	Audit and Standards Advisory Committee 23 September 2026
	Report from the Chief Executive and Corporate Director of Finance and Resources
	Lead Member – Cabinet Member for Housing, Homelessness and Renters (Councillor Robert Johnson)

Report on i4B Holdings Ltd and First Wave Housing Ltd

Wards Affected:	All
Key or Non-Key Decision:	Not Applicable
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	None
Background Papers:	N/A
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1.0. Executive Summary

1.1. This report provides assurance to the Audit and Standards Advisory Committee (The Committee, ASAC) on the governance and oversight arrangements the Council has in place as Shareholder of i4B Holdings Ltd (i4B) and Guarantor of First Wave Housing (FWH). It outlines the mechanisms through which the Council monitors performance, risk, financial sustainability and compliance, and highlights key governance developments since the previous report, including the most recent Shareholder/ Guarantor meeting held in July 2026.

1.2. The report also provides an update on actions arising from the Committee's previous consideration of the Housing Companies and the measures in place to strengthen assurance over operational performance, health and safety compliance and service delivery.

2.0. Recommendation(s)

2.1. The ASAC is asked to note the governance arrangements and oversight mechanisms in place for i4B and FWH.

2.2. ASAC is invited to comment on any areas where further assurance may be required.

3.0. Background

Contribution to Borough Plan Priorities & Strategic Context

3.1 The work of i4B and FWH contributes to the Borough Plan strategic priority of 'Prosperity and Stability in Brent: Safe, Secure and Decent Housing' as its core business activity involves increasing the supply of good quality affordable housing in the borough and reducing the use of Temporary Accommodation.

Governance Assurance Overview

3.2 Governance Framework

3.2.1 In November 2016, Cabinet agreed to establish its wholly owned investment company, i4B Holdings Ltd. The Company was set up with the purpose of acquiring, letting, and managing a portfolio of affordable, good quality PRS properties. Properties would be let to homeless families at Local Housing Allowance (LHA) levels. This would enable the Council to either prevent or discharge its homelessness duty and therefore reduce Temporary Accommodation costs. i4B currently own 490 properties, plus the key worker block, Lexington, with 153 flats.

Table 1 i4B portfolio as of August 2026

	1 Bed	2 Bed	3 Bed	4 Bed+	**Total**
Breakdown of units	68	206	148	68	**490**

3.2.2 FWH is a Registered Provider of Social Housing wholly owned by Brent Council. FWH is limited by guarantee and owns a stock of 216 units.

3.2.3 Governance of both companies is overseen by the Council through formal Shareholder/Guarantor meetings held biannually, scrutiny by the Community & Wellbeing and Resources & Public Realm Committees, and annual review and approval of business plans and statutory accounts. The role of the Audit and Standards Advisory Committee is to obtain assurance that the Council has effective governance and oversight arrangements in place for i4B and FWH, including appropriate arrangements for monitoring performance, risk, financial sustainability and compliance. This framework aligns with CIPFA's guidance on audit committees and supports effective oversight of Council-owned entities.

3.3 Oversight Mechanisms

3.3.1 Shareholder and Guarantor meetings are held twice yearly and are led by the Corporate Director of Finance & Resources, with the Chief Executive and Deputy Leader attending where appropriate. These meetings provide strategic oversight and review of governance, risk, and financial performance. Operational and strategic performance is also reviewed by relevant Council scrutiny committees. Both companies produce annual accounts and business plans, which are reviewed and approved by the Council.

3.3.2 Following the Council's organisational restructure in July 2026, responsibility for i4B and FWH moved from the Service Reform and Strategy Directorate to the Organisational Assurance and Resilience Department within the Finance and Resources Directorate. This change strengthens alignment between the Companies and the Council's governance, risk management and financial oversight arrangements.

3.4 Board Composition and Capacity

3.4.1 The current Board structure includes an independent Chair, two independent non-executive Directors with finance and property expertise, and three internal Directors. Since the last report, the following changes have been made to the Board membership:

- Councillor Saqib Butt stood down as a Director on 20 May 2026 following changes to Board membership arrangements
- Cllr. Fleur Donnelly-Jackson joined the Board as a Director from 20 May 2026.

3.4.2 The Chief Executive conducts an annual appraisal of the Chair of the Board and the Chair also carries out an annual Board self-assessment to support continuous effectiveness and good governance.

3.5 Board Governance and Regulatory Oversight

3.5.1 Board Directors complete annual declarations of interest and confirm any updates prior to each Board meeting. Councillor Fleur Donnelly-Jackson is a Board Director of i4B and FWH and also serves as a member of the Audit and Standards Advisory Committee. Appropriate governance arrangements are in place to manage this interest, including the declaration of relevant interests, ongoing consideration of potential conflicts on a case-by-case basis, and withdrawal from discussion and decision-making where matters relating to the Companies are considered and a conflict of interest arises. Declarations are made in accordance with the Council's Code of Conduct and the Companies' governance arrangements, with relevant matters recorded and managed as required. No further conflicts have been declared.

3.5.2 The Housing Companies are working with Internal Audit to identify opportunities to strengthen assurance over governance, compliance and key operational controls. This will include drawing on Internal Audit's co-sourced providers where specialist expertise or additional capacity is required. The resulting programme of independent assurance work will complement existing Board oversight and provide further assurance to the Shareholder and Guarantor.

3.5.3 FWH carries out an annual review of its governance arrangements against the Regulator of Social Housing's governance requirements, the most recent of which was presented to the Board in July 2026. In addition, i4B and FWH reviewed their governance arrangements against the National Housing Federation Code of Governance 2020. The review was undertaken in response to recommendations arising from the Local Government Association Corporate Peer Challenge. The findings were presented to the Board in June 2026 and concluded that the Companies were able to demonstrate substantial compliance with the principles of the Code and that no significant governance concerns were identified. The exercise also highlighted opportunities to further strengthen governance arrangements, Board effectiveness and strategic oversight. These areas will be considered through forthcoming Board strategy and risk sessions and will inform the Companies' ongoing governance improvement programme.

3.6 *Risk*

3.6.1 Both companies maintain strategic and operational risk registers, reviewed quarterly by the Boards and biannually by the Shareholder/Guarantor. Key risks identified include operational performance challenges, cyber-attacks, oversight of the separate contract for the management of i4B’s 76 properties in the Home Counties, and future capital investment decisions.

3.6.2 To further strengthen the Companies' approach to risk management, a dedicated risk workshop is scheduled to take place later this year. The workshop will be attended by Board Directors and senior officers and will focus on identifying, assessing and managing strategic risks facing the Companies. The session is intended to enhance collective understanding of the risk environment, strengthen risk ownership and ensure that emerging risks are identified and addressed at an early stage. The outcomes of the workshop will be used to inform future development of the Companies' risk registers and risk management arrangements.

3.7 Financial Performance

3.7.1 A 30-year business plan is in place for the companies to ensure long-term financial standing. This is reviewed annually and is supported by monthly monitoring reports. The companies are on track to file the 2025-26 statutory accounts by the end of September, and expect a clean audit opinion.

3.7.2 i4B has a financial model that guides all acquisitions. A net yield target is set for all purchases. This ensures that property purchases are viable, and the Company is able to meet future financial commitments. The financial model is regularly reviewed to ensure its appropriateness and thus the Company’s ongoing financial viability.

3.7.3 Loans to fund asset acquisitions are on a long-term fixed rate basis which is an appropriate de-risking tool for financing the purchase of long-term assets held for rent rather than for sale. Interest charges are included in the plan and are paid to the Council. As all loan finance is provided by the Council, the Council retains substantial freedom to restructure i4B's financial and ownership arrangements should it be necessary in order to secure the ongoing viability of the company or to safeguard the Council's financial interests.

3.7.4 In January 2026, i4B agreed the terms for a phase 3 loan with the Council, which is made up of £32m loan and £8m in equity. This will support the delivery of the acquisition progress in 2026/27 and beyond.

3.8 Business Planning

3.8.1 Work on the 2027/28 business planning cycle will commence this autumn. A strategy session will be held in October to agree the priorities for the coming year. Draft business plans are scheduled for review by the Board in January, with a final version submitted to Cabinet for approval in March 2027.

3.9 **Update from Shareholder & Guarantor Meeting**

3.9.1 The latest Shareholder/Guarantor meeting between the Council and i4B/FWH took place on 28th July 2026.

3.9.2 The Chair of the i4B and FWH Boards, Andrew Hudson, presented a report on the company's acquisition programme, operational performance, financial performance, 2026-27 business plan progress, risks and governance to the Council's Corporate Director of Finance & Resources.

3.9.3 A key focus of discussion was the i4B Home Counties management contract. The Chair updated the Shareholder on ongoing work to review a number of historical contractual matters and associated financial exposures arising from the management arrangements. To reflect the level of uncertainty while these matters are being assessed, i4B has made a provision of £400,000 within its accounts. The Shareholder emphasised the importance of obtaining robust legal advice to fully understand the Company's position, any potential liabilities, and the options available to protect its interests. It was therefore agreed that independent legal advice would be sought and that an internal audit review would be commissioned to provide further assurance regarding the management of the contract and any lessons learned.

3.9.4 The Shareholder/Guarantor also considered performance relating to void properties at Lexington. While improvements have been made through increased operational oversight and regular performance meetings, concerns were raised regarding the potential for properties to remain vacant for extended periods where dependencies exist within the lettings process e.g. credit checks. The Shareholder stressed the importance of maintaining robust monitoring arrangements, including clear escalation routes, to ensure void properties are bought back into use as quickly as possible and rental income losses are minimised.

3.9.5 The meeting discussed opportunities to strengthen operational resilience and reduce delays in the letting process at Lexington. Officers were asked to explore whether alternative approaches could be implemented for completing pre-tenancy requirements, including credit checks and tenancy administration activities, where these were contributing to delays.

3.9.6 The Chair also provided an update on ongoing work to improve financial oversight across the Companies. The Shareholder/Guarantor welcomed the continued focus on strengthening financial reporting, improve transparency and ensuring a clear understanding of the financial position of both companies.

3.10 Acquisitions

3.10.1 Movements in interest rates and other market factors mean that i4B is likely to continue facing challenges in acquiring properties within its financial criteria during 2026/27. Despite these pressures, the Chair reported positive progress against the 2025/26 acquisition target of 15 properties. To date, i4B has completed six acquisitions, with a further 13 properties progressing through various stages of conveyancing.

3.10.2 i4B will continue to explore a range of possible opportunities, e.g. conversions of non-residential property to residential use, as well as acquisitions. The additional expertise provided by the independent non-executive directors will strengthen this work.

4.0 Update on Matters Raised During the Committee's Previous Review of the Housing Companies

4.1 *Central Register for Smoke and Carbon Monoxide Detectors*

4.1.1 At the March 2026 ASAC meeting, Members sought assurance that appropriate arrangements were in place to monitor compliance relating to smoke and carbon monoxide detectors. Property Services have confirmed that compliance information is centrally recorded and monitored through the Council's compliance systems. The Companies continue to receive assurance through the relevant Service Level Agreements (SLAs) and monitoring arrangements. Ther Board receives regular updates on statutory compliance performance through operational reporting.

4.2 Circulation of Shareholder and Guarantor Reports

4.2.1 At the previous meeting, Members asked for the latest Shareholder and Guarantor reports to be circulated. As ASAC’s role is to obtain assurance on the Companies’ governance and oversight rather than review detailed operational reports, this report instead summarises the key matters considered, actions agreed and assurance received at the most recent Shareholder/Guarantor meeting. This provides appropriate transparency and assurance while preserving the Companies’ established governance arrangements.

4.3 Review of Risk Register Presentation

4.3.1 Members asked for the risk register format to be reviewed, as post-mitigation scores could suggest that planned controls were already fully implemented. The registers have therefore been updated to distinguish clearly between inherent, current and target risk, helping Members and Directors understand the present level of exposure and the expected effect of planned mitigations.

Matters Raised at ASAC on 24 March 2026	Status	Update
Central register for CO2 detectors	Complete	Assurance received though compliance monitoring arrangements
Shareholder/ Guarantor reports circulation	Complete	Key matters, decisions and actions arising from Shareholder/Guarantor meetings are summarised within the ASAC report to provide appropriate assurance and transparency
Review Risk Register presentation	Complete	Format updated to improve transparency of risk scoring

5.0 Stakeholder and ward member consultation and engagement

5.1 None.

6.0 Financial Considerations

6.1 Financial risks mainly relate to costs and income. Interest payments are a major cost element for both of the companies. However, as loans are secured on long term fixed interest costs, interest rate variations would not unduly affect the Companies ongoing operations. The impact of inflation on other costs could have an adverse impact over a long period so it is important to keep these under review. The long-term financial health of the Companies is also tied to rent levels which are in turn assumed to rise by the assumed general level of inflation. However, on the income side, rent levels are generally dependent on government policy especially in relation to local housing allowance and social rents. The critical assumption being that over the longer term that these government determined rent levels will keep pace with inflation.

7.0 Legal Considerations

7.1 None.

8.0 Equality, Diversity & Inclusion (EDI) Considerations

8.1 None.

9.0 Climate Change and Environmental Considerations

9.1 None.

10.0 Human Resources/Property Considerations

10.1 None

11.0 Communication Considerations

11.1 None

<u>Report sign off:</u>

Minesh Patel
Corporate Director of Finance and Resources