



## **Business Plan 2021/24**

***Housing Gateway provides quality housing for  
Enfield residents to help the Council end the use of  
Temporary Accommodation.***

# Business Plan 2021/24



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# Business Plan 2021/24



## 1. Executive Summary

Housing Gateway was established in 2014 to provide LBE with good quality housing for its clients. The Company's mission, in line with the Council's Good Growth Housing strategy is:

***Housing Gateway provides quality housing for Enfield residents to help the Council end Temporary Accommodation.***

The business plan presents the financial profile over the next three years. If assumptions hold Housing Gateway will have built an asset base of circa £228m, have loan obligations of £209m and retained earnings of £14m. Considering HGL's expected financial performance and anticipated savings of at least £1.5m per year realised by the Council, the business plan provides a compelling argument for Housing Gateway's continuation and expansion.

Housing Gateway has achieved significant success. It has outperformed its original operating and financial assumptions, remaining a relevant vehicle to deliver the Council's priorities including the recommendations from the Poverty and Equality Commission. At 31<sup>st</sup> December 2020, the company has:

- delivered 554 homes
- mobilised Enfield Let, an ethical letting agency to provide a route for residents to access rented accommodation despite the barriers that they may face, such as poor credit histories.
- mobilised a GLA funded property acquisition programme to rehouse rough sleepers.
- projected higher profitability, £987k FY 2020/21, as opposed to £361k anticipated. The result of void periods being significantly reduced, properties purchased and let earlier than anticipated.
- provided the Council with total savings of £9m, by reducing the reliance on expensive temporary accommodation, double the initial business plan projection.
- Had no working capital requirement as opposed to requiring working capital in FY 2014/15 as anticipated.
- provided more than 795 families with quality accommodation and sustained tenancies
- purchased homes to meet the specific needs of residents with additional challenges such as learning or physical disabilities
- improved the quality, availability and security of private rented accommodation for those at risk of homelessness.

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Housing Gateway has important goals for the next three years, expanding its portfolio by at least a further 300 properties in its ownership. In addition, Housing Gateway has aspirations to expand Enfield Let, building a rental portfolio of 730 properties. Enfield Let diversifies Housing Gateway's product range, to support the prevention of homelessness as well as providing alternatives to temporary accommodation to a wider client base. Housing Gateway aims to provide a broader range of rent products to meet the differing households' requirements of local residents.

Housing Gateway has a clear vision for the next three years as defined in the following objectives, taking the Housing Gateway offer and benefits to the next level:

1. Deliver demonstrably, good quality housing for residents through a variety of products suitable for residents on low to medium income levels. Deliver increased housing supply to the Council with at least an additional 300 units by 2024.
2. Deliver savings to the Council of £1.5m pa, contributing to the Council's financial pressures arising from the shortfall in the provision of temporary accommodation.
3. Ensure a suitable financing structure for the company. Either return 50% of post-tax profits to the Shareholder each year in the form of a dividend providing the Council with an additional cash injection or invest in additional housing to meet housing needs.
4. Develop Enfield Let, an innovative ethical lettings agency, providing an excellent service for tenants and landlords alike. In doing so providing significant cost savings to the Council and reduction in the use of temporary accommodation. Establishing a portfolio of 730 units by year 3.
5. Develop a strategic asset management plan to support a 30-year financial plan which will ensure investment in homes to meet the Decent Homes standard and to address our green agenda and the future requirements of the Building Safety regime.
6. Ensuring high standards of customer service adopting the relevant measures promoted in the social housing white paper.

In order to support this agenda a review of governance is underway. This includes a revised skills audit of the Board and a plan for replacement and renewal of Board Members.

The delivery of this business plan relies on the Council's ongoing commitment to finance the company expansion and provide working capital to ensure appropriate cash flows.

In addition, the Housing Gateway Board has presented a clear resourcing strategy required for both Directors and operational staff and look to the Shareholder to support this approach.

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At the time of updating the business plan the Covid19 pandemic has resulted in the third national lockdown. It is clear that the pandemic will have far reaching social and economic impact across the UK, the extent of which is not yet known. Housing Gateway has implemented a clear business continuity plan and will keep this under review as the pandemic develops. HGL is well placed to support residents and staff whilst ensuring continued financial stability. During 2020 HGL flexed its business plan to respond to the pandemic and will continue to do so during 2021/22.

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## 2. Introduction

Formed in 2014, Housing Gateway Ltd is a wholly owned Council company. It's founding purpose was to assist the Council in reducing its temporary accommodation budget pressure. It offers Assured Shorthold Tenancies against which the Council can discharge its homelessness duties and these homes can be held in the company over the long term. This provides a tenure solution that the Council cannot provide.

Since Housing Gateway's inception, it has built up a portfolio of 554 homes. It has provided a quality solution to 795 families and is well placed, with a new financing structure, to scale up to tackle the Council's challenge of eradicating the use of temporary accommodation, preventing homelessness, as well as providing a wider range of rented products with more security than would otherwise be secured in the private sector.

Housing Gateway has solid foundations and a strong track record which has outperformed the original Business Plan through:

- delivering housing for 795 families who have sustained tenancies, in good quality accommodation
- holding a portfolio of 554 properties by December 2020.
- delivering total savings of £9m to the Council, double the initial business plan projection.
- outperforming its original business plan with equity reserves of £7m.
- maintaining a property portfolio of £134m.

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## 3. Review of 2020-21

Undoubtably the biggest challenge for HGL in 20-21 was the Covid 19 pandemic which brought about unprecedented change globally. However, during the first lockdown HGL was quick to react to the emerging situation and prioritised the safety and wellbeing of residents and staff.

A clear business continuity plan was developed quickly and has been kept under review as the pandemic developed. The immediate priority for Housing Gateway was to keep residents and staff safe and well.

HGL recognised that residents could be at their most vulnerable during the Covid 19 pandemic and as result, officers collaborated with the Council to develop a programme of welfare calls to all residents of HGL properties and the Council's temporary accommodation stock. These calls provided an opportunity to offer residents advice and assistance with food, prescriptions, social isolation and finances. This programme of calls allowed HGL to identify the most vulnerable residents and ensure they received essential supplies and follow up contact where appropriate. This programme of calls was duplicated during the second and third lockdowns.

Whilst HGL faces business risks due to the impact of Covid 19, it is well placed with a solid portfolio and business model, to survive the immediate economic challenges. HGL's workforce (both direct and indirect) have acted flexibly, adapting working methods to the new environment whilst ensuring core business functions are maintained.

The two greatest risks to HGL's business model brought about by Covid 19 are an increase in rent arrears and changes in the property market;

Only a minor rise in rent arrears has been seen to date and may be delayed due to the economic interventions central government has put in place. Additionally, HGL quickly mobilised an income maximisation officer who proactively discussed the potential impact of Covid with all residents in order to minimise rent arrears.

The property market was shaken by the initial impact of Covid materialising in mixed predictions as to the future. As a result, HGL's valuers imposed a 5% impairment on property values due to Covid 19 related market uncertainty in the year end valuation. More detail is provided in section 4, whilst the market has flattened, it has only minimally been impacted by Covid. Future changes in property market conditions that Covid 19 or Brexit may bring, could present business opportunities for HGL to expand its property portfolio and diversify activities.

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Despite the challenges of Covid, HGL has made significant achievements during the year, including:

## **Ethical Lettings Agency**

- HGL developed a business model for Enfield Let, an ethical lettings agency.
- Despite the pandemic, Enfield Let was launched on 1<sup>st</sup> October 20 as planned.
- An ethical lettings offer to tenants was developed, removing barriers to renting in the private rented sector.
- Set ambitious targets of establishing a portfolio of 290 rental properties by the end of year 1. During the first quarter of operations 36 leases had been agreed and a further 96 were in negotiation.

## **Securing GLA Grant Funding**

- HGL collaborated with LBE to successfully secure c.£9m grant funding for the provision of rough sleeper accommodation. The largest grant allocation in England.
- HGL has matched the grant funding with its own capital to ensure the provision of accommodation is maximised. The properties will provide stable homes for rough sleepers, with the provision of bespoke support.
- The grant was awarded in November 20 and HGL quickly has mobilised a team to start purchasing 73 units in the Borough. At the 31<sup>st</sup> Dec 20, the first property has been purchased and a further 28 have been identified.

## **Positive Financial Stability**

- HGL has worked proactively to ensure financial stability and mitigate the potential impact of the pandemic through close financial management and prudent decision making.
- HGL secured a £5m equity injection which was received in Dec 20. This will facilitate the purchase of a further 100 properties.
- Since its inception, HGL has delivered cumulative savings of c.£9m through the use of the portfolio and avoidance of TA costs.

## **Portfolio Expansion**

- Whilst property purchases were impacted by the pandemic, HGL has continued to acquire properties where possible, in a Covid secure manner.
- HGL's target of 100 property acquisitions in 20/21 was predicated on receiving £5m equity at the start of the year. As the equity was not received until December and in light of the pandemic HGL's acquisition target was



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amended from 100 properties to 50. At 31<sup>st</sup> Dec HGL had acquired 14 properties, with a further 22 in the pipeline.

## Brickfield External Wall Remediation

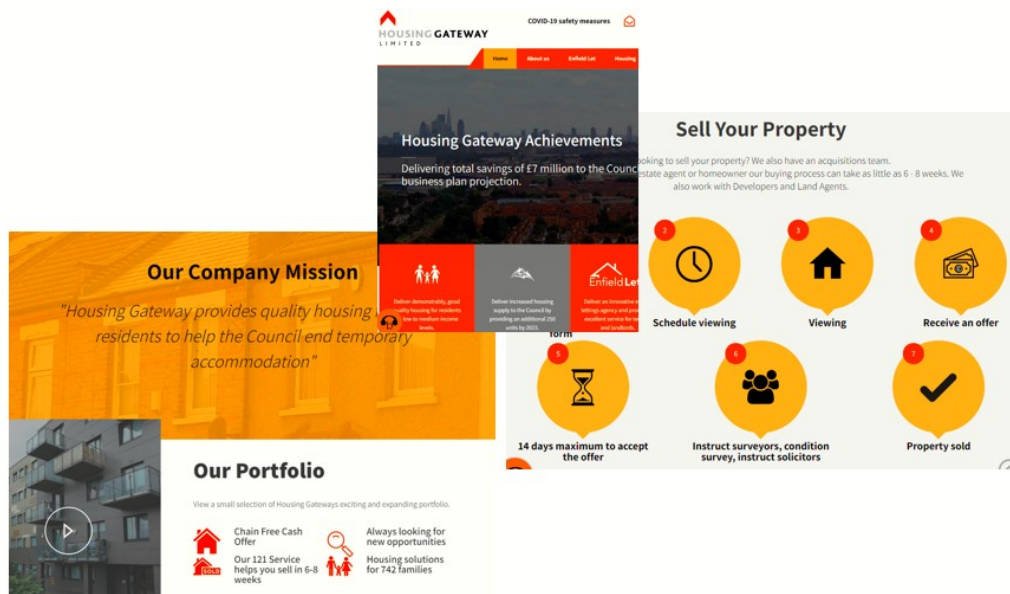
- HGL took the proactive measure of removing cladding, remediation of fire breaks and replacement of alternative cladding at Brickfield House to ensure the continued use of the building.
- Despite the pandemic restrictions and national lockdowns, the project finished on budget, with only a 6-week delay to the original program.

## Innovative Housing Projects

- Progression of the Learning Disabilities Scheme, providing bespoke housing solutions to service users with complex care needs.
- HGL undertook a feasibility analysis to develop a housing scheme for care leavers.

## Online Rebranding

- HGL recognised the importance of a professional online presence, particularly in light of the pandemic and as a result developed a new website.
- The website provides a portal for enquiries, raising the profile of HGL and Enfield Let in the market place.



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## Essential Covid Activities

- HGL devised, coordinated and implemented a program of welfare calls to all HGL and Temporary Accommodation residents during the pandemic.
- Creation and distribution of directorate wide information and guidance.
- Sourced and secured hotel accommodation for key workers during the pandemic.
- Undertook business continuity planning to ensure continuity of service delivery and inform the business plan.

## 4. Strategic Review

Housing Gateway has undertaken a strategic review of both the external environment and our internal capacity to respond. The key issues are set out in this section.

### Strategic Alignment

It is essential that Housing Gateway continues to review and update its service offer in order to remain relevant in the fast-paced private rented sector. The London Mayor's blueprint for reforming the private rented sector focusses on improving security through tenancy reform and proposals to control rents. Housing Gateway exemplifies these principles ensuring stable private sector tenancies let at affordable rents.

Furthermore, the core values of the blueprint align to those of the Councils homeless model which focusses on homeless prevention and strengthening the rights of the tenant. Housing Gateways ethical lettings agency has been designed to do just that, providing greater security of tenure for families renting in the private rented sector.

In addition, the Councils has introduced additional licensing within the Borough. This is a direct response to poor housing conditions and anti-social behaviour in the private rented sector. Housing Gateway's expansion ambitions means it will be a key landlord in the private rented sector influencing the behaviour of other landlords and setting an example by being a key subscriber to the Council's licencing scheme.

The Council's corporate housing strategy, informed by research, consultation and changes to legislation, is quite clear about the housing challenges faced in the Borough, in particular the private rented sector. HGL is a key player in shaping the private rented market and collaborating with the Council to develop innovative housing solutions. the following areas were identified as factors in improving the quality of the private rented sector in the Borough.

### Demand

- Private renting has become more common in the UK due to the shortage of housing supply, the increase in house price to income ratios, and tightening of lending criteria, pricing many out of the mortgage market. Over the 10 years to 2017, the proportion of 25-34-year olds renting in the UK increased from 27% to 46%. The private rented sector is the most prevalent tenure in London (27.9% of the market).
- Income grew 10% in London between 2011 and 2018 whilst rents grew by 22% in the same period.
- As a result of rental prices and demand, estate agents have increased their focus on the sector. Some agents have reported generating 58% of revenue

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from lettings in 2017. This is exacerbated by sluggish residential sales which have required estate agents to double-down on the rentals sector.

- The demands upon Enfield Council for temporary accommodation continue to drive the guaranteed rent market, causing churn within the private rented market and increased homelessness. The Council's new homelessness model puts greater emphasis on prevention and early intervention which requires more properties for families with mid incomes who would otherwise be subject to erratic private rented tenancies.

## Quality

- Quality in the private rented sector is reported to be generally good but there have been significant problems with some rogue landlords in specific areas, which have led to the rise of private sector licensing, and with agents' fees across the board, which forced the recent ban on agents' fees.
- It is widely accepted that private renting households have to contend with high costs in return for low levels of security and increasing levels of overcrowding.

## Financial

- Currently the Council is spending £50m gross annually on temporary accommodation. Temporary accommodation has been identified by the council as an area with the potential for significant savings and efficiencies to be made.

## Market Position

### Prices

The housing market in Enfield remains competitive and continues to be attractive to other London Boroughs and buy-to-let investors. Overall, average prices in Enfield have risen by 3.7% (Year on Year – Nov. 2019 to Nov. 2020) with the strongest price growth seen in detached & semi-detached properties and the weakest in flats and maisonettes. The spread of price increases between property types reflects broader market trends seen across the country whereby buyers have sought larger properties with more outside space as a result of being forced to spend most of their time at home.

**Table 1**

Average House Prices in Enfield to Nov.20 vs Nov. 19					
Item	Average	Detached	Semi-Detached	Terraced	Flat
Nov. 20	£407,095	£977,963	£631,201	£429,952	£285,478
Nov. 19	£392,573	£928,700	£597,140	£408,680	£283,465

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% Change	3.70%	5.30%	5.70%	5.21%	0.71%
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## Volumes

Transaction volumes have fallen by 27% in Enfield which is equal to the decline in neighbouring Waltham Forest and considerably below the 38% decline in transaction volumes seen in Barnet. The decline in sales of new build properties was particularly steep in the periods for which data is available at the time of writing. The fall in volume reflects the fact that the property market was essentially closed between March and May 2020 as a result of Covid-19 restrictions.

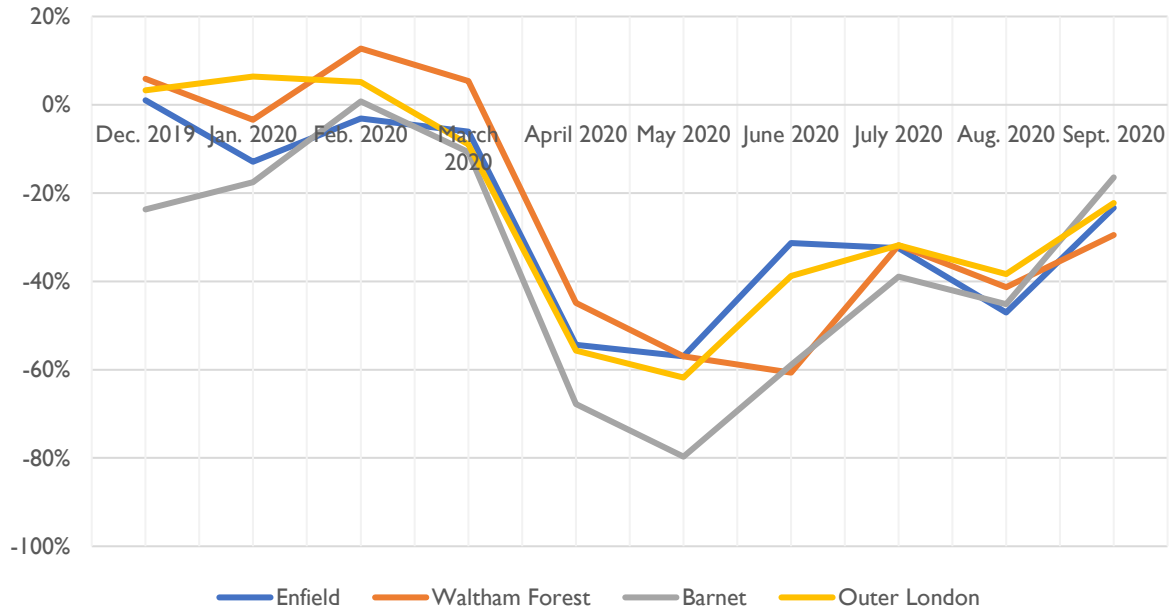
Transaction volumes recovered once the property market reopened with the market being driven by a general desire for more space, less emphasis being placed on commuting time and the temporary cut to stamp duty. However, the recovery between June and September 2020 failed to reach the transaction volumes seen during the same period in the previous year.

**Table 2**

			Enfield	Waltham Forest	Barnet	Outer London
New Properties	Dec. 2019	Sep. 2020	35	191	143	2320
	Dec. 2018	Sep. 2019	139	363	885	5372
	% Change		-75%	-47%	-84%	-57%
Existing Properties	Dec. 2019	Sep. 2020	1485	1471	1883	29962
	Dec. 2018	Sep. 2019	1945	1913	2379	37748
	% Change		-24%	-23%	-21%	-21%
All	Dec. 2019	Sep. 2020	1520	1662	2026	32282
	Dec. 2018	Sep. 2019	2084	2276	3264	43120
	% Change		-27%	-27%	-38%	-25%

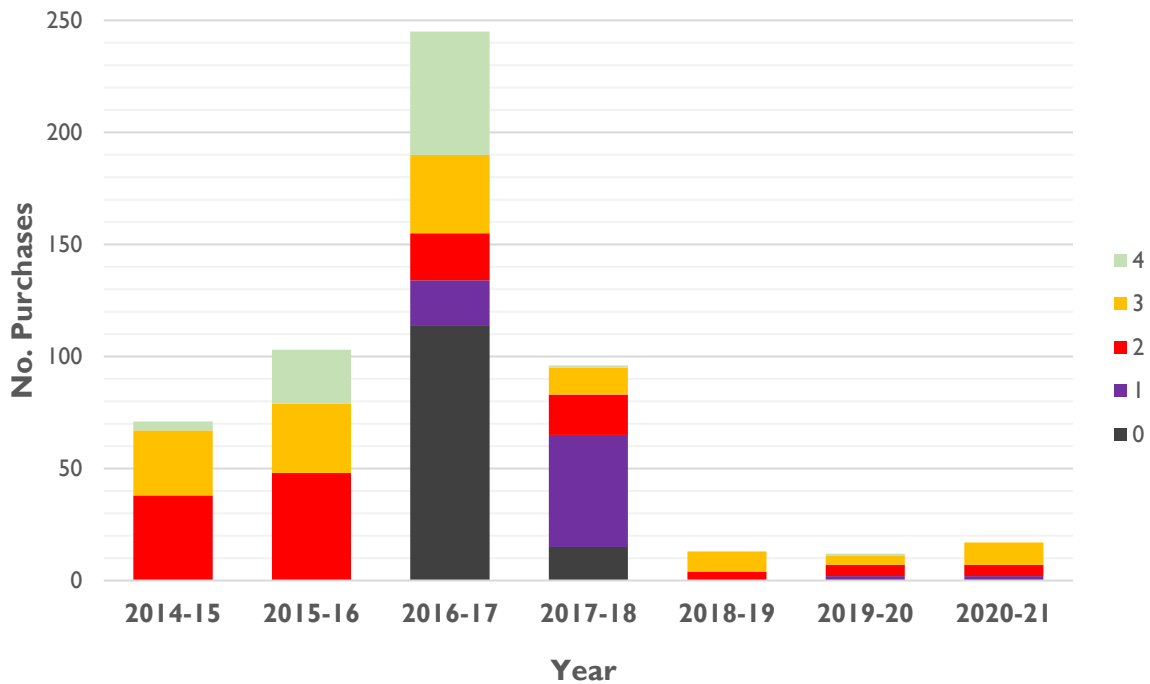
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Year on Year % Change in Transaction Volumes



## HGL Purchasing to Date

From the company’s inception in 2014 to 2017, HGL experienced strong year on year purchasing growth. From 2017 onwards, upward pressure on property prices combined with frozen LHA rates (to which HGL’s rents were linked) limited the number of properties the company could afford to purchase.

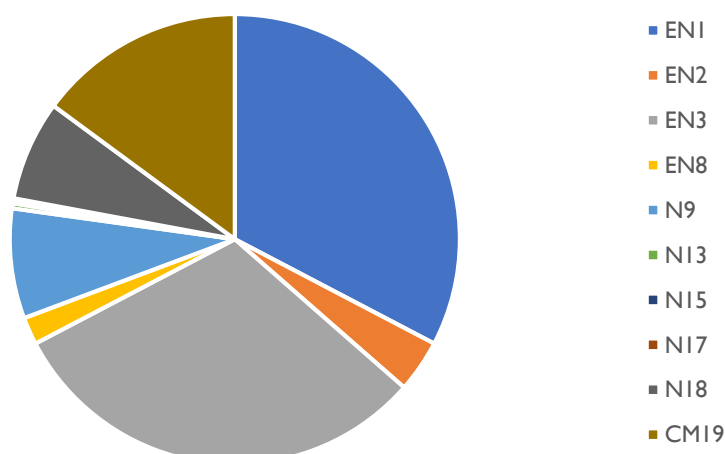


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In the year to Dec. 31<sup>st</sup>, HGL has purchased 14 properties. At the time of writing, HGL has purchased a further 3 properties taking the total for the year to 17. There are an additional 31 properties on which HGL has had an offer accepted and the purchase is progressing, of which 17 will be used for the RSAP project.

The increase in the number of properties which HGL has been able to target in 2020/21 is due to refinements made to its purchasing assumptions and the availability of the RSAP grant. In 2021/22 and 2022/23, HGL will utilise the equity investment provided by LBE to further enhance its purchasing power and will seek to diversify its portfolio by acquiring properties in areas of the borough which have previously been out of reach. The decision to apply a portion of equity to a purchase will be subject to strict governance criteria and offers will be subject to independent valuation.

**% of Portfolio by Postcode**



## Looking Forward

At present, it is difficult to predict the extent of the economic impact from Covid-19 and the implementation of the Trade and Co-operation Agreement (TCA) with the European Union and, in turn, the impact that these macro-economic factors may have on the property market in London. Despite the uncertainty caused by Covid-19 and Brexit in 2020/21, property prices have remained relatively buoyant in Enfield. However, it remains to be seen how resilient the Enfield market will be once government stimulus packages begin to be wind down.

Whilst falling prices will create opportunities for HGL to expand its property portfolio, they also create the risk of impairments to the value of existing stock. Projections for growth in London house prices from three leading property consultancies are shown in Table 5 below. The range of predictions demonstrates the level of uncertainty the economy faces and whilst all anticipate rising prices from 2022, Savills estimate that

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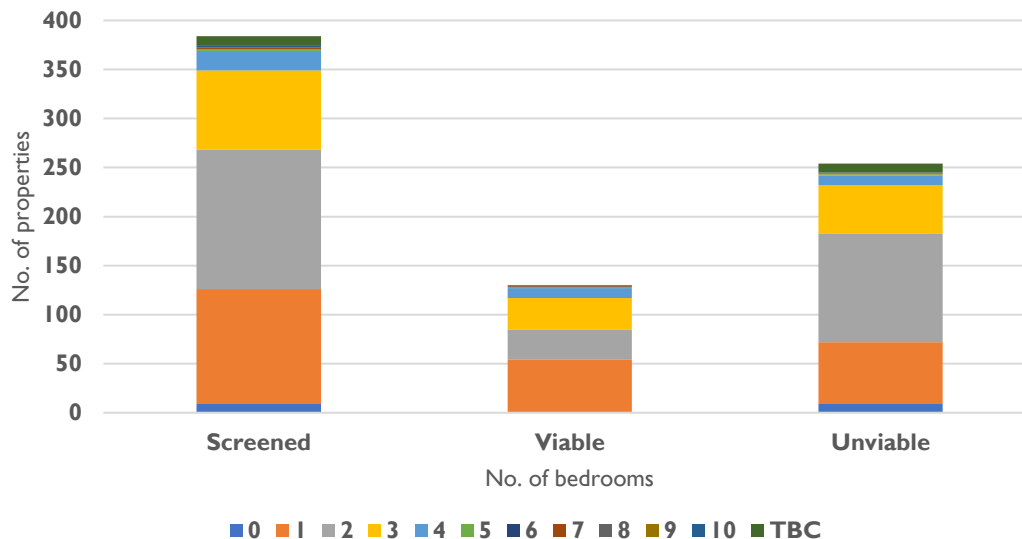
that house price growth in London will be the slowest of all the UK's regions in the period to 2024.

**Table 3**

	Forecast Date	Area	2022	2023	2024
Savills	Sep-20	London	1.00%	4.00%	2.00%
JLL	May-20	Greater London	6.00%	5.00%	4.00%
Knight Frank	Jan-21	Greater London	2.00%	3.00%	3.00%

The number of properties screened between April 2020 and December 2021 fell by 6.8% when compared to the same period in the previous financial year (excluding portfolios & blocks). The reduction in the number of properties screened can be explained by the effective closure of the property market from March to May 2020. However, the number of properties screened which met HGL's viability criteria has increased by 56.8% despite the slight reduction in overall property numbers. Therefore, HGL is confident that enough affordable supply exists to deliver its purchasing targets over the life of the business plan.

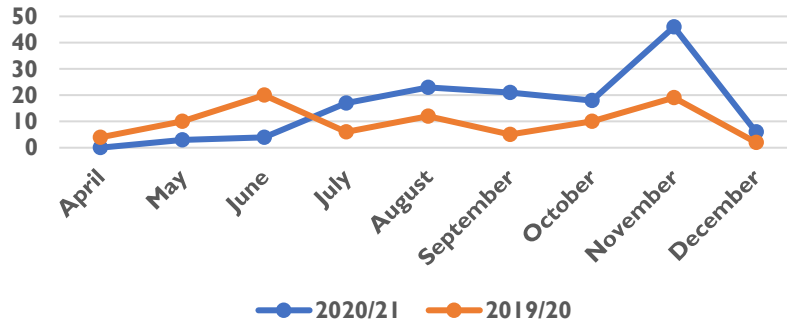
**Properties Screened & Outcome**



\*Properties can be considered unviable for a range of reasons, such as unsuitability of property layout / location, legal complexities etc.



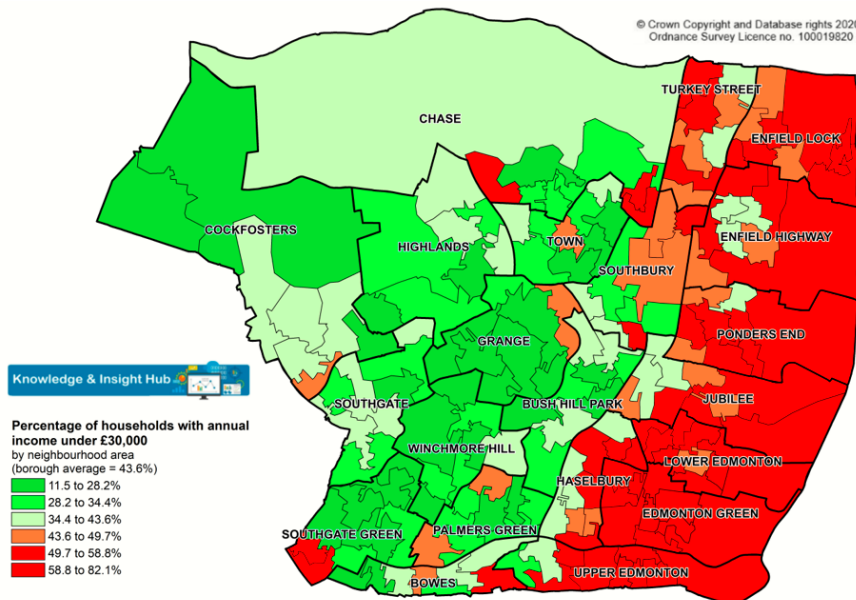
**Viable Properties by Month**



## Customer Insight

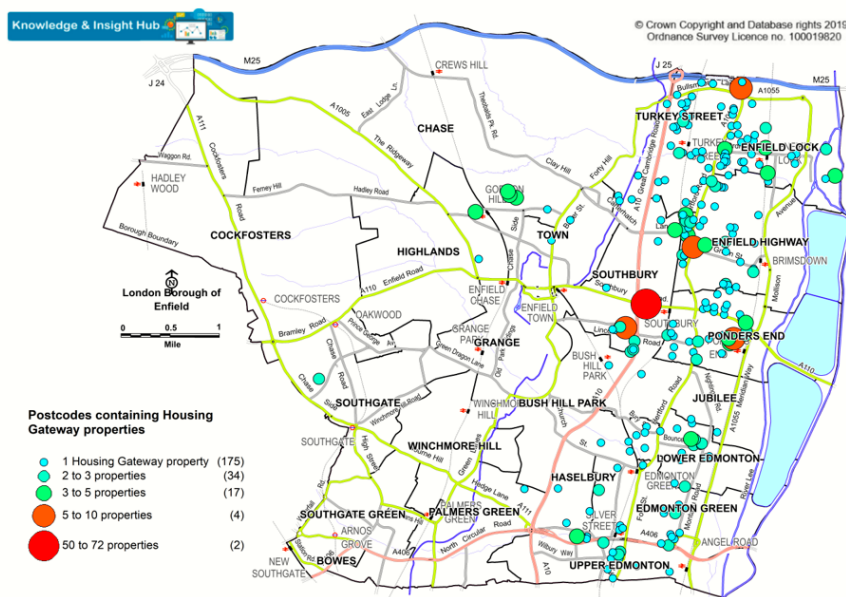
London Borough of Enfield is a diverse community, with a high minority ethnic population. As with many London Boroughs there is a vast span of income levels throughout the Borough and Housing Gateway strives to provide accommodation for families on low to medium incomes. The map below illustrates the proportion of areas where households have an income below £30,000 as compared to the location of Housing Gateway’s portfolio.

Map 1. Proportion of areas where households have an income below £30,000.



Map 2. Location of Housing Gateway properties.

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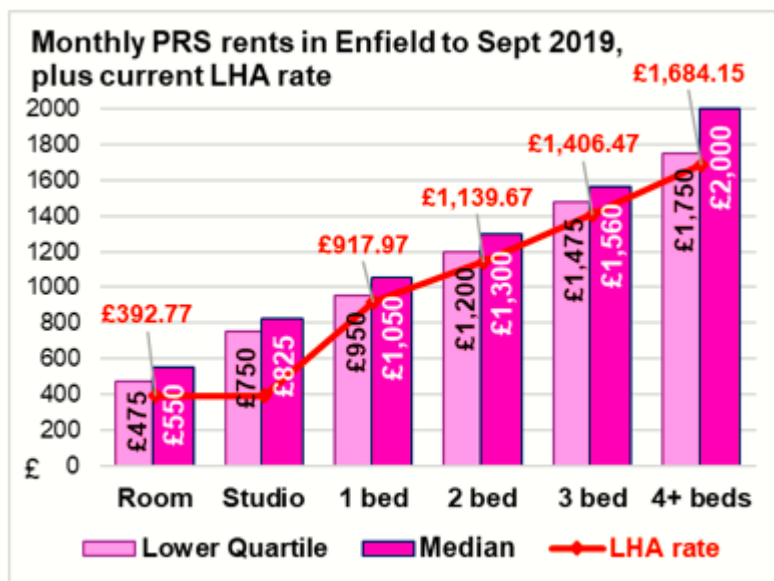


Housing Gateway delivers the Council sole nomination rights to its entire portfolio, providing savings of £9m million to date. The Council continues to have a pressing need for good quality housing to meet its goal of eradicating temporary accommodation in the Borough. The data below illustrates the scale of the challenge faced by the Council and opportunity for Housing Gateway to provide solutions.

There are 4,470 households on Enfield's Housing Register. 3,500 families are in temporary accommodation. The majority of applicants have more than 1 dependent. Although there is demand for all property sizes.

Household composition	Number of households
Household with no dependents	1,324
Household with 1 dependent	1,072
Household with 2 dependents	1,006
Household with 3-4 dependents	942
Household with 5+ dependents	126

The Council's Housing Strategy has identified affordability and quality challenges in the Private Rented Sector (PRS). Housing Gateway provides an opportunity to intervene in the PRS market with well-maintained housing products at rent levels based on the affordability of residents on low to medium incomes.

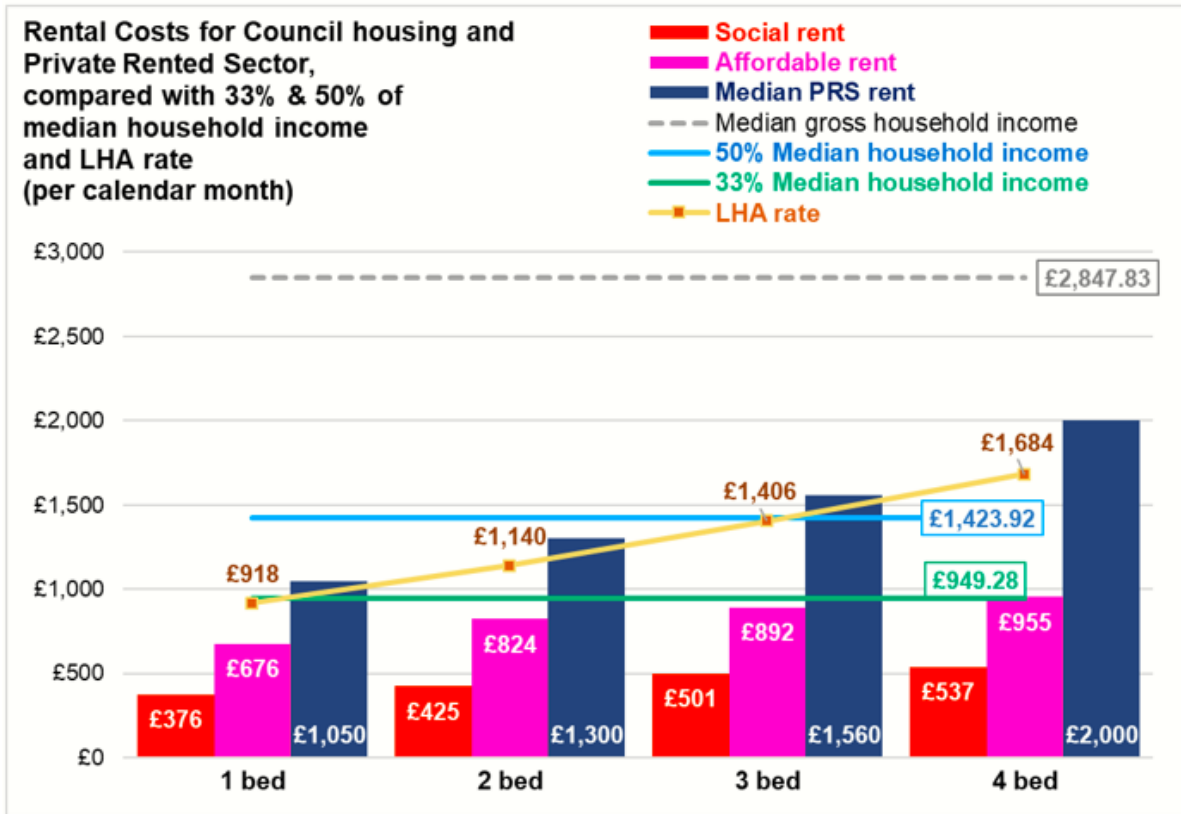


This graph shows Private Rented Sector (PRS) rents in Enfield broken down by property category with the relevant Local Housing Allowance (LHA). Even lower quartile rents in Enfield are higher than the LHA rate in every category.

This causes affordability challenges to any renter who is reliant on Housing Benefit for all or part of their rent. Over half of all Housing Benefit claimants live in the Private Rented Sector and nearly two-thirds of these are working.

Housing Gateway's current offer of housing products with rental values around LHA rates meets the needs of growing population within the Borough. The following information considers 33% of gross income as a good measure of housing affordability, in line with the Mayor of London's definition. However, it is also recognised that 50% of gross income is a realistic figure for families living within the Borough hence Housing Gateway offering a range of tenancies at different rental values.

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As illustrated by the customer insight above, there is a demand within the Enfield marketplace for a range of housing products to meet the needs of families. Housing Gateway seeks to meet these needs by offering housing products at different rental incomes and with move-on support where appropriate.

It is recognised that Housing Gateways current offer is very competitive in the market place. Tenants are able to access good quality, private rented accommodation without the need for deposit for rent in advance. In addition, Housing Gateway’s rents are more affordable than market rents allowing the full rent to be covered by benefits where applicable. This produces a popular housing product and is a good example to other private sector landlords in the market place.

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## Financial position

Housing Gateway has two clear priorities; to expand its portfolio by purchasing further properties in borough and develop Enfield Let, an ethical lettings agency, in alignment with the Council's Housing Strategy.

Housing Gateway has been very successful using the original purchasing model designed as part of the 2014 business case. However, underlying assumptions changed since this time and made purchasing within the Borough very challenging. The equity injection received in December 2020 will allow HGL to purchase the next tranche of properties without requiring 100% debt financing, making the purchase of properties more viable. HGL has reviewed the financial model and the combination of long-term finance for the core portfolio and short-term finance to support new purchases has resolved cash flow pressures and ensured the financial stability of the company for the long term.

The table below illustrates the assumptions supporting the initial purchasing model compared to the current position:

<b>Assumption</b>	<b>2014 Business Case</b>	<b>Current model</b>
Loan profile	Interest only repayment	Interest and debt repayment
Average house prices (3 bed)	£200k	£350k
Stamp duty (£250k)	2%	3% (temporarily reduced from 5% due to Covid)
LHA increase	2%pa	Frozen for 3 years between 2016 – 2019.

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## SWOT Analysis

The following analysis demonstrates that the company has a solid base and significant opportunities to deliver growth and enhanced solutions.

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Strong asset base, providing capital appreciation to be realised by the Shareholder in the future.</li> <li>• Profitable company whilst providing the Shareholder with cost avoidance of £9m</li> <li>• Provision of a good quality, affordable PRS product, providing customers with stable accommodation. Resulting in minimal churn in the portfolio.</li> <li>• Retains properties for the long term, avoiding the policy restrictions placed upon the Council.</li> <li>• Flexible model which can provide innovative housing solutions to the Council.</li> </ul>	<ul style="list-style-type: none"> <li>• Restrictive financial model placing pressure on cash flow and future expansion of the portfolio.</li> <li>• High gearing ratio which may be unattractive to external investors</li> <li>• Slow growth, expansion of the property portfolio has slowed in the last year.</li> <li>• Less churn than anticipated, therefore the Council has less opportunities to recycle the properties for new tenants.</li> <li>• Service delivery model (SLA's) are subject to competing priorities within the Council.</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Diversification. The Council has a good growth housing strategy to deliver improved housing options to residents. HGL can provide the Council with solutions which it cannot facilitate on its own.</li> <li>• The Council has 3,500 families in temporary accommodation.</li> <li>• Increasing requirement for good quality, affordable PRS accommodation in the borough.</li> <li>• Establishing an ethical estate agency will provide an additional income stream in the long term</li> <li>• The property market is unpredictable, fluctuations in the market may provide an opportunity for HGL to purchase more properties.</li> </ul>	<ul style="list-style-type: none"> <li>• Coronavirus pandemic continues to impact business as usual, potentially impacting revenue stream, business expansion and resources.</li> <li>• The property market is unpredictable, fluctuations in the market may reduce the value of HGL's asset base or make purchasing new properties more challenging.</li> <li>• There may be an economic downturn as a result of the pandemic impacting tenant's ability to maintain rent payment.</li> </ul>

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## 7. Strategic Objectives 2021 - 2024

Housing Gateway has clear three-year strategic objectives:

1. Deliver demonstrably, good quality housing for residents through a variety of products suitable for residents on low to median income levels. Deliver increased housing supply to the Council with at least an additional 300 units by 2024.
2. Deliver savings to the Council of £1.5m pa, contributing to the Council's financial pressures arising from the shortfall in the provision of temporary accommodation. Ensure a suitable financing structure for the company.
3. Either return 50% of post-tax profits to the Shareholder each year in the form of a dividend providing the Council with an additional cash injection or invest in additional housing to meet housing needs.
4. Develop the ethical estate agency, Enfield Let, providing an excellent service for tenants and landlords alike. In doing so providing significant cost savings to the Council and reduction in the use of temporary accommodation. Establishing a portfolio of 730 units by year 3.
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6. Ensuring high standards of customer service adopting the relevant measures promoted in the social housing white paper.

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## Ethical Lettings Agency

In alignment with the Council's Housing Strategy HGL has created an ethical lettings agency, Enfield Let, to improve the private rented offer and reduce reliance on temporary accommodation. The innovative vision for the Enfield Let was delivered on time despite the pandemic, launching on 1<sup>st</sup> October 2020. Diversification in to the Ethical Lettings Agency market is a sound strategic direction for Housing Gateway as reliance upon the ability to purchase properties in the market place is reduced and the longevity of the overall Housing Gateway business model is improved.

Due to the Council's increased pressures of temporary accommodation provision, Enfield Let were asked to double their acquisition target moving from 200 to 400 transfers in year 1. The revised targets are detailed below:

No. of properties	Year 1	Year 2	Year 3
Transferred from PSL scheme	400	0	0
New acquisitions	90	130	130
Handed back	0	0	-19
<b>Total portfolio</b>	<b>490</b>	<b>620</b>	<b>731</b>

Enfield Let has a clear vision which sets it apart as an ethical letting agency:



Tackling social injustice, ensuring residents are not discriminated against because of their financial status;



Divert residents from presenting as homeless by providing an effective and affordable early intervention option, therefore providing savings to the temporary accommodation budget by avoiding nightly paid accommodation costs;



Ensure quality and standards in the marketplace, building on the existing market offer with a secure and supported tenure.

Enfield Let has developed an excellent offer to residents and landlords alike receiving positive feedback from stakeholders. Reputation and brand are key to the performance of the Enfield Let and effective processes, procedures have been implemented to ensure the success of the agency. As a result, the implementation process will continue to be a key focus for Housing Gateway's resources during 2021/22.



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Enfield Let has a clearly defined financial model which seeks to provide quality accommodation to residents at rent levels aligned to LHA rates. In collaboration, the financial package offered to Landlords has been developed to be reasonable in the marketplace taking in to consideration the reduced financial risk offered to Landlords by the scheme.

The financial model ensures Enfield Let is financially viable in its own right whilst providing a balance which meets all stakeholders' requirements. The financial projections show that the Agency will be profitable in year 3 and breakeven in year 4. The model requires the Council to pay a fee to Enfield Let for its provision of exclusive nomination rights. Subject to the company's ability to procure the expected number of properties, HGL hopes to be able to reduce the fee as the portfolio grows and economies of scale are realised. The business plan also allows the Council to realise significant savings by avoiding the use of expensive temporary accommodation. Enfield Let aligns clearly with HGL's vision and financial strategy.

The pandemic has provided challenges to the operating model, but mitigations have been implemented to allow Enfield Let's acquisition strategy to continue and the agency is well placed to meet the acquisition targets as agreed in the business plan. During the first quarter of operations 36 leases had been agreed and a further 96 were in negotiation.

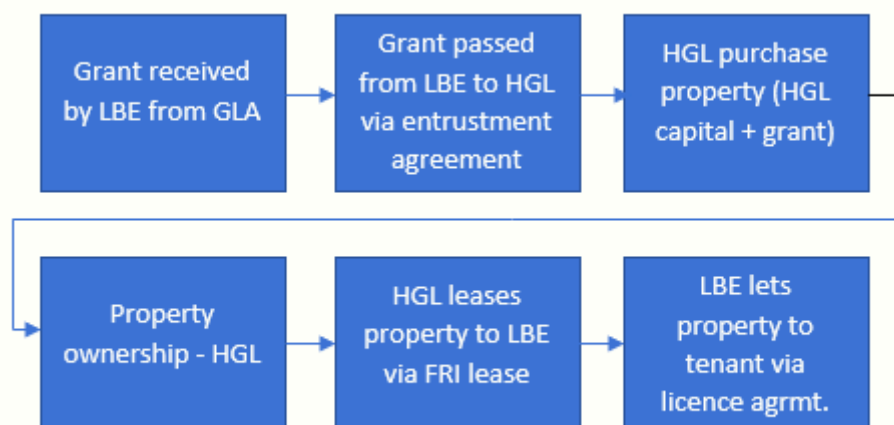
It is assumed that the Lettings Agency would be a suitable vehicle for the allocation of future Build to Rent products that the Council develops. As a managing agent on this level, Housing Gateway would have a market leading position within Enfield and much more significant potential to shape the market and the standards expected of the private rented sector.

## Rough Sleeper Accommodation

HGL in collaboration with the Council was successful in securing a £6.7m capital grant from the GLA to support the Rough Sleeping Accommodation Programme (RSAP). The largest allocation in the UK. In order to maximise the grant allocation HGL has agreed to commit its own capital up to the usual yield level supplementing any shortfall via the GLA grant capital.

The GLA has specified that the grant recipient and landlord of the property must be a Registered Social Landlord (RSL). HGL is not an RSL, but LBE is. Therefore, in order to meet this grant requirement, but still utilise HGL's capital contribution, the following structure is proposed:

# Business Plan 2021/24



The grant funding facilitates the purchase of 73 units. The composition of the units is still to be finalised; the working assumption is:

Scheme	No. of Units	Type of Properties	Capital Allocation
Dispersed properties	45	Studios or 1 beds	£5,411,340
Houses in Multiple Occupation (HMO's)	28 (7 properties, each with 4 bedrooms)	Houses	£1,381,333
<b>Total</b>	<b>73</b>		<b>£6,792,673</b>

It is anticipated that these properties will be purchased between Q4 20/21 – Q2 21/22.

# Business Plan 2021/24

## Operational Objectives 2021/22

To support the delivery of these strategic objectives the operational plan for 2021/22 is set out as follows:

Action	Key Sub-Tasks
Develop Enfield Let	<ul style="list-style-type: none"> <li>Number of units – 310 (transfers &amp; new acq). Total portfolio of 555 by Mar 22.</li> <li>Embed policies, procedures and a performance management framework.</li> </ul>
Expand HGL's investment portfolio by 100 homes in the Borough	<ul style="list-style-type: none"> <li>Using grant funding from the GLA to secure homes for rough sleepers.</li> <li>Using £5m equity to, purchase additional homes in borough.</li> </ul>
Support the Council in delivering innovative housing solutions	<ul style="list-style-type: none"> <li>Examine options to reduce the number of families in temporary accommodation and provide the Council with alternative management solutions for these properties.</li> <li>Develop a housing solution for service users leaving care.</li> </ul>
Maintain positive financial stability	<ul style="list-style-type: none"> <li>Embed Enfield Let's financial model in the existing HGL core business.</li> <li>Scope and implement financial management software</li> </ul>
Develop an estate agency	<ul style="list-style-type: none"> <li>Scope the viability of creating an estate agency to support the Council's regeneration scheme and sales of market properties.</li> </ul>
Develop a quality homes standard in line with LBE's housing strategy.	<ul style="list-style-type: none"> <li>Complete a stock condition survey of HGL's portfolio and implement an improvement plan.</li> <li>Develop a major works programme and 30 year asset investment strategy.</li> <li>Review, procure and embed asset management software.</li> <li>Develop a stock contingency plan i.e. properties in flood risk areas etc.</li> <li>Implement remediation works at Brickfield and Greenway as appropriate.</li> </ul>
Review the feasibility of converting unused retail space to residential.	<ul style="list-style-type: none"> <li>Understand the long-term impact of the pandemic on local retail space.</li> <li>Support the Councils strategic and planning priorities by scoping the feasibility of converting unviable retail space to quality residential accommodation.</li> </ul>
Resourcing Strategy	<ul style="list-style-type: none"> <li>Recruit and devise a development strategy for the replacement Council Director and additional Independent Director.</li> <li>Implement the officer resourcing strategy to support growth</li> </ul>

## 6. Financial Strategy

# Business Plan 2021/24



*This section is populated with the latest information available at the end of December 2020, is based on projections and will change further prior to year end.*

Housing Gateway Ltd retains an impressive portfolio worth £126m at the end of December 2020, despite a 5% reduction in its portfolio in March 2020 as a result of market uncertainties due to Covid 19.

HGL's outlook for the next 3 years remains positive, this is bolstered with the £5m shareholders' equity investment recently injected into company that will strengthen HGL's buying power to support the expansion as described earlier in the plan.

## Current Position

If assumptions hold, Housing Gateway's combined portfolio, which includes properties transferred for Enfield Let will generate an average annual revenue of £21m over the next three years. Additional income will be generated through the acquisition of 350 new properties and circa 650 Enfield Let properties transferred by 31<sup>st</sup> March 2024. An average in-year profit exceeding £2m is anticipated, increasing reserves by 39% in 2023/24. HGL will consider a rent increase for 2021/22 on HGL's core portfolio, increasing from the LHA levels announced in January 2020. Rents on the Enfield Let portfolio will be set at the current LHA rate and will inflate in line with LHA rates thereafter.

A stock condition survey will be conducted in 2021/22 to support the asset management strategy. HGL assumes 0.5% of the total purchase cost is deducted annually to cover major repairs. Housing Gateway's overall financial position shows strengthening stability, as a result of the £5m shareholder equity injection, improving HGL's ability in acquiring properties in increasingly competitive market. The funding required for expansion will be in accordance with the existing financing arrangement t i.e. loan borrowings from LBE. This will be facilitated with short term loans with lower interest rates in-year, and then consolidated annually.

Remedial work is required at both Brickfield House and Greenway House which, subject to Covid-19 restrictions, HGL expects to undertake in 2021/22. HGL will make a provision in its 20/21 financial statements and will impair both assets to the estimated value of the works. HGL will be required to borrow to fund the majority of the cost of works.

## Investment for Growth

Growth anticipated over the next three years is the turning point for the Company. The financial position demonstrates this growth with the inclusion of Enfield Lets and further acquisition to the investment portfolio. This has a positive financial impact on the company and the potential savings that can be delivered to the Council.

# Business Plan 2021/24



At present the Council borrows from Public Works Loan Board (PWLB) and on lends, at the same rates, to Housing Gateway. Whilst PWLB provides low costs finance, Housing Gateway is required to make annuity payments (interest & debt) on this loan.

## Portfolio Expansion

The growth strategy builds on the refinanced model and enables the acquisition of an additional 300 units over three years. HGL estimates the cost of purchasing 300 properties to be £84.3m. £49.3m of the capital required to support HGL's expansion has already been approved and allocated by LBE via its Capital Strategy in February 2019, enabling HGL to draw down funds as required subject to the relevant governance processes around each drawdown. Funds are initially taken in year on a short-term basis at a margin above the base rate and then consolidated at year end into longer term loans. The remaining £35m will require further approval by the Council.

HGL has continued to meet all of its loan obligations throughout the life of the company. The diversification of HGL's trade strengthens debt service coverage ratio. HGL's forecasts and timeliness in repaying interest and capital repayments, demonstrate its continued ability to service these costs, improving from a coverage of 1.03 times the capital and interest cost to 1.39 times.

If assumptions hold, indicative figures highlight that Housing Gateway Ltd will generate an annual average turnover of 21m by 2023/24. Projected average profits over the life of the business plan will result in an increase to reserves of 39%, reducing the company's gearing from 92% to 84.5% over the life of the business plan. Whilst HGL is expected to be profitable throughout the period covered in this business plan, cash flow will remain a challenge. If required, HGL will utilise the working capital facility available to the Company to ensure cashflow remains positive.

It is important to note that Housing Gateway's main expenditure items are interest charges, debt repayments, service levels agreements, routine repairs and maintenance. Any reductions in these costs would improve the company's profitability.

*Forecast based on December 2020 figures.*

# Business Plan 2021/24

HOUSING GATEWAY LIMITED	2020/21	2021/22	2022/23	2023/24
<b>INCOME STATEMENT</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Turnover	7,937	15,343	21,877	25,937
Property Operating Costs	(3,016)	(9,048)	(14,051)	(16,799)
Administrative Expenses	(1,450)	(1,673)	(1,451)	(1,497)
Grant Income	77	77	77	77
<b>EBIT</b>	<b>3,547</b>	<b>4,698</b>	<b>6,452</b>	<b>7,718</b>
Interest Payable	(2,968)	(3,370)	(4,007)	(4,705)
<b>PBT</b>	<b>579</b>	<b>1,328</b>	<b>2,445</b>	<b>3,013</b>
<b>Profitability Ratios:</b>				
EBIT margin	45%	31%	29%	30%
PBT margin	7%	9%	11%	12%
Interest % v turnover	37%	22%	18%	18%
Return on assets	0%	1%	1%	1%
Return on equity	8%	16%	23%	22%
Return on capital employed	3%	3%	3%	3%
<b>HOUSING GATEWAY LIMITED</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
<b>BALANCE SHEET</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Tangible assets	144	133	167	183
Investment property	134,497	166,407	196,898	227,388
Cash	7,300	5,485	4,515	4,047
Debtors and prepayments	417	1,058	1,195	1,318
<b>Total Assets</b>	<b>142,358</b>	<b>173,083</b>	<b>202,774</b>	<b>232,936</b>
Debt outstanding	127,837	153,605	180,916	208,129
Government grants	6,212	10,654	10,577	10,500
Other liabilities	1,237	425	437	449
Shareholder equity	5,250	5,250	5,250	5,250
Reserves	1,821	3,150	5,595	8,608
<b>Total Liabilities and Equity</b>	<b>142,358</b>	<b>173,083</b>	<b>202,774</b>	<b>232,936</b>
<b>Working Capital Ratios:</b>				
Working capital ratio - CA-CL	6,480	6,119	5,273	4,916
<b>Gearing Ratios:</b>				
Gearing ratio - Debt:Equity	19.1	19.6	17.7	15.8
Interest cover - PBIT/Interest	1.2	1.4	1.6	1.6
Debt ratio - Debt/Assets	95%	95%	95%	94%
Equity ratio - Equity/Assets	5%	5%	5%	6%
Debt service coverage	1.03	1.20	1.37	1.39

# Business Plan 2021/24

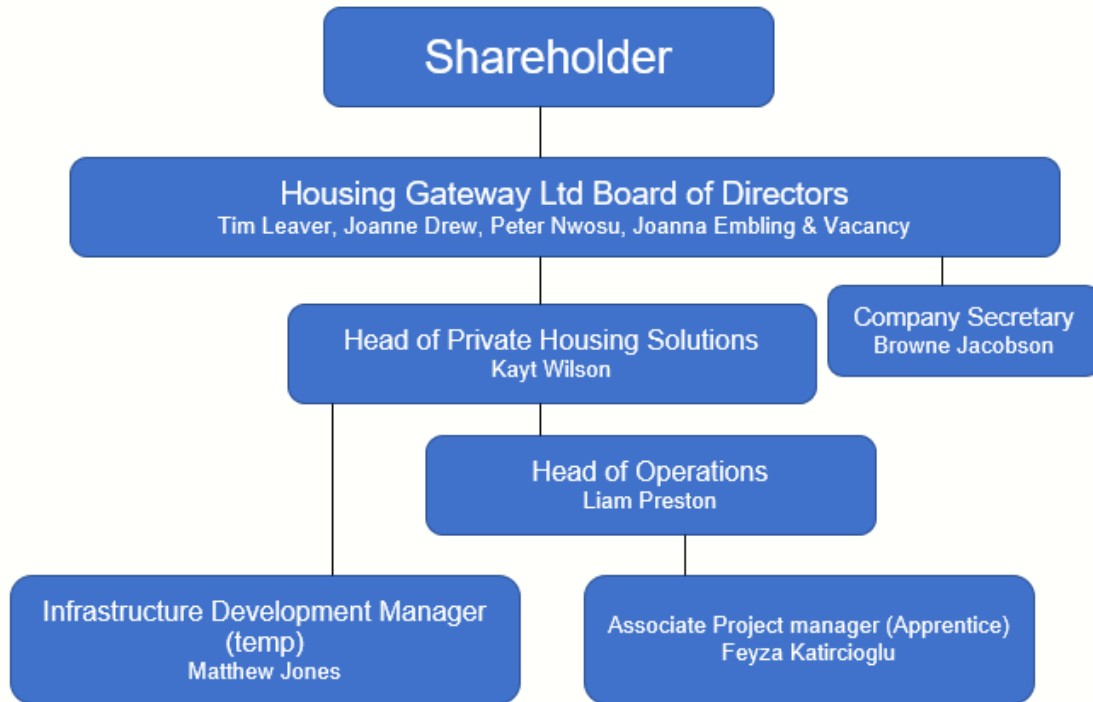
## Financial Governance

HGL has a strong governance framework for financial matters with a clear scheme of delegation to support financial decision making.

<b>Item</b>	<b>Report Level</b>	<b>Frequency</b>
Quarterly performance report	Shareholder	Quarterly
Capital Finance Board	Officer	Quarterly
Finance Committee	1 x Director & officers	Monthly
Finance report	Directors	Bi-monthly
Financial reporting & budget monitoring	Officer	Monthly

## 7. Corporate Structure and Governance

Housing Gateway’s current governance structure is detailed below.



The current Board has 5 members and one vacancy following the resignation of Jayne Middleton-Albooye on 12th February 2021. Peter Nwosu and Joanna Embling are independent Directors, appointed in 2016 and 2017 respectively.

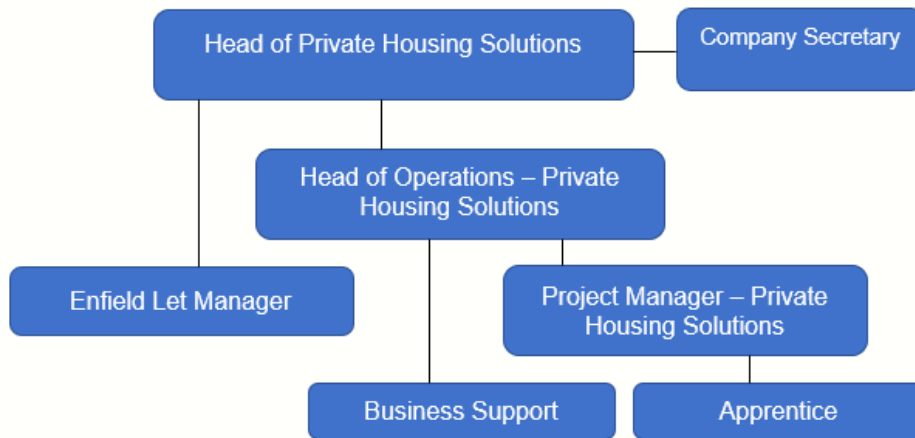
As part of good governance, HGL completed a director’s skills audit which identified the following requirements:

- A Director with legal experience and knowledge who can also support internal approval processes; it is anticipated that this Director will be a Council nominee.
- An additional independent director with specific skills understanding of the private rented sector in London in order to support the new Enfield Let business stream. The addition of a further independent director will also provide stability to the company as the existing independent directors will be required to resign at the end of their third terms.

The Board is keen to ensure that there is adequate operational resource focussed on the growth of the company, delivering strategic and operational objectives. As a result, company resources have been reviewed and it is anticipated that a structure similar to that outlined below will be required.



# Business Plan 2021/24



The company seek the Shareholders support of the proposed Director recruitment strategy in order to deliver the business plan objectives.

Housing Gateway has a strong governance structure with good control measures. Two committees are in place, with delegated authority from the board of Directors to take decision on operational matters; Finance Committee and Investment Committee.

Finance Committee oversees investment decisions, scrutinises budgets and monthly returns, discusses viability of new project and reviews HGL’s loan portfolio. Peter Nwosu sits on the Finance Committee and a report of activity and recommendations is provided at each Directors board meeting.

Investment Committee oversees the property purchase process ensuring property investment decisions are taken with consideration of market factors, shareholder requirements, financial viability and portfolio balance. The membership consists of representatives from LBE Housing (HGL’s commissioner), Finance and HGL. The committee reports performance at each Directors board meeting.

# Business Plan 2021/24

## 8. Operational KPI's for 2021

To ensure Housing Gateways success and delivery of services to the Shareholder it is imperative that the following key performance indicators are met in:

<b>Operational Key Performance Indicators</b>				
<b>Strategy</b>	<b>KPI</b>	<b>Measure</b>	<b>Resources</b>	<b>Owner</b>
Resident Satisfaction	80%	Ensuring 80% of residents are satisfied with the service HGL offers.	LBE Property Management Team / HGL Officer	LBE Property Management Team
Net Yield	4%	Ensuring the property portfolio provides a 4% net yield.	HGL Finance Team / HGL Officer	HGL Team
Void Turnaround	1.5%	Ensuring the period between tenancies where the property is void is kept below 1.5% of the annual rent roll.	LBE Property Management Team / HGL Officer	LBE Property Management Team
Rent Arrears	4.5%	Ensuring the rent arrears are below 4.5% of the annual rent roll.	LBE Income Collection Team / HGL Finance Team	LBE Income Collection Team
Bad Debt	2.5%	Ensuring bad debt is below 2.5% of the annual rent roll.	LBE Income Collection Team / HGL Finance Team	LBE Income Collection Team

# Business Plan 2021/24



## 9. Appendices

### Appendix A

Stakeholder analysis.

### Appendix B

Strategic risk register.

### Appendix C

Alignment to the Councils Commercial Strategy.

### Appendix D

Director profiles.

### Appendix E

Housing Gateway organisational structure.

### Appendix F

Positive outcomes for residents – case study.

# Business Plan 2020/23



## Appendix A - Stakeholder Analysis

### Shareholder

Enfield Council is HGL's sole shareholder. The Council exercises its authority as shareholder via its Shareholder Board to which the company reports on a quarterly basis. The Council reserves the right to intervene in company affairs in specified areas detailed in the reserved matters and company articles.

The Council also fulfils the role of primary lender to HGL and has provided the finance required for the company to purchase its property portfolio. The Council borrows from the PWLB and on-lends to HGL at the same rate.

As a shareholder, the Council expects HGL to adhere to exemplary standards of corporate governance and to ensure the company is compliant with all relevant regulations and laws. The company and those working for or with it should also act in a manner consistent with the Council's principles and values. The Council expects HGL to facilitate budget savings/cost avoidance and/or to generate sufficient profit to be able to return an annual dividend once the company's business model is sufficiently mature.

As a lender, the Council expects HGL to adhere to the covenants imposed on its borrowing and to ensure payments of interest and principle are made when required.

### Commissioner

The Council, via its Procurement Team is the main commissioner of HGL's services. HGL's primary purpose is to provide the Council with accommodation to avoid the use of expensive nightly paid accommodation. The Procurement Team and HGL work closely to identify the housing requirements of the Council and ensure HGL's purchasing strategy aligns to the Council's vision and objectives for housing in the borough.

As a commissioner, the Council expects HGL to provide innovative ways of facilitating the delivery of housing to support the Council's housing strategy whilst producing quality outcomes for residents.

### Service Provider

The Council provides the following services to the Company:

- Health & Safety
- Property Management
- Repairs and Renovations
- Knowledge & Insight (Data & Performance Reporting) .
- Finance & Income Collection
- Insurance
- Legal
- Management
- Property Purchasing

# Business Plan 2020/23



- Energy Management
- Licence to Occupy

## Procurement

These services are formalised via a suite of Service Level Agreements. which are reviewed on a six-monthly basis.

Excellent performance and value for money is imperative to support the company's business model.

# Business Plan 2020/23



## Appendix B - Strategic Risk Register

Housing Gateway’s strategic risk register is reviewed on a quarterly basis by the company Directors. The Council’s Audit and Risk Team facilitate the review of the risk registers and attend the Directors Board meetings.



# Business Plan 2020/23

Ref	Risk Title & Description	Original Assessment			Existing Risk Mitigations	Current Assessment			Further Planned Actions	Target Date	Responsible Officer(s)
		L	I	Score		L	I	Score			
1	<p>Regulatory Risk</p> <p>HGL must be mindful of constantly changing legislation which may have an impact on the business. E.g. right to buy, financial legislation, state aid, company regulations etc. At present the largest risk is potential changes to financial legislation impacting the Councils ability to lend to HGL as detailed below.</p>	2	4	8	Oversight of changing legislation is monitored via Investment Committee, Finance Committee and Board of directors.	1	4	4	Risk will be reviewed and monitored in light of any changes in legislation	Ongoing	TBC
2	<p>Financial Risk – Borrowing.</p> <p>In order to facilitate expansion, HGL borrows directly from LBE at submarket rates.</p> <p>The ability to borrow could be withdrawn or Treasury may be unable to offer loans which meet HGL’s business model. The risk could be that the business model and future purchases will be restricted.</p> <p>Brexit uncertainty and the financial impact of Covid 19 may also affect the outcome.</p>	3	3	9	<p>HGL is monitored on a quarterly basis by both the shareholder and Capital Finance Board. Therefore, future lending to HGL is regularly reviewed. In addition, during 20/21 HGL carried out an exercise to explore external sources of funding. This has provided assurance that HGL could obtain private funding streams if required.</p> <p>The current loan envelope is monitored on a monthly basis by HGL Finance and reported to board.</p>	2	2	4		Ongoing	Tim Leaver

# Business Plan 2020/23



Ref	Risk Title & Description	Original Assessment			Existing Risk Mitigations	Current Assessment			Further Planned Actions	Target Date	Responsible Officer(s)
		L	I	Score		L	I	Score			
3	<p>Financial Risk – Market Variations.</p> <p>The property market is subject to many external factors which effect property prices both positively and negatively. In addition, house price changes will affect the supply and demand within the market. This could enable HGL to significantly expand its portfolio or stunt the portfolio growth. The capital appreciation will, however, not affect the HGL financial position as this is not included in the financial model.</p> <p>There is a risk that if the market decreases, HGL will be able to purchase more properties at a higher yield resulting in a decrease in the value of the portfolio. If, on the other hand, the market increases, HGL will be priced out of the market however the existing portfolio will increase in capital value.</p> <p>The impact of Brexit and the Covid 19 pandemic is unknown at present.</p>	4	3	12	<p>Tight financial management, continuous review of the market. HGL’s business model is over 50 years and there is no immediate requirement to dispose of properties.</p> <p>Continuous monitoring via quarterly housing market assessments. Additionally, the completion of a yearend valuation to establish the market impact on HGL’s portfolio</p>	4	2	8	Planned year end valuation and close working with valuers.	Annual	Joanne Drew



# Business Plan 2020/23

Ref	Risk Title & Description	Original Assessment			Existing Risk Mitigations	Current Assessment			Further Planned Actions	Target Date	Responsible Officer(s)
		L	I	Score		L	I	Score			
4	<p>Strategic Risk – Shareholder Alignment.</p> <p>There is a risk that the Shareholder’s strategic direction has a negative impact on HGL, putting its business at risk. E.g. if HGL were to deliver something which provided savings for the Council but was not financially viable for HGL.</p>	3	3	9	<p>HGL board members are independent and able to exercise their directors’ duties in full to protect HGL.</p> <p>Additionally, HGL reports to the shareholder on a quarterly basis and submits the business plan for annual review. This provides a mechanism for constructive discussion and strategic alignment.</p> <p>Governance structure has been changed to appoint one Cllr as Chairperson on the Board.</p>	2	2	4		Ongoing	HGL Board
5	<p>Strategic Risk – Welfare Reforms.</p> <p>There is a risk that the welfare reforms, in particular Universal Credit, will have a significant impact to income collection and in turn HGL’s cash flow position.</p>	3	4	12	<p>Universal Credit (UC) has now been implemented across the Borough. Whilst the impact of UC is not as bad as first feared, the number of cases and in turn arrears are growing. HGL’s Income Team work closely with clients in receipt of UC to ensure income maximisation and minimal arrears impact.</p>	3	2	6	UC case and arrears are closely monitored via the performance management suite.		Kayt Wilson

# Business Plan 2020/23

Ref	Risk Title & Description	Original Assessment			Existing Risk Mitigations	Current Assessment			Further Planned Actions	Target Date	Responsible Officer(s)
		L	I	Score		L	I	Score			
6	<p>Reputational Risk – Resident Satisfaction</p> <p>There is a risk that HGL’s reputation could be damaged by resident dissatisfaction. Under performance by the Council who deliver services to HGL could lead to complaints and negative press attention.</p>	3	4	12	<p>A robust performance suite has been implemented with monthly performance monitoring meetings to address concerns. High level performance data is presented at Director board meetings.</p> <p>Cyclical customer satisfaction surveys are completed with benchmarking.</p>	3	3	9	Cyclical customer satisfaction surveys completed as part of the wider LBE housing surveys.	Ongoing	Joanne Drew
7	<p>Reputational Risk – Property Purchases</p> <p>There is a risk that HGL’s reputation could be damaged by the spotlight currently being placed on permitted developments.</p>	4	4	16	<p>HGL is being proactive with both its permitted development blocks ensuring thorough H&amp;S surveys are completed. The external cladding has been removed and replaced at Brickfield. Additional remedial work will be undertaken at Brickfield House &amp; Greenway House.</p>	3	4	12		Ongoing	Kayt Wilson
8	<p>Strategic &amp; Financial Risk. Covid 19 – Coronavirus Pandemic</p>	4	4	16	<p>HGL has completed significant business continuity planning and risk assessments.</p> <p>The operational teams are continuing to deliver essential front-line services. This will continue to</p>	3	4	12	Continuing monitoring of stats and review of the BCP.	Until end of pandemic	Kayt Wilson

# Business Plan 2020/23

Ref	Risk Title & Description	Original Assessment			Existing Risk Mitigations	Current Assessment			Further Planned Actions	Target Date	Responsible Officer(s)
		L	I	Score		L	I	Score			
	<p>The pandemic creates an economic and operational risk to HGL's core business.</p> <p>Emergency and front-line services could be impacted by lockdown restrictions or staff illness.</p> <p>Income collection could be significantly reduced as a result of the economic downturn.</p> <p>HGL's property portfolio may be devalued due to the impact of the pandemic on the property market.</p>				<p>be monitored closely for the duration of the pandemic.</p> <p>Income collection is closely monitored via pentana and officers are working to maximise tenant's income. A detrimental impact on income has not been realised to date.</p> <p>HGL's was devalued by 5% due to covid uncertainty in April 20.</p>						
9	<p>Strategic Risk – Enfield Let</p> <p>HGL has taken on a new business stream, Enfield Let. There is a risk that the business model will not be financially viable if costs are not closely managed. Also, that Enfield Let will not be able to expand at the rate required to deliver savings to LBE.</p>	3	4	12	<p>The Enfield Let financial model has been constructed in such a way that it is financially viable regardless of acquisition rate. Scenario testing has been completed to prove the concept.</p> <p>The risk resulting from a slower acquisition rate would be realised by LBE in the form of reduced savings.</p>	2	4	8	Further development of statistical reporting suite.	March 21	Kayt Wilson

# Business Plan 2019/22



## Appendix C - Alignment to the Council's Commercial Strategy

Housing Gateway Ltd ensures financial viability whilst providing essential services to the Council. Housing Gateway Ltd is firmly aligned with the Council's aims, objectives and corporate strategy.

### Good Homes in well-connected neighbourhoods

- HGL's primary objective is to secure local home for local people, by building a property portfolio and ensuring the properties are renovated and well maintained.
- HGL provides residents with stable PRS accommodation delivered by a trustworthy landlord.

### Sustain strong and healthy communities

- HGL, collaborating with LBE has secured £6.7m capital grant to provide 52 units capable of housing 73 former rough sleepers.
- HGL has collaborated with the Council's Integrated Learning Disabilities Service to purchase and renovate bespoke properties for clients with very complex care needs. This solution supports the Council's agenda by ensuring families remain in close proximity and support networks can be retained.
- HGL is working with the Council's Leaving Care Team to develop a housing offer for care leavers.
- HGL routinely collaborates with the Disabled Facilities Grant team to facilitate adaptations to resident's homes; improving their quality of life and sustaining tenancies. The collaboration aligns with the Council's desire to promote independent living and wellbeing.

### Build our local economy to create a thriving place

- HGL engages the Council to deliver over £1.4m in services (via SLA's - net).
- HGL uses local suppliers where possible and has currently engaged a firm of Enfield based auditors.

### Innovation

- HGL have built developed an ethical letting agency, setting an example for the rest of the PRS in Borough and providing access to the PRS market for residents who may not otherwise be able to access it.
- HGL is developing an innovative solution to support care leavers in their first independent tenancy. Providing an affordable solution to allow service user to have both independence and access to support when required.

### Commercial discipline

- Housing Gateway Ltd has developed a clear business plan, financial model and defined viability thresholds to underpin its commercial discipline.
- More than £9m saved in temporary accommodation costs through the use of HGL's portfolio of over 550 properties.
- The company's interaction with the Council helps to imbed a commercial discipline within the Council. Upskilling staff to understand business models, strategic decision making and the importance of commercial operations. In addition, collaboration with

# Business Plan 2019/22



HGL helps the LBE business areas to understand their economic potential, supporting the cultural shift within the organisation.

# Business Plan 2019/22



## Appendix D – Director Profiles

Housing Gateway is led by a Board of six Directors. This comprises of elected members, Council Officers and Non-Executive Directors.

### Tim Leaver – Chair

Tim is a chartered accountant, entrepreneur and founder of start-up businesses in the life science and technology sectors. An experienced Chief Executive and Finance Director in fast moving high-tech commercial organisations, Tim has held numerous senior roles in companies ranging in size from start-up to blue chip. In addition to his role as Chair of HGL, Tim is currently Chief Executive of ROKC Ltd (a Clinical Research Organisation), a Director of the NEAT ID Foundation and a Labour Councillor for the Palmers Green ward in the London Borough of Enfield.

### Joanne Drew

Joanne is an experienced senior housing leader that has worked across the UK for central, regional and local government, for housing associations and a national social justice charity driving transformation and the delivery of better outcomes for people, places and communities. She is passionate about preventing and reducing homelessness and ensuring quality services and homes that enable people to thrive. Joanne is the Director of Housing and Regeneration, as part of the Place Directorate at Enfield Council.

### Peter Nwosu

Peter is an experienced business professional with a strong commercial and finance background. A Chartered Accountant who has held senior international finance positions in blue-chip organisations including Gillette and Procter and Gamble. Currently, Peter is an Executive Director at Avon Cosmetics with responsibility for Finance and IT. He is a long-standing resident of Enfield with both an affinity and knowledge of the borough which he brings, along with his financial expertise and private sector experience, to his role as board director.

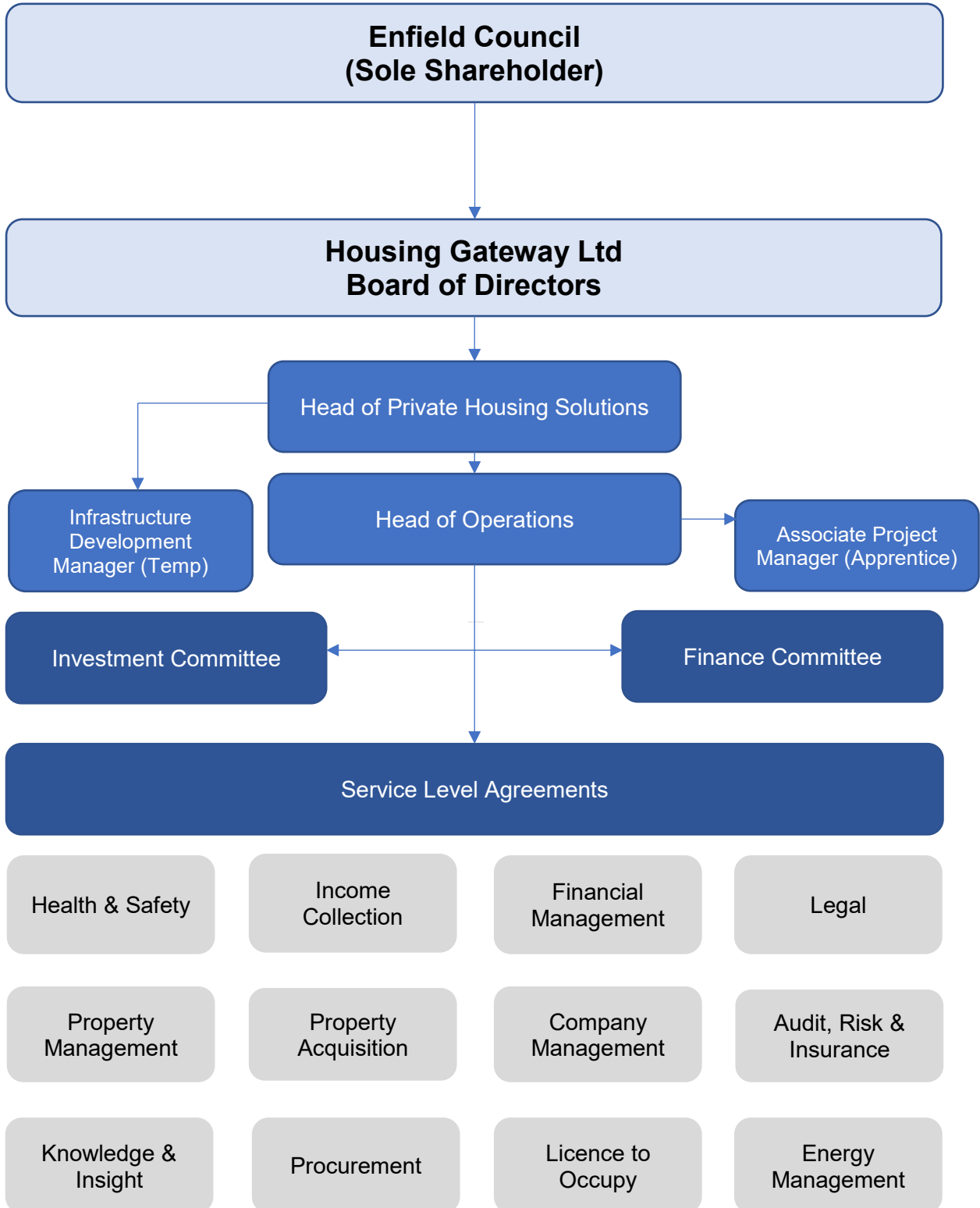
### Joanna Embling

Joanna is a property professional and chartered surveyor, and a former partner at Cushman & Wakefield. With a broad development background in regeneration and a keen interest in housing, Joanna has served on the Development & New Business Committee of Notting Hill Housing and as a member of the Governments Private Rented Sector Taskforce. A long-term resident of North London, her ambition is that everyone should have access to adequate housing, and she believes that Housing Gateway Ltd has a key role in providing that.

### 1 x Vacancy

# Business Plan 2019/22

## Appendix E – Housing Gateway Organisational Structure



## Appendix F - Positive outcomes for residents

Housing Gateway strives to find innovative housing solutions which not only deliver financially but provide better life outcomes for the residents of Enfield. A good example of this can be seen through a collaboration with the Integrated Learning Disabilities Service (ILDS) to source accommodation for residents with disabilities and complex needs. In all of the cases identified the private sector has been unable to provide the service user with suitable accommodation.

Housing Gateway has been able to purchase properties that can be tailored to meet individual requirements, providing the Council with a creative solution to a challenging issue. The result has been that service users and their families have suitable accommodation, in the right area. Improving their wellbeing, enabling them to live independently and reducing the pressure on wider Council budgets.

### Case Study -

*Rose is a young adult in her late teens who has Autistic Spectrum Disorder and associated communication and learning difficulties. She was cared for by her elderly parents. However, alternative accommodation options were required, to enable Rose to take that first step towards independence and relieve caring duties on her family which were fast becoming unsustainable. As a result of her disability, Rose had quite specific accommodation needs, including the need for internal space (to allow pacing, jumping and other self – regulatory behaviours) quiet surroundings, separate kitchen (due to temperature seeking behaviours) and ground floor property (due to flooding risks). Due to her obsessive behaviours she also required a landlord sensitive to her needs. Having exhausted options to identify appropriate housing through other routes (which included private sector options that were unaffordable), accommodation was sought through the ‘Gateway for People with Disabilities’ pilot. A specification of requirements was shared with HGL partners, and, with guidance from Rose and her family a property was identified to fit Rose’s needs. Joint property visits with Rose’s family, OTs, Social Workers and Surveyors were undertaken to confirm suitability, identify adaptations and assistive technology solutions. The property has now been purchased and transition planning with Rose is underway. Adaptations to the property are in progress and assistive technology solutions to aide safety and independence for Rose will be fitted, to include tap sensors and door sensors.*

*This move will assist Rose to live independently and safely in the community. The location of the property will allow her to remain close proximity to her parents, which will enable the continuation of current routines and availability of family support. With caring pressures relieved, it is hoped that positive relationships between Rose and her family will flourish.*