

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
21	Company cash flow (capital and revenue) is insufficient to manage expenditure	I4B has commenced a large acquisition and refurbishment programme. The 2019/20 Business Plan outlines plans to increase the Company's portfolio to over 600 units in the next four years. 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. The potential consequences of this risk materialising is the company becomes insolvent.	I4B	Financial	4	5	20		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 £4m and modelling is being undertaken to assess if 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. A business modelling exercise was undertaken in late 2019 which confirmed that the Company's finances were sound. Modelling on the Quintain block has confirmed that if business plan assumptions are met then cash-flow will not be an issue. Covid-19 guidance has increased the likelihood of this risk. The government has advised that property purchases pause whilst the UK lockdown is ongoing. Finance have done some modelling on reductions in rent collection against the base line business case. Additionally, Wates have issued a notice of delay which may impact the progress on the Wembley DMS construction. The current financial model includes 6 months build completion delay. At present, losses are within tolerable ranges. Mitigating actions include analysis to find the percentage of income that is paid by housing benefit, as this will reduce the risk to income. Additionally, BHM and agents will work with tenants with financial difficulties. As a result of Covid-19, there has been an increase in LHA rates of around 13% in 2020/21. This will mitigate some income loss.	3	5	15		Open	14/01/2019: Business Plan assumption amended to reflect growth ambitions. Mitigation amended to reflect increased cash flow facility. 20/01/2020: Mitigation amended to reflect current sound Company finances. 14/04/2020: Mitigation amended and likelihood increased as a result of Covid-19.
19	The nominations process exceeds SLA target.	The business plan assumes 90 days for the refurbishment and lettings process. 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. It is likely that the handover of new build schemes will cause challenges as to the number of suitable customers available immediately.	I4B	Financial & achieving operational objectives	5	3	15		Weekly meetings take place at the operational level between I4B and the council's housing needs service. 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 no longer purchases hard to let Home Counties properties. For new build schemes the company may need to develop alternative short term letting strategies to prevent voids prior to the first letting. The net yield calculator should also anticipate difficulties. Schemes should be managed to provide a steady stream of properties and avoid too many units being handed over at any one time. New approaches required for nominations and lettings teams. The Quintain block assumes a prudent estimate of 50% void for year 1. Due to Covid-19 and the UK lockdown, the speed at which I4B will be able to let properties will reduce. This will result in a decrease in performance in this area.	4	3	12		Open	14/02/2019: Risk likelihood reduced. However, the Company will face the future risk of ensuring that the Wembley Park Block is let in an efficient manner. 14/04/2020: Mitigation amended to reflect the ongoing situation with Covid-19. 27/04/2020: Likelihood increased due to Covid-19.
15	The pipeline of properties is slower than the SLA target	The SLA has a target of 13 weeks for properties to be purchased from approval at the PRS panel. 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 its only source of funding.	I4B	Financial & achieving operational objectives	5	3	15		It was agreed at the June 2018 Board meeting that this risk had materialised into a live issue. The following steps are being taken to manage this issue: I4B is working with teams across the Council to improve performance. I4B has weekly meetings with property, legal, refurbishment, and housing needs to monitor performance. Covid-19 will have an impact on this risk. Current government guidance encourages property purchases to be delayed where possible.					Open - Live issue	11/06/18: Risk has materialised into a live issue 15/10/2019: Mitigation amended. Discussions progressing on new purchases as well as ways of proactively increasing purchasing. 14/04/2020: Mitigation amended.
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 that 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 and expenditure such as council tax liabilities increase.	I4B	Financial & achieving operational objectives	3	4	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 refurbishment service. 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. Risk likelihood has been increased, as refurbishment performance slipped in late 2019/20 due to the inconsistent flow of properties. As a result the Council has changed void contractor from Wates Major Works to Wates Repairs. Weekly meetings are taking place. As a result of the UK Covid-19 lockdown, the length of the refurbishment process has increased. New refurb contractor quotes are encouraging, but officers are unable to currently analyse performance.	3	4	12		Open	11/01/2019: Risk likelihood increased from 1 to 2. Although current refurbishment performance is within business plan assumptions, performance is likely to deteriorate. This is due to the reduced pipeline of refurbishment work making it harder for the contractor to mobilise their supply chain. 14/04/2020: Mitigation amended. Covid-19 has increased the length of the refurbishment process. 27/04/2020: Likelihood increased due to Covid-19.
4	Business plan rent collection rates are not achieved and bad debt exceeds business plan assumptions. Introduction of universal credit adversely affects rent collection	The business plan assumes a rent collection rate of 95% of rent for 2020/21 and then 98.5% from there after. It also assumes 2% bad debt The potential consequences of this risk materialising is the company's income is insufficient to cover its expenditure.	I4B	Financial	4	3	12		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. The 2019/20 Business Plan states that rent collection should achieve 95% for the first year and 98% thereafter. The Quintain block has an additional risk that the letting period will be lengthened to ensure the brand is maintained and potential customers can be vetted. Properties on schemes should be phased. Rent collection rates are expected to be impacted by Covid-19. Collection rates will be routinely reviewed as part of the Management Information pack in the Board meetings. Collection rates do not currently appear to be impacted, however the likelihood is that collection rates may decrease in the coming months. All management agents have sent letters to tenants to advise them to get in contact if they are experiencing financial difficulties. As a result of Covid-19, there has been an increase in LHA rates of around 13% in 2020/21. This should mitigate some loss of income if rent collection rates drop.	3	3	9		Open	11/06/18: Risk has materialised into a live issue 14/02/2019: Mitigation amended. 14/04/2020: Mitigation amended to reflect Covid-19 considerations

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20	There is an insufficient volume of properties on the market that meet I4B's financial criteria.	The programme assumes 360 by April 2021. The potential impact of this risk is on I4B's cash-flow; the company pays for the loan facility when it's 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	4	3	12		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. I4B is also looking at ways to increase property purchases. It is liaising with local RPs, putting out marketing to local landlords, and exploiting options to reduce costs. The property market picked up in January, leading to an increase in property prices in Brent. Covid-19 may cause property prices to fall.					Open - Live issue	14/04/2020: Mitigation amended to reflect changes in the property market.
10	The cost to deliver I4B services exceeds business plan assumptions	There are a number of key assumptions built into the business plan and the setting of the Net 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. For example, Housing Management for 153 Key worker properties may be at a premium. There is a risk that property price inflation reduces the average yield and increases average purchase prices. The potential consequences of this risk is that the acquisition programme would slow down. The Company would also be weaker as there would be fewer opportunities to spread fixed costs between the	I4B	Financial & achieving operational objectives	3	3	9		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 net yield margins on each property. The company is seeking to introduce additional products with higher yields to blend the overall yield, for example new build blocks purchased from the Council. Company budget and spend is reported and monitored at monthly Board meetings to ensure the Company is operating within budget. For the 153 key worker properties, housing management costs will be built into the purchase price. Economies of scale for repairs and housing management should be achieved as the business grows. I4B continues to purchase higher yielding street properties above 1.22%. Property price inflation is difficult to mitigate due to limited control of market conditions, however it will continue to be monitored closely. I4B's business operates on 300 properties at 1.73% net yield. All new build properties will be expected to achieve between 1.3% and 1.7% net yield in the longer term. I4B	2	3	6		Open	14/02/2019: Business Plan assumption and mitigation amended to reflect ambition to purchase 153 key workers units. 20/01/2020: This risk merged with 16: Property price inflation reduces average yield and increases average purchase prices, as it was felt that it fell under the remit of this risk.
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 increase during void periods.	I4B	Financial & achieving operational objectives	3	3	9		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. All future properties will be purchased in Brent where there will be high demand. I4B has set up weekly calls with housing management contractors to ensure the re-let period for voids is minimised. Mears and Pinnacle have picked up the management of voids in the Home Counties, so voids are being turned around more quickly. Government advice to delay home moves may impact voids performance.	2	3	6		Open	15/10/2019: Mitigation amended to include information on weekly calls with housing management contractors. 14/04/2020: Mitigation amended. 27/04/2020: Likelihood increased due to Covid-19.
17	Due to affordability the demand for the location of properties purchased varies from the business plan	The business plan assumes that: phase 1 – 220 properties purchased in Brent & Greater London, 80 in the Home Counties; phase 2 – up to 60 properties purchased in Brent. If demand for the properties in Brent reduces I4B may have to purchase more Home Counties properties. Properties in Brent have performed better financially and have been easier to manage.	I4B	Financial & achieving operational objectives	3	3	9		These risks are managed through the yield and ensuring demand is high. The business plan anticipates all new homes will be in Brent. Therefore the more challenging out-of-Brent properties in terms of housing management and rent collection are already purchased and managed within the current risk levels. The scale of growth should act to reduce further the risks associated with out of borough lets.	1	2	2		Open	14/02/2019: Mitigation amended. I4B will not purchase any more Home Counties properties.
26	There is a risk of Fraud to the company	The Company faces a range of fraud risks. Fraud could result in a loss of income and/or reputational damage to the company and the Council	I4B	Fraud	2	3	6		An internal audit into the fraud risks the company faces was carried out in 2018. Actions from the audit have since been implemented. The Board will review fraud risks on an annual basis.	1	3	3			18/10/19: Fraud risks 26.1 to 26.7 merged.
8.1	There is a risk that I4B is deemed to have failed a statutory H&S obligations as a landlord	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. 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.	I4B	Financial & Reputational	1	5	5		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. BHM Property Services are implementing a new Asset register which will improve ability to monitor / plan compliance activities. BHM Property Services have a team that works solely on properties' compliance with regulations. BHM Property Services have carried out self-assessments looking at compliance with regulatory standards.	1	5	5		Open	15/10/2019: Mitigation amended.
8.2	There is a risk that I4B is deemed to have failed a statutory requirement in its corporate role	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. The consequences of other statutory failures may be fines and/or reputational damage to I4B.	I4B	Financial & Reputational	1	5	5		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. Support for company governance is included within the companies' core SLA with the Council.	1	5	5		Open	

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11	Interest rates increase impacting on new loans taken out by the Company	<p>30 year loan facility for up to £109m 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> <p>The loan rate for the Quintain block purchase is 2.5%.</p> <p>The remaining loan will be charged at PWLB rates at the time of drawdown, this presents a potential risk, e.g. in December 2019 PWLB increased to 3%, which was higher than the 2.8% charged for most of the phase 1 loan.</p>	i48	Financial	4	1	4		The current facilities are for fixed terms and fixed interest rates therefore i48 is not currently exposed to any interest rate risk. i48 will seek to arrange future loan facilities on the same terms whilst interest rates remain low. Should base rates significantly change, i48 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