



**Cabinet**  
11 March 2024

**Report from the Chair of i4B Holdings Ltd**

**Lead Member - Deputy Leader & Cabinet Member for Finance, Resources & Reform  
(Councillor Shama Tatler)**

**i4B Holdings Ltd Business Plan 2024/25**

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Key
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Part exempt – Appendices 1a (Business Plan - Financial Appendix) & 1e (Business Plan 2024-25 SLA Schedule 2: Costs) are exempt as they contain the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: “Information relating to the financial or business affairs of any particular person (including the authority holding that information)”
<b>List of Appendices:</b>	<p>Eight</p> <p>Appendix 1                      i4B      2024/25      Company Business Plan</p> <p>Appendix 1(a)(exempt)      Financial Appendix</p> <p>Appendix 1(b)                  Company Risk Register</p> <p>Appendix 1(c)                  Progress on 2023-24 Key Tasks</p> <p>Appendix 1(d)                  2024/25 Key Tasks</p> <p>Appendix 1(e)                  2024/25      Service      Level Agreement (Schedules 1 – 3 NB: Schedule 2: Costs exempt)</p> <p>Appendix 1(f)                  Value for Money Statement</p> <p>Appendix 1(f)(i)              Value for Money Statement - Annexe</p>
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> (Name, Title, Contact Details)	<p>Sadie East Director of Transformation Tel: 020 8937 1507 <a href="mailto:Sadie.East@brent.gov.uk">Sadie.East@brent.gov.uk</a></p>

## **1.0 Executive Summary**

- 1.1 This report provides Cabinet with a final draft of the i4B Holdings Ltd (i4B) 2024/25 Business Plan and revised Service Level Agreement with Brent Council. Cabinet is asked to approve the Business Plan and Service Level Agreement on behalf of the Council as Shareholder of i4B Holdings.

## **2.0 Recommendation(s)**

- 2.1 Cabinet approves the 2024-25 i4B Holdings Ltd Business Plan and financial model as Shareholder of the Company.
- 2.2 Cabinet approves the 2024-25 Service Level Agreement between i4B Holdings Ltd and the Council.

## **3.0 Detail**

### **3.1 Cabinet Member Foreword**

- 3.1.1 This business plan sets out i4B's strategy for the coming financial year, furthering the company's work to increase the supply of good quality affordable housing, reducing homelessness in the borough and alleviating the use of costly Temporary Accommodation. This supports the Brent Borough Plan 2023-2027 strategic priority of 'Prosperity and Stability in Brent: Safe, Secure and Decent Housing'.

### **3.2 Background**

- 3.2.1 In November 2016, Cabinet agreed to establish a wholly owned investment company – i4B Holdings Limited. The Company was set up to own and manage private rented sector (PRS) properties, in order to support the Council's homelessness agenda.
- 3.2.2 i4B's Shareholder Agreement states that the Company should produce an annual Business Plan for Shareholder approval.
- 3.2.3 This report provides a final draft version of i4B's Business Plan for 2024/25. The draft plan was presented to the i4B Board on the 25<sup>th</sup> January 2024, the Company Shareholder on the 8<sup>th</sup> February 2024 along with the Corporate Management Team and lead members on 14<sup>th</sup> February and 21<sup>st</sup> February 2024. Feedback from these meetings has been incorporated into this final draft.

## **4.0 Update on Operational Performance**

- 4.1 Table Two below gives a summary of operational performance at January 2024. The two main operational issues continue to be void times and rent collection. Despite major and minor void times remaining out of target, there have been recent signs of improvement following Brent Housing Service's temporary introduction of a Voids Hit Squad. Performance is expected to remain outside

of target until legacy cases, which are currently impacting the overall average, have been cleared; i4B currently has three remaining long-term legacy voids. Work is being done to report separately on recent voids and these legacy voids, in order to better demonstrate progress that is being made.

- 4.2 Rent collection for i4B also remains below target. Of the managing agents, Brent Housing Service is the highest performing, with a year-to-date collection rate of 94.26%. Mears, i4B’s managing agent for circa 75 properties in the Home Counties, has a collection rate of 89.66%. The i4B portfolio typically experiences lower collection rates compared to First Wave Housing (FWH). This is influenced by factors such as higher rent levels in i4B and a larger proportion of temporary accommodation tenancies in FWH, leading to more tenants receiving Housing Benefit, directly credited to the rent account, in contrast to Universal Credit, where payments are primarily made to the applicants.

Table Two – Key Performance Indicators

Indicator	Target	Performance at January 2023 (YTD)	Performance at January 2024 (YTD)
Number of units	429 by April 2024	PRS: 415 Key Worker: 153	PRS: 427 Key Worker: 153
Instruction to Legal to Purchase	120 days	147 days	149 days
Minor void re-let times	35 days	New purchases: 111 days  Re-lets: 162 days	New purchases: 95 days  Re-lets: 138 days
Major void re-let times	72 days	New purchases: 111 days  Re-lets: 162 days	New purchases: 212 days  Re-lets: 282 days
Rent collection	98.50%	HM: 92.1%  Mears: 90.5%	HM – 94.26% Mears – 89.66%

- 4.3 Table Three provides an update on health & safety compliance. Aside from one gas safety certificate and a number of outstanding electrical safety certificates, i4B has achieved full compliance in the relevant areas. The one missing LGSR is for a property managed by Mears, and the legal escalation route to gain access is being followed. On EICRs, the legal process to gain access continues to be followed for each outstanding certificate; however, it is not possible to force entry to properties that refuse access, as is the case with gas certificates.

Table Three – Compliance Scorecard

Compliance Area	Certification	No. of Applicable Properties/ Blocks	No. of Compliant Properties/ Blocks	Compliance Rate
Electrical Safety (Property)	EICR	HMS: 507 Mears: 77	HMS: *374 Mears: *71	HMS: 82.93% Mears: 93.4%
Gas Safety (Property)	LGSR	HMS: 303 Mears: 67	HMS: *303 Mears: *66	HMS: 100% Mears: 98.5%
Asbestos (Block)	Asbestos survey	7	7	100%
Legionella (Block)	Legionella risk assessment	7	7	100%
Electrical Safety (Block)	Communal EICR	3	3	100%
Lifts (Block)	Inspection report	1	1	100%
Fire Safety (Block)	FRA	2	2	100%

*\*Data does not include void properties*

## **5.0 Progress in Implementing 2023/24 Business Plan**

5.1 In February 2023, the 2023/24 i4B Business Plan was approved.

5.2 The 2023/24 Business Plan outlined the following as the Company's medium-to long-term objectives:

- Increasing the supply of affordable housing in the borough;
- Running a viable business;
- Delivering safe and sustainable homes; and
- Providing a consistently good housing service.

5.3 The following summarises each of the priorities and reports on progress against these.

### **5.4 Increasing the supply of affordable housing in the borough**

5.4.1 The 2023/24 Business Plan outlined that i4B's primary aim is to improve the Council's affordable housing offer through the acquisition and letting of properties in Brent and neighbouring boroughs.

5.4.2 i4B's street property purchase programme resumed in May 2023, following agreement to draw down loan funding at the 3.45% interest rate. By way of comparison, current Public Works Loan Board (PWLB) rates are over 5%. This resulted in more opportunities becoming viable for the company. i4B is forecast to purchase 12 properties in the current financial year, with a further 25 predicted for 2024-25.

5.4.3 Additionally, the company agreed to explore the option of acquiring a new build. i4B commissioned consultants Red Loft to analyse the housing development market and explore potential acquisition routes. It was agreed that off-the-shelf purchases through s106 schemes or bulk purchases would represent a viable route for the companies.

## 5.5 Running a Viable Business

5.5.1. The i4B Business Plan monitors and assures the ongoing financial viability of the Company. The key operational issues for i4B continue to be high void times and levels of arrears; however, some improvement has been seen during 2023-24. A void improvement project was implemented to significantly reduce void costs, covering both the housing companies and the Council's Housing Revenue Account; chaired by senior management. In addition to the initial void inspection, a surveyor checks the quality and progress of void works part way through the process, ensuring they are on target for completion. The Voids Hit Squad was formed in July 2023, which monitors all void stages focusing on efficiency and reporting to senior management.

5.5.2 Following a procurement exercise in October 2023, i4B will begin a voids pilot scheme with C & C Builders Ltd. It is anticipated that contracting i4B voids work to a smaller provider would allow greater focus on i4B voids and a better understanding of the company's portfolio and void specification. If the pilot is successful in reducing void costs and turnaround times, a longer-term contract will be considered.

5.5.3 Rent collection is also an operational issue for i4B. The year-to-date rent collection figure is 94.26%, which falls below the target of 98.5%. To address this, Brent Housing Service have appointed a dedicated Housing Companies Operational Team. The Team are in the process of piloting changes and improvements to the income collection and tenancy sustainment process, which will also be monitored and reported on in the coming year.

5.5.4 Another key concern for i4B is value for money. A value for money strategy was approved by the Board in October 2023 and will continue to be implemented during the 2024-25 financial year. In addition, i4B has now commissioned a consultant to carry out a value for money review of voids, with a further review of repairs to be considered following the initial results, expected in early 2024. Outstanding actions from the strategy have been incorporated into the 2024-25 business plan.

## 5.6 Delivering safe and sustainable homes

5.6.1 During 2022/23, i4B commissioned an audit of its health and safety compliance arrangements, managed primarily through its Service Level Agreement with Brent Housing Management. Following the audit, a monitoring tracker has been produced that tracks all compliance elements for all i4B properties. i4B has also initiated increased clienting of the compliance certification process to provide further assurance.

5.6.2. Brent's Housing Management Service (HMS) have adopted the True Compliance system for long-term monitoring and reporting of compliance across all areas. i4B will continue to oversee the implementation of True Compliance throughout 2024-25, with increased clienting and monitoring of health and safety compliance with monthly reporting to the Board.

5.6.3. The results of recent stock condition and energy surveys will be developed into a costed asset management and energy efficiency strategy during 2023-24 and will be input into the financial plan to inform long-term asset management planning; impacts will be assessed on a property and stock level. This will be further refined during 2024-25, including agreeing an approach for future stock rationalisation.

5.6.4. Additionally, i4B's key worker block, Lexington, has been duly registered on the London Fire Brigade and Government Portals, aligning with the requirements of the Building Safety Act.

#### 5.7 Providing a consistently good housing service

5.7.1. i4B aims to ensure tenant satisfaction and monitor this regularly. During 2022/23 new tenant satisfaction measures were implemented and some transactional feedback from tenants has been received. The findings of the survey reveal that overall satisfaction with i4B has decreased, with areas such as repairs, tenant engagement and neighbourhood management presenting particular concern.

5.7.2. Additionally, to improve i4B's oversight of complaints and transactional satisfaction surveys, a separate hierarchy on the Council's complaints processing system has now been set up for i4B. This will enable company complaints to be monitored and reported on separately. Regular reporting to Board will be agreed with the Housing Companies Operational Manager.

### **6.0 2024/25 Business Plan**

6.1 Appendix 1 contains a final draft of the Company's 2024/25 Business Plan. Cabinet is asked to approve the business plan.

6.2 The 2024/25 Business Plan outlines the Company's strategic priorities for the year. Priorities for 2024/25 are set out within the framework of the medium to long-term objectives of Brent's Housing Companies. These objectives are:

- Providing a consistently good housing service;
- Delivering safe and sustainable homes;
- Running a viable business; and
- Increasing the supply of affordable housing in the borough

#### 6.3 Providing a Consistently Good Housing Service

6.3.1. This objective relates to improving tenant satisfaction, ensuring tenants are able to afford their rent and sustain their tenancies, and overall providing an effective and consistent housing service. While not regulated by the Regulator, i4B will continue to review initial responses to the Regulator's new tenant satisfaction measures, seek to improve its oversight of complaints handling, and continue to actively engage with its tenants on financial inclusion and affordability. This will also include the re-tender of i4B's management contract for its properties in the Home Counties. The 2024-25 strategic priorities for this objective are:

- Priority 1: Monitor results of new tenant satisfaction measures
- Priority 2: Monitor complaints using improved portal
- Priority 3: Monitor and improve income collection performance
- Priority 4: Re-tender Home Counties housing management contract

#### 6.4 Delivering Safe and Sustainable Homes

6.4.1. This objective involves ensuring that i4B's homes are of a good quality, safe, legally compliant, and environmentally sustainable. In 2024-25, the Company's focus will be on further embedding improved practices in the areas of compliance, disrepair and asset management & energy efficiency. This will include overseeing the successful implementation of True Compliance, meeting all requirements of the Building Safety Act, and carrying out additional work on modelling & planning for future property management and decarbonisation works. The 2024-25 strategic priorities that relate to this objective are:

- Priority 5: Fully implement True Compliance
- Priority 6: Fulfil the requirements of the Building Safety Act
- Priority 7: Continue to effectively monitor and manage disrepair
- Priority 8: Refine and implement asset management & decarbonisation strategy

#### 6.5 Running a Viable Business

6.5.1. This objective relates to improving the operational and financial performance of i4B in order to remain financially viable and thus continue to bring benefits to the Council. The Company's focus for 2024-25 will be on implementing its value for money strategy to reduce costs and improve financial performance, with a particular focus on voids performance and financial controls. The 2024-25 strategic priorities that relate to this objective are:

- Priority 9: Monitor and carry out actions to improve voids performance.
- Priority 10: Carry out mid-year review of the financial business plan.
- Priority 11: Implement actions arising from financial controls audit.
- Priority 12: Introduce regular tax planning exercises.

#### 6.6 Increasing the Supply of Affordable Housing in the Borough

6.6.1. i4B's primary aim is to improve the Council's affordable housing offer through the acquisition and letting of properties in Brent and neighbouring boroughs.

i4B has available finance and aims to ensure this is spent in a way that adds maximum value to the Council, whilst also being feasible and supporting the Company's financial viability. This includes exploring the acquisition of both street properties and blocks. i4B is forecast to use the majority of its remaining finance during 2024-25, and as a result the company is continuing to engage the Council on the company's future strategy. The strategic priorities are as follows:

- Priority 13: Continue street property acquisition programme.
- Priority 14: Identify and appraise potential block acquisitions.
- Priority 15: Identify and appraise the potential acquisition or leasing of new builds.
- Priority 16: Engage Council on future strategic direction of company.

## **7.0 2024/25 Service Level Agreement**

7.1 i4B has worked with service area leads to review and update its Service Level Agreement with the Council for the provision of services including operational and financial support, legal and internal audit support, and all housing management services.

7.2 The schedule is contained in Appendix 1e to this report. This outlines the services provided to i4B, service standards, and management costs. The SLA will run throughout 2024/25 and will be reviewed again for 2025/26. All costs and service standards have been agreed between the relevant Council heads of service and i4B.

7.3 Cabinet is asked to approve the updated SLA.

## **8.0 Stakeholder and ward member consultation and engagement**

8.1 N/A

## **9.0 Financial Considerations**

9.1 The detailed financial implications are set out in the business plan. These include the key assumptions used and the stress testing carried out to test the business' financial viability should assumptions vary from those forecasted.

9.2 Over the year, inflation has fallen from a peak of 11% in 2022 to 6.7% in September 2023 which impacts costs and income. Rental increase caps have reverted to the standard policy of CPI + 1% at September 2023 and LHA rate increases have now been agreed by the government since the freeze in 2020.

9.3 In summary, rental income has increased over the life of the business plan and this has had a positive impact on the company despite costs also increasing. The company maintains a healthy cashflow position until debt repayments are required towards the end of the 30 year period. In the short term, refurbishment works to the Granville blocks also reduce the company's cash balance.

## **10.0 Legal Considerations**

- 10.1 The adoption of the proposed Business Plan is a matter reserved to the Council as the sole shareholder in i4B Holdings Limited and the intention is to seek Cabinet approval on 11<sup>th</sup> March 2024.
- 10.2 i4B is a wholly owned local authority company, controlled by the Council, which was established to own and manage private rented sector (PRS) properties, in order to support the Council's homelessness agenda. The Council exercises a degree of control over disposal of these properties given the requirements of the Shareholder Agreement as to Council consent for disposal. In exercise of that control, the Council ought to ensure that, the spirit and purpose of section 123 Local Government Act 1972, is complied with, so that any sale of i4B's out-of-Borough land is for best consideration reasonably achievable by i4B.
- 10.3 In the context of the various delivery routes referred to in the report and Business Plan, it should be noted that companies such as i4B, established and solely owned by a council parent, are regarded as "contracting authorities" in their own right for the purposes of the Public Contracts Regulations 2015 ("PCR"). As a result, services or works over the relevant PCR financial threshold that i4B commissions from another organisation, even those commissioned from its own parent or other providers, potentially have to be competitively tendered, unless relevant exemptions available under the PCR apply.
- 10.4 The Building Safety Act 2022 has implications for i4B as a landlord which include the following:
- the introduction of a 'Building Safety Regulator';
  - a new regulatory regime that applies to the planning, construction and occupation of 'higher risk' buildings;
  - increased governmental powers to regulate construction products, and the introduction of new regulations for the safety of construction products in the UK;
  - protections for leaseholders in respect of the costs of remediating building safety defects in their properties;
  - establishment of a new homes ombudsman scheme and a developers' code of practice, and government powers relating to new homes warranties;
  - provisions relating to the professional competence of architects and provisions to regulate the building control profession.
- 10.5 It is noted in para 5.4.2 that there have been further drawdowns of funding at an interest rate of 3.45% which is below PWLB rates. These rates were set when the borrowing facilities were made to i4B and as such represented market rates at that time.

## **11.0 Equality, Diversity & Inclusion (EDI) Considerations**

- 11.1 N/A

**12.0 Climate Change and Environmental Considerations**

12.1 N/A

**13.0 Human Resources/Property Considerations (if appropriate)**

13.1 N/A

**14.0 Communication Considerations**

14.1 N/A

**Report sign off:**

***Peter Gadsdon***

Corporate Director of Resident Services