







Risk Number	Risk	Business plan assumption	Risk Owner	Risk Type	Pre-mitigation Likelihood (out of 5)	Pre-mitigation Impact (out of 5)	Pre-mitigation Risk Score (out of 25)	Comparison to last report	Mitigation	Post-mitigation Likelihood (out of 5)	Post-mitigation Impact (out of 5)	Post-mitigation Risk Score (out of 25)	Comparison to last report	Risk Status	Comment
1	The appeals court cannot distinguish between i4B as a private sector landlord and the council as a landlord	The i4B business model is based on the wholly owned council company being a private landlord. The company must retain its autonomy in granting and ending of tenancies. As a private landlord, the company will use its assured shorthold tenancy as the primary tenancy offered to tenants. The Directors must retain at the forefront of their minds the requirement to 'act in the interest of the company'. The council as shareholder and funder must act in accordance with these roles. The potential consequences of this risk materialising is the company is seen to be one and the same as the council and therefore required to act in accordance with legislation relevant to a council landlords. The risk is that the company would have to provide the same rights as those which apply to secure council tenants and set rents in accordance with legislation and guidance as applies to councils.	Brent Council	Financial & Reputational	3	5	15		The company will use its assured shorthold tenancy agreement when letting PRS properties. Licences and other forms of tenancy terms will be exceptional. The company will make all decisions in relation to granting and ending tenancies and may delegate some responsibility to its management agents through approval of procedural documents. The management agents will act in the name of the company when progressing legal/court action. The Board will approve court action which could result in a tenant losing their home. i4B's logo will be used on its literature although management agents will also use their own brand when communicating with tenants. The Board, council Members and Senior officers will be briefed on the positive contribution i4B can make towards achieving the council's objectives, and on the role of the Board of Directors and the Role of the Shareholder. i4B will work with Brent council's press office to ensure press releases avoid inappropriate descriptions.					Closed	26/06/18: Risk transferred to Brent Council's Risk Register . Approved at June i4B Board meeting
15	The pipeline of properties is slower than SLA target	The SLA has a target of 13 weeks for properties to be purchased from approval at the PRS panel. The programme assumes 200 properties purchased by 31st March 2018 and 300 by 30th Sept 2018. The potential impact of this risk is on i4B's cash-flow; the company pays for the loan facility when it is not being used although this charge increases once funds are drawn down, and rental income is it's only source of funding.	i4B	Financial & achieving operational objectives	5	3	15		Following an i4B officer meeting in June, it was decided that this risk had materialised into a live issue. The following steps are being taken to manage this issue: i4B intends to offset properties that cannot be achieved through open market purchase by working with the Council and developers to deliver new build properties / block purchase properties. Revisions have been proposed to the SLA target for conveyancing.					Open	11/06/18: Risk has materialised into a live issue
19	The nominations process exceeds SLA target	The SLA has a target of 7 days from refurbishment handover to the property being let (tenancy start date). The potential consequences of this risk materialising is properties are unable to be let and remain void for longer than envisaged. The loan cost will not be met by rental income which will mean cash flow requirements increase and expenditure such as council tax liabilities increase.	i4B	Financial & achieving operational objectives	4	3	12		The Board monitor refurbishment KPIs at their monthly Board meeting. Weekly meetings take place at the operational level between i4B and the council's housing needs service. i4B could encourage the council (through the SLA) to introduce additional resources and change processes to reflect the new housing supply opportunity. i4B could work to bespoke some properties through a variation to its refurbishment specification. The programme of purchases could be slowed to keep pace with council demand from customers likely to be requiring emergency accommodation. i4B and the council will review the nominations agreement at its client company monitoring meetings.	4	3	12		Open	11/06/18: The SLA target is likely to be altered in agreement with the board to make it more achievable, and risk will be reviewed again after that point.
4	Business plan rent collection rates are not achieved and bad debt exceeding business plan assumptions. Introduction of universal credit adversely affects rent collection	The business plan assumes a rent collection rate of 98.5% of rent due and 2% bad debt The potential consequences of this risk materialising is the company's income is insufficient to cover its expenditure.	i4B	Financial	5	3	12	Impact reduced from 4 to 3 	Following an i4B officer meeting in June, it was decided that this risk had materialised into a live issue. The following steps are being taken to manage this: · The Board is investing in additional monitoring of rent and arrears performance of housing management subcontractors. It is funding (through the SLA) a weekly monitoring of rent performance data of subcontractors to check contractors' data, identify variations and request information from subcontractors on actions being taken. · Following a workshop, an income collection action plan has been created to address some of the issues in rent collection from i4B tenants. · The company is seeking to diversify its products to introduce new customers with different household income profiles than exiting PRS customers. The introduction of new products and some new build properties with higher yields may mitigate a slightly lower rent collection rate.					Closed	11/06/18: Risk has materialised into a live issue
6	Bad debt exceeds business plan assumptions	The business plan assumes 2% bad debt. The potential consequences of this risk materialising is the company has less income to overcome its expenditure.		Financial	3	4	12		The Board is investing in additional monitoring of rent and arrears performance through the SLA. The council and the company will review the nominations agreement and the application of the sustainable tenancy assessment. The company is seeking to diversify its products to introduce new customers with different household income profiles than exiting PRS customers. The introduction of new products and some new build properties with higher yields may mitigate a slightly lower rent collection rate.					Closed	Combined with risk 4. Approved at June Board meeting

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3	Average property price exceeds budget and portfolio of properties does not achieve the target Gross Yield margin	<p>The average property price for PRS phase 1 is £333,333 and the average purchase price for PRS phase 2 is £360,000 (£108m) or £390,000 (£117m).</p> <p>5% average Gross Yield (true)</p> <p>The potential consequence of this is i4B will be required to raise more capital to achieve unit targets. The ability to borrow more capital would be based on the strength of the company's business and underlying financial strength.</p>	i4B	Financial	5	2	10		<p>Following an i4B officer meeting in June, it was decided that this risk had materialised into a live issue. The following steps are being taken to manage this:</p> <p>·The company has considered with the council the demand for properties by bedroom size and location and have sought to maximise the gross yield within these parameters</p> <p>As of May 2018 Gross Yield = 4.87% - improved to 4.91% in June As of May 2018 Avg. property price = £362,036 - improved to £360k in June.</p>					Open	11/06/18: Risk has materialised into a live issue
14	The balance of Leasehold / freehold units exceeds the target, resulting in additional leasehold costs	<p>The business plan assumes a 60%/40% split in favour of Leasehold properties.</p> <p>The potential consequences of this risk materialising is i4B's expenditure would increase payments to the freeholder in relation to service charges and ground rent.</p>	i4B	Financial	4	2	8	Impact reduced from 3 to 2 	<p>Supply / demand issues make it impossible / unaffordable to purchase the target mix of leasehold / freehold properties.</p> <p>The company could prioritise purchases of block, multiple dwellings and ex-council dwellings where possible and in so doing either purchase the freehold or work with the council as a responsible freeholder. The purchasing strategy could seek to increase yields. i4B could diversify the portfolio with products which create higher yields. i4B could consider, in consultation with the shareholder, passing on these charges in part or whole to tenants.</p>	4	2	8		Open	11/06/18: Analysis is currently being undertaken to model the financial impact of different types of leasehold properties, so that the board could agree the preferred balance.
20	LBB discharges its duty as a result of the nominee rejecting the offer of accommodation	<p>The business plan does not assume any time (rent) loss from a duty being discharged as a result of a customer refusal. The impact will fall on the company's void loss performance and/or SLA performance in relation to nominations to and letting of properties.</p> <p>The potential consequences of this risk materialising is properties are unable to be let and remain void for longer than envisaged. The loan cost will not be met by rental income which will mean cash flow requirements increase and expenditure such as council tax liabilities increase. The consequent for the council is that they gain an additional discharge of duty and reduce their revenue costs and are still able to nominate another customer to i4B.</p>		Financial	5	2	10		<p>The Board monitor refurbishment KPIs at their monthly Board meeting. Weekly meetings take place at the operational level between i4B and the council's housing needs service. i4B could encourage the council (through the SLA) to introduce additional resources and change processes to reflect the new housing supply opportunity. The programme of purchases could be slowed to keep pace with council demand from customers likely to be requiring emergency accommodation. i4B and the council will review the nominations agreement at its client company monitoring meetings.</p>					Closed	Risk closed as covered by risk 19. Approved at June Board meeting
21	company cash flow (capital and revenue) is insufficient to manage expenditure	<p>i4B has commenced a large acquisition and refurbishment programme. The period between purchase and letting requires significant financial resources. The business plan assumes an average of 90 days for property refurbishment and letting from the point of purchase. i4B's revenue account also requires an element of cash flow support to manage expenditure until it creates a surplus through rent.</p> <p>The potential consequences of this risk materialising is the company becomes insolvent.</p>	i4B	Financial	2	5	10		<p>i4B is monitoring SLA performance to deliver capital works and refurbishments within business plan requirements. i4B is focusing on reducing the amount of time taken during refurbishment and letting to maximise rental income. The council has approved a cash flow facility of up to £3.5m and current modelling indicates this will be sufficient to meet i4B working capital requirements. i4B will monitor cash flow requirements at its monthly meetings and with the shareholder at client/company meetings.</p>	1	5	5		Open	11/06/18: Performance (particularly of rent income / cash flow) will continue to be monitored by the Board through KPI monitoring process.
10	The cost to deliver i4B services exceeds business plan assumptions	<p>There are a number of key assumptions built into the business plan and the setting of the Gross Yield %. These cost assumptions include: housing management services; repair and maintenance; insurance; contracts and service level agreements; major refurbishment programmes; and debt finance arrangements. As the business grows, cost assumptions may change and new costs may be encountered.</p> <p>The potential consequences of this risk materialising is the company's expenditure cannot be met by its income.</p>	i4B	Financial	3	3	9		<p>A review of business plan assumptions will take place bi-annually and will be reported to the Board. Should additional costs be noted, options will be considered to reduce cost through contract management renegotiation, eliminating the cost where the minimal property standard can be amended. It would be possible to reduce the volume of units purchased but seek higher gross yield margins on each property. The company is seeking to introduce additional products with higher yields to blend the overall yield, for example some new build partnerships and some shared ownership. Through growth i4B may be able to spread certain costs between more properties and negotiate better prices from providers. There may also be an opportunity to deliver savings through closer alignment to First wave housing, ultimately combining corporate and other services to create efficiencies.</p>	2	3	6		Open	
17	The location of properties purchased varies from the business plan	<p>The business plan assumes that: phase 1 – 180 properties purchased in Brent & Greater London, 120 in the Home Counties; phase 2 – up to 300 properties purchased in Brent.</p> <p>The potential consequences of this risk materialising is that purchasing more properties in Brent is likely to improve the financial strength of the company as long as the gross yield of 5% is maintained. If more properties are purchased in the home counties the underlying net yield is likely to be reduced and therefore create less income even at 5% gross yield.</p>	i4B	Financial & achieving operational objectives	3	3	9		<p>The decision has been taken to purchase more properties in Brent to mitigate the risk of purchasing properties that cannot be let. The financial impact of this on the business plan is offset by the speed of letting.</p> <p>The company will continue to consider the business model tool at its board meetings to understand the impact of portfolio purchase the pipeline of purchases. i4B could reduce the scale of the programme or seek support from the council to purchase in alternative locations.</p>	3	2	6		Open	

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22	Fraud risk	i4B may not have a holistic overview of the key fraud risks that they are facing or are likely to face in the future, resulting in losses to fraud as a result of risks not being appropriately treated.	i4B	Financial and Reputational	3	3	9		The company will undertake an anti-fraud risk workshop. This will be done following the anti-fraud measures audit planned for First Wave Housing (as agreed at the First Wave board meeting on 21 March 2018) in order that work can be aligned on fraud risk across both companies. i4B will review Brent Council's fraud and ethic policies with the aim of adopting these for i4B and will add an additional clause to the SLA agreement when it is next updated to strengthen the company's overview of fraud risks.	2	3	6		Open	11/06/18: New risk added.
2	Portfolio of properties does not achieve the target Gross Yield margin	5% average Gross Yield (true) The potential consequences of underachieving against this target is that the company's income will be insufficient to meet its assumed expenditure		Financial	2	4	8		The Board, in consultation with the requirements of the council, has some flexibility to amend the bedroom size and location of property acquisitions to maintain gross yield averages. The business plan could consider increasing the number of properties in high LHA locations such as Brent which would create a larger cash margin per property which would be advantageous to the business plan in managing fixed costs such as insurance and housing management fees. The programme could be spread over more years to prevent artificial house price inflation due to i4B's intense programme. i4B could diversify its products introducing intermediate renting and potentially shared ownership into its portfolio to support the overall strength of the business plan. i4B is seeking to work with the council and Registered Providers to purchase new build homes. With the support of the council, i4B could generate higher yields with some partnerships and introduce new products. As of May 2018 Gross Yield = 4.87%					Closed	Risk Combined with risk 3. Approved at June i4B Board meeting
12	Inflation increases above business plan assumptions	The business plan assumes 2.5% annual inflation in relation to services. The business plan recognises LHA rent rates are frozen until 2021. The business plan assumes LHA rates will increase at 1% per annum after 2021. The business plan assumes that properties will be purchased within the capital budget agreed and no inflation is assumed within this envelope in relation to property prices, fees, SDLT or works. The potential consequences of this risk materialising is i4B's costs increase above its income. The company's income is primarily rent at Local Housing Allowance rates which are frozen until 2021.		Financial	2	4	8		A review of business plan assumptions will take place bi-annually and will be reported to the Board. Should additional costs be noted, options will be considered to reduce costs through contract management or renegotiation, eliminating the costs where the minimal property standard can be amended. It would be possible to reduce the volume of units purchased but seek higher gross yield margins on each property. i4B is seeking to introduce additional products with higher yields to blend the overall yield, for example some new build partnerships and some shared ownership. Through growth, i4B may be able to spread certain costs between more properties and negotiate better prices from providers. There may also be an opportunity to deliver savings through closer alignment to First wave housing, ultimately combining corporate and other services to create efficiencies.					Closed	30/05/2018: Risk closed . Approved at June Board meeting
13	LHA rates fall below business plan assumptions	The business plan assumes LHA rates will be frozen until 2021 and then increase at 1% per annum. The potential consequences of this risk materialising is the company's income will be less than its anticipated expenditure.	i4B	Financial	2	4	8	Impact reduced from 5 to 4 	The 3% increase in LHA rates from 2018 is well ahead of business plan assumptions, and all other factors being equal, would remain so for several years. The company is seeking to diversify its products to introduce new customers with different household income profiles than exiting PRS / LHA customers. The introduction of new products and some new build properties with higher yields may mitigate any future reductions in LHA rates. Ultimately, properties that could not achieve the expected yield because of the LHA cap / inability to let out under different terms, could be sold to release capital, especially over the medium- and long-term when asset appreciation should create surplus capital.	1	4	4		Open	30/05/2018: Impact levels reduced as LHA rates set above business plan assumptions
18	The refurbishment period exceeds SLA target	The SLA has a target of 70 days for the first 100, 64 days for the 2nd 100 and 56 days for the 3rd 100 units. The potential consequences of this risk materialising is properties are unable to be let and remain void for longer than envisaged. The loan cost will not be met by rental income which will mean cash flow requirements increase and expenditure such as council tax liabilities increase.	i4B	Financial & achieving operational objectives	2	4	8	Likelihood reduced from 5 to 2 	The Board monitor refurbishment KPIs at their monthly Board meeting. Weekly meetings take place at the operational level between i4B and the council's refurbishment service. Quotes for works are provided to i4B prior to properties being purchased. i4B could encourage the council through the SLA to introduce additional refurbishment teams or processes. The programme of purchases could be slowed to keep pace with refurbishment capacity. Early issues with the Refurbishment process have been addressed and now performance is within the KPI	1	4	4		Open	30/05/2018: Likelihood reduced as current performance within target. See company KPI dashboard.
24	There is a risk that there is a permanent downward adjustment of house prices		i4B	Financial	2	4	8		Difficult to mitigate as limited control of market conditions; continue to monitor closely,	2	4	8			11/06/18: New risk added
5	Void periods exceed business plan	The business plan assumes 1.5% void loss. The business provides an additional allowance of 90 days for refurbishment following the purchase of a property. The potential consequences of this risk materialising is the company has fewer properties able to receive rent and therefore income would reduce whilst expenditure potentially increases. Additional costs such as council tax costs to the company increase during void periods.	i4B	Financial & achieving operational objectives	2	3	6		i4B has built the requirement to cooperate to ensure void periods are minimised into the contracts with housing management and void contractors. i4B has weekly meetings with the council's housing needs team who are responsible for nominating tenants. i4B is working with the council to ensure purchases are in line with the council's customer profile and sustainable tenancy requirements. i4B will review the nominations agreement at client/company meetings. i4B could approach the shareholder to dispose of properties in locations consistently failing to attract customers.	1	3	3		Open	11/06/18: Likelihood reduced as very low churn - the two properties that have been abandoned have been relet well within timescales.

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16	Property price inflation reduces average yield and increases average purchase prices	<p>The programme assumes 200 properties purchased by 31st March 2018 and 300 by 30th Sept 2018.</p> <p>The potential consequences of this risk materialising is the acquisition programme would slow down, reducing the realisation of benefits to the council. However, the company would also be weaker with fewer properties as some fixed costs would be spread between fewer properties. The company's loan facility would continue to incur costs to the company.</p>	i4B	Financial & achieving operational objectives	2	3	6		Difficult to mitigate as limited control of market conditions; continue to monitor closely, and diversify activity.	2	3	6		Open	
8.1	There is a risk that i4B is deemed to have failed a statutory H&S obligations as a landlord	<p>The SLA places a requirement on the Council to deliver this function, but is unable to transfer the risk of non-compliance with legislation e.g. H&S, gas safety etc.</p> <p>Failure to comply H&S requirements increase the opportunity for hazards including the causing of death. The ultimate penalty for failure to abide by statutory H&S requirements is imprisonment of the Chair of the Board.</p>	i4B	Financial & Reputational	1	5	5		<p>Contracts cover compliance requirements including gas servicing. Only suitably qualified people will be employed to deliver works. Monthly monitoring and KPI reports include some key aspects including gas, complaints and customer satisfaction.</p> <p>BHM Property Services are implementing a new Asset register which will improve ability to monitor / plan compliance activities.</p>	1	5	5		Open	30/05/18: Risk 8 has been split into 2 risks to highlight the separate risks associated with i4B's corporate role and role as a landlord
8.2	i4B is deemed to have failed a statutory requirement in it's corporate role	<p>The company must comply with regulatory and best practice requirements around it's own management and governance such as annual accounts, returns to companies house, and other regulatory bodies such as the Housing Ombudsman.</p> <p>The consequences of other statutory failures may be fines and/or reputational damage to i4B.</p>	i4B	Financial & Reputational	1	5	5		<p>The Board is putting in place suitable policies and procedures in place to ensure regulatory compliance, e.g. escalation policy, schemes of delegation, risk management, internal audit arrangements.</p> <p>Support for company governance is included within the companies' core SLA with the Council.</p>	1	5	5		Open	30/05/18: Risk 8 has been split into 2 risks to highlight the separate risks associated with i4B's corporate role and role as a landlord
11	Interest rates increase impacting on new loans taken out by the Company	<p>30 year loan facility for up to £103.5m at a fixed interest rate of 2.87%.</p> <p>Short term working capital loan facility for up to £3.5m at a fixed interest rate of 3%.</p>	i4B	Financial	4	1	4		The current facilities are for fixed terms and fixed interest rates therefore i4B is not currently exposed to any interest rate risk. i4B will seek to arrange future loan facilities on the same terms whilst interest rates remain low. Should base rates significantly change, i4B will review and revise its growth and financing strategy appropriately having taken the necessary professional advice.	4	1	4		Open	30/05/2018: Risk wording changed to clarify this risk relates to new loans
23	<p>There is a risk that the demand increases for the types of properties that are financially less viable for i4B (e.g. large family properties in expensive areas in Brent)</p>	<p>The average property price for PRS phase 1 is £333,333 and the average purchase price for PRS phase 2 is £360,000 (£108m) or £390,000 (£117m).</p> <p>5% average Gross Yield (true)</p> <p>Changes in demand could cause conflict between the companies' need to deliver on the Council's objectives, and the financial viability of it's business plan</p>	i4B	Financial	1	4	4		<p>Current demand is spread across lots of different property types, so it has been possible to tweak the mix of properties purchased to maintain average yield (e.g. purchasing increased numbers of 2 beds in Brent, which offer better yields than larger properties).</p> <p>Quarterly meetings have been initiated to monitor future demand and provide an early warning of this risk materialising.</p>	1	4	4		Open	11/06/18: New risk added
7	The proportion of equity held by LB Brent in relation to the total loan exceeds target	<p>The equity held by LB Brent is not to exceed 23% of total loan value.</p> <p>The potential consequences of this risk materialising is the company breaches the business plan permissions provided by the shareholder.</p>	Brent Council	Financial	1	2	2		The company has developed a business model tool which automatically calculates the proportion of equity held by LB Brent in relation to the total loan. The board has a KPOI which requires it to review the business model a number of times within each year.					Closed	Risk transferred to Brent Council's Risk register. Approved at June Board meeting

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9	The business plan does not diversify its products	<p>The current business plan is primarily based on a Private Rented Sector (PRS) landlord model with permission to provide some market rent.</p> <p>The potential consequences of this risk materialising is the company may find its income and rent collection rate is more vulnerable to impacts of legislation including changes in housing benefit changes.</p>	i4B	Financial & achieving operational objectives	1	2	2	Likelihood reduced from 2 to 1 	i4B continues to seek to diversify it's product range to provide resilience to changes in the rental market. However, the inherent risk within the business plan has been minimised by the 3% increase in LHA rates.	1	1	1		Open	11/06/18: Likelihood reduced because of external change in LHA rates (decreased pre-mitigation likelihood) impact reduced because i4B continues to actively seek opportunities to diversify it's asset and customer base (post-mitigation impact reduced)