

	<p style="text-align: center;">Audit Advisory Committee 20 March 2018</p> <p style="text-align: center;">Report from Council Management Team</p>
<p>Council Management Team's (CMT) response to the i4B's second report to CMT</p>	

1.0 Purpose of the Report

- 1.1 i4B Holdings Ltd presented its second report to the Council Management Team (CMT) on 8 March 2018. This report presents CMT's response.

2.0 Recommendations

- 2.1 The Audit Advisory Committee notes the response from CMT to the report from the Board of i4B Holdings Ltd (the Company).
- 2.2 The Audit Advisory Committee agrees that twice yearly reports on the Company's work (including updates on performance risk management framework and internal audit) will be provided to the Committee following Council/Company Shareholder meetings which are scheduled for January and June each year.

3.0 Background

- 3.1 On 8 March 2018, CMT considered a report from the Board of I4B Holdings Ltd. The report provided an update on the Company's performance; an update on the Company's new business plan – including key risks and mitigations included in the plan; and an update on internal audit arrangements with the findings of the first two audits. The report also included a brief update on planned audit arrangements for the Council's other housing company, First Wave Housing Ltd.

4.0 Company performance update

- 4.1 CMT noted the progress which the Company has made, including that the average true gross yield achieved is above target (4%+) at 4.92%. CMT also noted the three-month extension of the timescale for meeting the target of purchasing 300 properties by 30 September 2018, and the implications of this slippage. CMT also noted that the original business case assumption was that a net profit would be achieved annually from year 3 onwards and were advised that there was no reason at the time to change that assumption.

- 4.2 In response to concerns raised by the Company about Council services underperforming against targets set out in the SLA, the Council has put a number of measures in place. These include a twice yearly meeting between the Council Chief Executive, representing the shareholder, and the Director and Board members of the Company, to monitor the Company's performance and progress against the plans set out in its annual business plan and provide an opportunity for the Company to raise issues in relation to the Council's delivery of services to the Company. The first of these meetings took place in January 2018. Since implementing these measures, based on an analysis of completions since January 2018, the average number of days from instructing solicitors to final purchase is now running at four days below target at 87 calendar days.
- 4.3 In addition, the Council has reviewed the operation of the end-to-end process from purchasing to letting and has identified issues which might be leading to delays, in particular in relation to handover between services. Actions identified through this review include creating a new post to manage and coordinate the delivery of services to i4B from across the Council, recruitment to this post is underway. The Council is also introducing a single case management system to support the process from purchasing to letting of i4B properties in a consistent way which will improve the Council's ability to work across services and accurately monitor performance.

5.0 The second company business plan

- 5.1 CMT noted the agreement of the Company's second Business Plan and the opportunities for future development contained in the Plan which was agreed by Cabinet in February 2018.

6.0 Key risks

- 6.1 CMT noted the key risks and mitigations set out in the Company's Business Plan.

7.0 Internal audit

- 7.1 CMT noted the Company's audit arrangements and the findings of its first two audits, covering Governance, Risk and Financial Management and Benefits Realisation, Management Information and Reporting; both of which received a judgement of reasonable assurance.

8.0 First Wave Housing

- 8.1 CMT noted the update on First Wave Housing Ltd and the plans for internal audit arrangements.

9.0 Company reporting arrangements

- 9.1 CMT discussed ongoing arrangements for scrutiny of the work of I4B Holdings Ltd and First Wave Housing Ltd. It agreed that the Shareholder meeting between the Council and the Company was the right place for holding the Company to account for its performance against delivery of its business plan. CMT also noted that the Company also reported at least annually to Cabinet as part of the approval process for its Business Plan.

- 9.2 CMT agreed to recommend to the Audit Advisory Committee that it receives reports twice a year following Shareholder meetings, covering the Company's performance, risk management framework and internal audit arrangements.

Contact officer

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