 85%/15%.
8. Develop 'Acorn Academy' educational programmes which can be delivered within communities, prisons, schools, colleges and businesses.
9. Expand the delivery of programmes delivered in prisons by developing linked offers in strategically and geographically relevant area which will result in 3 successful bids to deliver services on prisons.
10. Identify and develop social enterprise opportunities and support all social enterprise to achieve their growth targets i.e. BAD KAMRA, Bean Good

## SafeNet Growth Targets 2016-18

The period of the next two years continues to present challenges and opportunities around contract retention and managed expansion. The funding environment remains difficult and commissioners are continuing to look to make efficiencies and drive down contract values. However, our success has led to additional growth in Preston and Blackpool. Our approach still means that through a combination of property and service expansion (together with innovation) we can expect additional growth.

### Targets for 2016-19

1. Retain existing services
  - Burnley Refuge Accommodation Service
  - Lancaster & Morecambe Refuge Accommodation Service
  - Preston Refuge Accommodation Service
  - Community based services
2. Children & CY People's Service - To successfully maintain our services to children and young people, specifically to successfully re-apply to LCC Gateway Fund for continuation of SafeNet's Children's Services Co-ordinator post, and also to Children In Need for continuation funding for the existing Children's Workers.
3. To identify at least two additional refuge accommodation development opportunities, taking account of local intelligence.
4. To open a Recovery Refuge and deliver excellent support services rated as excellent and which are fully funded.

## Ring Stones Maintenance & Construction Growth Targets 2016-18

The establishment of Ring Stones in late 2012 and its status as a commercial profit making company has been an important milestone in the development of The Calico Group. Ring Stones is currently reviewing its Growth Strategy

### **Other opportunities**

Whilst the above strands represent the clearest growth opportunities, they do not preclude the pursuit of other avenues of growth should they emerge. The pursuit of other opportunities may result in a reappraisal of the targets sets out, above, in recognition of the availability of resources.

## **8. Partnerships / merger opportunities**

Partnership working with other organisations has been a key characteristic of our growth to date. This approach is beneficial in pooling expertise, sharing risk and maximising reputations in new markets. We will continue to follow this approach and in appropriate circumstances will also consider joint ventures.

The Board of Calico Homes has a policy position that it wishes the organisation to remain independent and does not wish to merge with another housing provider or become part of any group structures. However, in instances of an approach then the matter will be referred to the Board for consideration as to whether or not they want the Chief Executive to obtain more information. If any opportunities emerge for organisations to join The Calico's Group then these will also be referred to the Board for consideration.

## **9. Delivery of the strategy**

Responsibility for the delivery of the Growth Strategy lies directly with the Chief Executive. Group board will review progress via

- Key Performance Indicators
- Corporate Plan Targets
- Annual Reports to Group Board

Each business growth initiative will undergo a rigorous financial appraisal in accordance with the agreed parameters. Each initiative will produce a dedicated risk map and associated controls prior to commencement ensuring direct links to the overall organisational risk map.

Equality and diversity implications will be explored on a project by project basis recognising that significant opportunities may arise to promote our work in this respect. Consultation with customers will be a key part of all individual project plans.

One of our challenges as we continue to grow is to maintain the quality of our services and the “essence” the makes us Calico. Delivery of the new Customer and People Strategy, help manage this risk.

## **10. Financial issues and capacity for growth**

All growth opportunities will be pursued in accordance with appropriate appraisal models that take account of financial issues.

Within our existing Business Plan we have capacity to support growth initiatives via our agreed borrowing facility and also sufficient asset cover to be able to increase the funding levels. There are interest rate hedging mechanisms in place to manage any future interest rate volatility.

As noted previously in the strategy, the economic environment is a volatile one and changes in relation to policy and regulation are outside our control, an example of such being the 1% rent reduction over a four year period that applies to Calico Homes. This has resulted in efficiencies in expenditure having to be identified to mitigate the reduction in rental income.

The Business Plan can support these efficiencies whilst also maintaining the growth and development opportunities that are included within the Plan, however should there be further significant changes in circumstances that are beyond our control this may result in the delivery of this strategy having to either be delayed or re-evaluated.

We currently expect our next refinancing exercise to take place in 2018, prior to this we will need to carry out a full review the Growth Strategy particularly in relation to Calico Homes borrowing further funds for development.

## **11. Monitoring and review**

Delivery of the Growth Strategy will be monitored on an annual basis by The Calico Group Board and reviewed formally by the Group Board in December 2018.