



Audit and Standards Advisory Committee

29 September 2022

Report from the Chair of i4B Holdings Ltd

Report on i4B Holdings Ltd

Wards Affected:	All
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	1. Company Risk Register 2. Audit Findings report
Background Papers:	N/A
Contact Officer(s): (Name, Title, Contact Details)	Sadie East Operational Director of Transformation Sadie.East@brent.gov.uk Tel: 020 8937 1507

1.0. Purpose of the Report

- 1.1. This report provides the Audit and Standards Advisory Committee (The Committee, ASAC) with an update on i4B Holdings Ltd.'s (i4B; The Company) draft accounts, recent performance, housing companies' development strategy, risk register, and recent audits.

2.0. Recommendation(s)

- 2.1. The ASAC is asked to note the content of the report.

3.0. Background

- 3.1. In November 2016, Cabinet agreed to establish its wholly owned investment company, i4B Holdings Ltd. The Company was set up with the purpose of acquiring, letting, and managing a portfolio of affordable, good quality PRS properties. Properties would be let to homeless families at Local Housing

Allowance (LHA) levels. This would enable the Council to either prevent or discharge its homelessness duty and therefore reduce TA costs.

- 3.2. i4B's Board is made up of an independent Chair, two Council corporate directors, one councillor and one independent non-executive director. The Board meets on a monthly basis.
- 3.3. The Council is the sole Shareholder of i4B. i4B meets with the Shareholder twice a year, as well as reporting to the Audit and Standards Advisory Committee every six months. In addition, Cabinet as representative of the Shareholder is asked to agree the company's business plan each year.
- 3.4. i4B has a Service Level Agreement with Brent Housing Management to carry out housing management services for the majority of its stock. The company also has a contract with Mears to provide housing management services for its stock in the Home Counties.
- 3.5. i4B's 2022/23 business plan was agreed by the Shareholder in March 2022. The business plan incorporated the following as the medium- to long-term objectives for Brent Council's housing companies, i4B and First Wave Housing (FWH):
 - Increasing the supply of affordable housing in the borough
 - Running a viable business;
 - Delivering safe and sustainable homes; and
 - Providing a consistently good housing service.

4.0. Benefits of i4B

4.1. Social Benefits

- 4.1.1. As of August 2022, i4B has housed 386 families and 905 children. The majority of these families were previously housed in stage one TA. The number of families housed is higher than i4B's PRS portfolio due to some properties being re-let.

Table 1 – Breakdown of families accommodated by i4B as of August 2022

Previous Accommodation	no. of families	no. of children
Direct to i4B	94	201
Women's Refuge	2	15
TA Stage one – B&B	254	580
TA Stage two – Leased	36	109
Total	386	905

4.1.2. All of the Company's private rented homes comply with a good standard of quality and management. Properties are refurbished to a high standard. i4B guarantees households moving into the PRS properties that they will be well maintained, safe, and secure. This compares favourably with market PRS accommodation which is generally of a lower standard and less secure. Also, with i4B as their landlord, tenants are safe from practices such as revenge evictions.

4.1.3. In addition, i4B took ownership of its 153-unit key worker block in Wembley Park, the Lexington Building, in February 2021. As of September 2022, 147 of the units have been let to public sector key workers. The pace of lets has been faster than business plan assumptions. A good rate of tenants (31 of 34) whose initial 12-month tenancies have expired have made the decision to extend their tenancies.

4.2. *Financial Benefits*

4.2.1. The Council receives financial benefits from i4B, mainly through reducing the use of temporary accommodation. i4B brings a gross annual benefit of £1.784 million to the Council. This saving will increase as purchases increase.

4.2.2. The Council has also received the following one-off financial benefits:

- PRS phase one loan: loan arrangement fee of £872k and non-utilisation charge of £330k
- PRS phase two loan: loan arrangement fee of £884k and non-utilisation charge of £408k

5.0. **2021-22 Draft Accounts**

5.1. i4B's draft 2021-22 accounts outturn position is set out in the table below. The Board is due to approve the final accounts in September. This table compares the 2021/22 performance to 2020/21. Explanations for the key variations are set out in the following paragraphs.

Statement of comprehensive income for year ended 31st March 2022

	<i>Note</i>	2021/22	2020/21
		£000	£000
Turnover	5	6,663	4,523
Cost of sales	6	(314)	(280)
Gross profit(loss)		6,349	4,243
Administrative expenses	7,8,9	(1,832)	(1,615)
Depreciation		(526)	-
Surplus (Loss) on revaluation	12	2,316	(2,451)
Operating Profit		6,307	177
Interest payable and similar charges	10	(3,967)	(3,699)
Profit (Loss) on ordinary activities		2,340	(3,522)
Tax on Profit (Loss) on ordinary activities	11	(442)	2,020
Profit (Loss) on ordinary activities after taxation		1,898	(1,502)
Unrealised Gain (Loss) on Property Plant and Equipment	12	(175)	13,884
Deferred Tax charge	11	(658)	(2,638)
Total Comprehensive Income for the year		1,065	9,744

5.2. Income

5.2.1. Income has increased from £4.523m in 2020/21 to £6.663m in 2021/22 due to the acquisition of 51 more properties and the letting of the units in the key worker block during the 2021/22 financial year.

5.3. Administrative Expenses

5.3.1. Expenses increased from £1.615m to £1.832m due to the increase in properties under management.

5.4. Depreciation

5.4.1. Depreciation is not charged on investment properties but is charged on the key worker block. Depreciation of £0.526m was charged for the first time in the 2021/22 financial year.

5.5. Revaluations

5.5.1. There was a revaluation loss of £2.451m in 2020/21 as historic refurbishment costs that have not resulted in an increase in property asset values were written off. In 2021/22 there was a revaluation gain of £2.316m as property prices increased in the 2021/22 financial year.

5.6. Interest

5.6.1. Interest and financing costs increased from £3.699m to £3.697m reflecting the additional interest payable on borrowing for property acquisitions during the year. During the completion of the final accounts an undercharge was identified in the sums that the Council has charged i4B in its interest mark up on loans. The value of the correction is currently being identified but is estimated at £0.5m over the 5 years from 2017/18 to 2021/22.

5.7. Tax

5.7.1. In 2020/21 the company recorded a tax credit of £2.020m which represented the loss on deferred tax due on i4B's property assets as they were worth less than the book value originally paid for them. The book value is the purchase price plus refurbishment costs plus stamp duty payable at the point of purchase. In 2021/22 the increase in property values and i4B generating a taxable surplus for the first year resulted in a tax charge of £0.442m.

5.8. Cashflow statement

5.8.1. The cashflow statement sets out the movement in the cash position from the 1st of April 2021 to the 31st of March 2022. The cash position for i4B is broadly stable with cash balances reducing from £2.186m to £2.138m at the end of the financial year.

Statement of cash flows for the year ended 31st of March 2022

	Notes	2021/22 £000	2020/21 £000
Cash flows from operating activities			
Profit (Loss) for the year	SOCI	1,897	(1,502)
Adjustments for:			
(Surplus) deficit on investment properties revaluation	11	(2,316)	2,451
Depreciation on tangible fixed assets		526	-
Interest expense	10	3,967	3,699
Current tax	12	442	(2,020)
(Increase) / Decrease in debtors	13	(2,332)	325
Increase / (decrease) in creditors	15	1,520	(569)
Tax Paid		(53)	0
Net cash from operating activities		3,651	2,384
Cash flows from investment activities			
Acquisition of investment properties	11	(20,094)	(16,860)
Acquisition of Property Plant and Equipment	11	-	(3,750)
Net Cash flows from investment activities		(20,094)	(20,610)
Cash flows from financing activities			
Interest paid	10	(3,699)	(2,215)
Capital Loan borrowing for acquisition of properties	15	16,075	18,649
Proceeds from issue of ordinary shares	20	4,019	2,414
Net cash used in financing activities		16,395	18,848
Net (decrease)increase in cash and cash equivalents		(48)	622
Cash and cash equivalents at beginning of year		2,186	1,564
Cash and cash equivalents at end of year	17	2,138	2,186

5.9. *Statement of Financial Position*

5.9.1. The statement of financial position as at the 31st of March 2022 is set out below. Explanations for the key variations are included below.

Statement of financial position at 31st March 2022

	<i>Notes</i>	2021/22 £000	2020/21 £000
Fixed assets			
Investment Properties	12	127,490	105,080
Property Plant and Equipment	12	51,944	52,646
Assets under construction	12	-	-
Total fixed assets		179,434	157,726
Current assets			
Debtors	13	3,350	922
Cash at bank and in hand	14	2,138	2,186
Total current assets		5,488	3,108
Creditors: amounts falling due within one year	15	(7,242)	(4,977)
Net current assets		(1,755)	(1,869)
Total assets less current liabilities		177,680	155,857
Provision for deferred tax	11	(1,315)	(650)
Creditors: amounts falling due after more than one year	16	(142,076)	(126,001)
Net assets		34,289	29,206
Capital and reserves			
Retained earnings	SOCIE	(18,100)	(17,024)
Revaluation Reserve	SOCIE	16,024	13,884
Equity Shares	SOCIE	36,365	32,346
Total Capital and Reserves		34,289	29,206

5.10. *Fixed Assets*

5.10.1. The value of property fixed assets increased from £155.857m to £177.680m reflecting new acquisitions in the year and an uplift in property values.

5.11. *Debtors and Creditors*

5.11.1. Provisions for deferred capital gains tax on property assets increased from £0.65m to £1.315m. The main reason was a planned increase in the corporation tax rate from the 1st of April 2023. The government is currently considering reversing this increase.

5.12. *Provisions*

5.12.1. Debtors and creditors have both increased. These are mainly sums due to or from the Council and were outstanding pending the introduction of

an intercompany billing system.

5.13. *Creditors falling due more than one year*

- 5.13.1. This represents sums that i4B has borrowed from the Council. Borrowing increased from £126.001m to £142.076m due to additional borrowing to fund property acquisitions.

5.14. *Capital And Reserves*

- 5.14.1. Capital and Reserves increased from £29.206m to £34.289m reflecting the uplift in asset values and the injection on equity into the company by the Council in accordance with its funding agreement. New purchases by the Council are funded by 80% borrowing and a 20% equity investment in the company by the Council.

5.15. *Summary*

- 5.15.1. i4B made an operating surplus for the first time in 2021/22. The operating surplus combined with an increase in property asset values resulted in an increase in capital and reserves of £5.083m. This increase will be reduced by the value of the interest correction to be charged to the accounts.

6.0. Update on Operational Performance

- 6.1. Performance measurement for i4B is based on acquisitions, conveyancing of properties, and on the housing management of its two contractors, Mears and Brent Housing Management. Performance is reported each month to the i4B Board, and is reported on at the company's six-monthly meetings with the Council as Shareholder.

Table 2 – Operational Performance

Indicator	Target	Performance at December 2021	Performance at June 2022
Number of units	378 by April 2022	PRS: 354 Key Worker: 153	PRS: 383 Key Worker: 153
Average cost per property	£363,000	£366,778	£370,319
Net yield of whole portfolio	1.22%	1.30%	1.31%
Net yield of year to date purchases	1.22%	1.58%	1.54%
Instruction to Legal to Purchase	120 days	132 days	144 days
Minor void re-let times	35 days	19 days	150 days
Major void re-let times	72 days	151 days	141 days
Rent collection	98.50%	88.5%	91.2%
Landlord Gas safety Record	100%	BHM – 99.57% Mears – 92.42%	BHM – 99.27% Mears – 98.44%

6.1.1. i4B has set a target of acquiring 48 properties in its 2022-23 Business Plan. However, recent higher global inflation rates and ensuing increases in interest rates are challenging this ambition, as all property acquisitions must meet specific financial criteria. This will be monitored closely during the year.

6.1.2. Void times remain out of target, and this continues to be a principal area of concern for i4B. An action plan agreed by the i4B Board in March 2022 is currently being implemented by BHM, with an update due to the October Board meeting. This includes closer reviews of void specifications and categorisation, more robust case management and contracting, and the implementation of pre-termination visits. Voids will continue to be closely monitored by officers and at Board level as a priority for 2022-23, and early improvements in void times and costs have been seen in the first months of the financial year.

7.0. Development Strategy Update

7.1. The Housing Companies Development Strategy was agreed by Cabinet in March 2022. The strategy outlines actions the Company will carry out to determine whether future developments by the housing companies can deliver accommodation most in demand by the Council, whilst also being technically feasible and financially viable.

7.2. i4B's ongoing programme of property purchases has been impacted by recent increases in interest rates, reducing the number of properties on the market

that meet the company's financial viability criteria for acquisitions (properties must: be able to repay loan debt within 50 years; start repaying debt by the tenth year after purchase; and make a positive cash flow from the second year after purchase). In i4B's previous loan agreement with the Council allowed borrowing at the 30 year Public Works Loan Board (PWLB) rate. As a result of rising interest rates, the Council's Cabinet has agreed to revise its loan agreement with i4B to allow borrowing within all tenures provided by the PWLB, including the 50 year rate. This will increase the amount i4B is able to spend on properties. Once i4B's loan agreement with the Council has been formally varied, loan drawdowns will be able to occur at tenures up to and including the 50 year PWLB rate.

- 7.3. In addition, a pilot has commenced to review the feasibility of i4B purchasing more properties that are suitable for adaptation, as the Council has a need for a greater number of these properties. This includes properties that are either ground floor, level access, lifted, or larger houses suitable for adaptation. This pilot will help to understand the level of additional subsidy which would be required to accelerate the purchase of adaptable properties.

8.0. Risk Update

- 8.1. The i4B risk register is included in Appendix 1, and was last presented to the i4B Board in July 2022. The main risks the Company faces are detailed below:

- Tenant non-payment of rent increases due to unaffordability of rent.
- High void rent loss due to long void turnaround times.
- High Capital Programme costs, including future climate change obligations, undermine the viability of the business plan.
- A lack of affordable financing options means i4B cannot fund acquisitions.
- Poor data quality on asset management systems means compliance with H&S standards cannot be effectively monitored, resulting in i4B being non-compliant with its statutory obligations.
- Poor contractor performance and information control results in i4B properties being non-compliant with statutory Health and Safety objectives.

- 8.2. The Company's risk register is formally reviewed quarterly. Throughout the risk register business plan assumption and mitigations are updated.

- 8.3. In recent months the wider economic context has emerged as a heightened risk for the Company. At the current time there is considerable uncertainty around the prospects for a sustained period high inflation and the consequences for interest rates, housing prices and rental affordability for tenants. The interaction of these factors has a potentially profound impact on the viability of the Company's acquisition strategy and is being closely

monitored and modelled by the Board.

8.4. In addition, the Company's potential risk to the Council is recorded on the Resident Services directorate's strategic risk register under the following risk:

- Issues with the operations or governance of the Council's wholly owned housing companies, i4B Holdings Ltd and First Wave Housing Ltd, lead to the non-achievement of the companies' strategic objectives, bringing financial and/or reputational damage to the Council.

9.0. Audit Update – Health and Safety Compliance Audit

9.1. i4B recently commissioned an audit into its health and safety compliance controls, managed primarily through its Service Level Agreement with Brent Housing Management. The audit resulted in six high-risk findings and one medium-risk finding.

9.2. A management action plan was agreed in response to the audit and actions are being progressed to further improve the management of compliance information. i4B officers have carried out a full review into the compliance of all i4B properties with all applicable health and safety elements at both an individual dwelling and block level.

9.3. A monitoring tracker has been produced that tracks all compliance elements for all i4B properties and blocks. All compliance certification is being located and saved in a central place. i4B has also initiated increased clienting of the compliance certification process to provide further assurance. This includes regular monitoring of all compliance areas, weekly meetings with the Head of Housing Property Services, and escalation of issues in areas where a lack of progress has been made and where non-compliance is an ongoing issue.

9.4. As a longer-term approach to the monitoring and reporting of compliance, BHM have now procured the True Compliance system. True Compliance will allow BHM to manage all areas of compliance on one system including storage of certification. The system will also remove the need for staff to manually process or check certificates to ensure they are valid. True Compliance provides user friendly dashboards that will allow staff and managers to easily access live compliance information. The system has been reviewed and approved by the relevant internal technical boards, and the contract has now been signed. Initial meetings between BHM and True Compliance have taken place. The first area of compliance, gas safety, is due to go live on the system in September 2022; other areas will follow over the coming months.

9.5. The management action plan is being regularly monitored by the i4B Board. A follow-up to the audit will take place in the third quarter of 2022-23, with

results to be presented to the i4B Board in Q4.

- 9.6. A summary of the audit recommendations, agreed management actions and progress is below:

Recommendation	Action	Action update
<p>Management should:</p> <p>a) Conduct more substantial and regular checks on the compliance status of all i4B properties. Information should be provided by the relevant health and safety subcontractors where relevant. i4B should obtain assurances from BHM that it:</p> <ul style="list-style-type: none"> • Is liaising with health and safety subcontractors to provide the most recent compliance certificates/ surveys, which should then be uploaded to the relevant systems. • Has access to the relevant systems or the opportunity to conduct periodic spot-check audits on the compliance status of properties within each system. These audits should be conducted on a regular basis so that any issues can be dealt with promptly. <p>b) Consider deploying a central compliance system to ensure that all health and safety compliance data for all properties is held on a single database.</p>	<p>BHM are in the process of purchasing and implementing a central compliance system. This system will ensure all health and safety compliance information for all properties is in a central place and documents are easily retrieved. i4B will monitor the implementation of the system and ensure BHM implement the system as per the deadlines agreed</p>	<p>The contract with True Compliance has now been signed; i4B representatives will attend the implementation meeting</p>
	<p>Prior to the introduction of the compliance system, i4B will implement a robust monitoring process/system to ensure all i4B properties are compliant with all relevant H&S areas. Where areas of non-compliance are identified i4B will ensure BHM action these. This will involve i4B having access to relevant compliance systems</p>	<p>The monitoring system is in place. i4B officers have access to all relevant compliance systems and regular checks are carried out against the i4B asset list. Where issues are identified, these are raised with BHM and monitored</p>
	<p>i4B will carry out bimonthly audits and spot checks of BHM and contractor data to ensure records are accurate and match up with the central asset list. Audits will also ensure relevant certification is obtained for all properties. This will involve i4B having access to relevant compliance systems</p>	<p>Regular reviews of data on the gas safety system, asbestos system and electrical tracker are ongoing</p>

<p>Management should:</p> <p>a) Receive assurances that BHM are obtaining data on the overall compliance status for each health and safety element by property on a regular basis and are sharing this with i4B to ensure there is oversight of the overall compliance status across all properties.</p> <p>b) Where there are ongoing gaps identified (for instance communal electrical, emergency lighting, and communal gas compliance), obtain assurances that BHM are obtaining this information so that this data can be tracked on an ongoing basis to provide assurance of compliance status to i4B.</p> <p>c) Review the compliance KPI to determine whether this is achievable and obtain assurances that BHM is using this data for more accurate reporting against the KPI.</p> <p>d) Confirm that BHM is maintaining minutes of the monthly contractor meetings so that key actions, action owners and timelines can be agreed and follow-up formally.</p>	<p>i4B will review the compliance KPI and ensure that the information BHM report on this KPI is accurate. i4B will ensure information on the compliance status of all key elements of health and safety is reported to Board</p>	<p>Gas safety reporting is checked by i4B for accuracy. Other compliance reporting will be introduced following the introduction True Compliance. In the meantime, i4B has put a monitoring system in place that tracks all areas of compliance, and reports to the Board on this on a monthly basis.</p>
<p>Management should:</p> <p>a) Obtain assurances that the BHM Compliance team are obtaining copies of VIF and are saving these centrally and distributing them to the relevant health and safety subcontractors in a timely manner so that systems are updated, and new properties are added to the relevant monitoring/remedial works schedules without delay.</p> <p>b) Receive assurances from BHM that complete listings of properties include the current health and safety compliance status for each property.</p> <p>c) Prior to the implementation of a new central compliance system</p>	<p>i4B will carry out a review with BHM of the void process and asset set up process to ensure that during the void period all relevant compliance systems and contractors are updated with information on new acquisitions</p>	<p>Minutes are sent to i4B officers</p> <p>All recent purchases and voids are reviewed. Issues with compliance certification being saved on the CRM system are being picked up with BHM</p>

<p>covering all aspects of FLAGE, confirm that BHM are receiving compliance data for i4B properties from all health and safety subcontractors monthly and conducting regular reconciliations between the asset listing maintained by health and safety subcontractors and the asset listing maintained within the Northgate system to ensure the asset records held are aligned. Any discrepancies should be identified and corrected.</p>	<p>Conduct bi-monthly reconciliations between the asset lists maintained by health and safety subcontractors and the asset listing maintained within the Northgate system to ensure the asset records held are aligned and accurate</p>	<p>Regular reviews of data on the gas safety system, asbestos system and electrical tracker are ongoing</p>
<p>Management should:</p> <p>a) Report to the Board periodically on the compliance status of all key elements of health and safety.</p> <p>b) Once this data can be obtained, ensure it is reconciled for accuracy and then shared with the Boards one week in advance of Board meetings with the other Board papers.</p>	<p>Prior to the implementation of the new compliance system, i4B will ensure that BHM report to the Board periodically on the compliance status of all key elements of health and safety</p>	<p>Gas safety reporting is checked by i4B for accuracy. Other compliance reporting will be introduced following the introduction True Compliance. In the meantime, i4B has put a monitoring system in place that tracks all areas of compliance, and reports to the Board on this on a monthly basis.</p>
	<p>Carry out audits of information reported to the Board to ensure that it is accurate. Where issues are identified, i4B will ensure BHM rectify issues</p>	<p>Gas safety reporting is checked by i4B for accuracy. Other compliance reporting will be introduced following the introduction True Compliance In the meantime, i4B has put a monitoring system in place that tracks all areas of compliance, and reports to the Board on this on a monthly basis.</p>

<p>Management should:</p> <p>a) Obtain assurances that BHM are updating the status of remedial actions on an ongoing basis on the relevant FLAGE management information systems.</p> <p>b) Where it is not possible to update this information directly on the system, receive assurances that BHM are maintaining and updating trackers, so that the status of remedial works is tracked on an ongoing basis.</p> <p>c) Instruct BHM to document a process of how remedial actions will be monitored to completion including the details of works required, and the teams/contractor responsible, and the target deadline for completion. This will inform a consistency in the allocation of the works.</p> <p>d) Agree with the Board how remedial actions will be communicated and discussed across the multiple teams involved. This could include a specific agenda item at regular meetings between BHM and health and safety subcontractors to cover reporting on the status of remedial actions against the programme/schedule of works and any issues arising.</p> <p>e) Obtain assurances that BHM are generating template reports on a monthly basis to monitor the number of overdue remedial actions present from compliance areas, number completed, outstanding remedial actions and those that have surpassed their deadline. Receive assurances that BHM are discussing these at regular meetings with health and safety subcontractors and reported to Board monthly.</p>	<p>As part of the BHM Action Plan, BHM will introduce True Compliance. This system will track remedial works. i4B will ensure that BHM introduce the system and that the system for tracking remedial works is process mapped</p>	<p>The contract with True Compliance has now been signed; i4B representatives will attend the implementation meeting</p>
	<p>Prior to the introduction of True Compliance, i4B will request access to remedial works trackers to ensure remedial works are being carried out to timescale. Where works are not carried out issues will be escalated</p>	<p>Remedial works trackers are shared with i4B. As with other compliance areas, these are reviewed and any queries are raised with BHM</p>
	<p>On a bi-monthly basis, i4B will also carry out spot checks and inspections of compliance certification to ensure BHM have recorded and actioned remedial works</p>	<p>Remedial works trackers are shared with i4B. As with other compliance areas, these are reviewed and any queries are raised with BHM</p>
<p>Management should:</p> <p>a) Obtain assurances that BHM is receiving compliance information from third-party freeholders in a timely manner.</p> <p>b) Agree a process for BHM to monitor third-party freeholders' compliance to health and safety regulations in the communal areas in buildings where i4B have leasehold properties.</p> <p>c) Agree the escalation route for instances where third-party</p>	<p>Instruct the Home Ownership team in BHM to write to all third party freeholders requesting compliance information</p>	<p>Letters have been sent to all third party freeholders to request compliance information</p>
	<p>Agree a process for BHM to monitor third party freeholders' compliance</p>	<p>Letters have been sent to all third party freeholders to request compliance information</p>

freeholders do not provide compliance information/certificates or where we are not satisfied with the documentation received.	Agree an escalation route where third party freeholders do not provide compliance information	To be agreed with the Leasehold team
Management should: a) Seek assurance on a regular basis that BHM have complete policies and procedures in place covering all elements of FLAGE, and that these are subject to a periodic review cycle. b) Instruct BHM to finalise and share the finalised fire safety and gas safety policies with i4B, including details of the frequency of the property checks required to monitor compliance. c) Ensure that the finalised policies are reviewed and approved by senior management and shared with all relevant staff.	BHM are currently carrying out a review of all compliance policies. i4B will ensure these policies are reviewed and agreed by BHM and then subsequently agreed by the i4B Board.	Electrical safety policy presented to July Board. Programme of other compliance policies to be presented to future Board meetings
	Ensure policies are shared with all relevant staff	To be confirmed following presentation of finalised policies to Board meetings

10.0. Governance Review

10.1. The Council recently commissioned an audit into its governance arrangements in relation to i4B and First Wave Housing. The findings of this audit were presented to the Committee on 1 August 2022. The audit resulted in five medium-risk findings. Management responses, actions and updates are provided below:

Recommendation	Action	Action update
Management should: a) Review the roles (including those of the operational and finance manager) and reporting lines of officers working for the Council to identify and mitigate conflicts of interest. b) Formally document the officer's responsibilities to the Council and the companies and ensure that this is used in all performance reviews. The above should be reviewed as part of the renegotiation of the SLA.	Review job descriptions to identify and mitigate conflicts of interest	Strategy and Delivery Manager to take forward.

<p>Management should:</p> <ul style="list-style-type: none"> a) Develop a risk register for the Council, outlining the key risks facing the Council from the companies. b) The risk register should be reviewed periodically by the Shareholder Panel and any identified risks escalated in line with the Council's risk management framework. 	<p>Review the need for a risk register at the next panel meeting</p>	<p>Completed – agreed to add a strategic risk to the Finance departmental risk register.</p>
<p>Management should:</p> <ul style="list-style-type: none"> a) Document a formal process for the stress testing including who has responsibility for preparing including scenarios considered, approval and documentation. b) Document a summary of the outcomes in the Business Plans. c) Document how these outcomes impact the Business Plan and management/panel approval of this. <p>This should be repeated annually as part of business planning.</p>	<p>Include stress testing in the revised business plans</p>	<p>Completed and reported to Board.</p>
<p>Management should:</p> <ul style="list-style-type: none"> a) Conduct an analysis of the likely cost of these overheads and determine a threshold that will be considered to be immaterial at the time of renegotiation of the SLA and at the point of every subsequent SLA renewal. b) Implement a monitoring mechanism to track that the cost of these overheads remains below this threshold at the renewal of the SLA. 	<p>Consider cost of overheads not captured as part of the Service Level Agreement as part of the next update to the SLA.</p>	<p>SLA renegotiation is ongoing.</p>
<p>Management should formally document the conditions for escalation to Cabinet into the terms of reference for the Shareholder/Guarantor Panel.</p>	<p>Add conditions for escalation to Cabinet into the terms of reference for the Shareholder/Guarantor Panel.</p>	<p>Completed – updated terms of reference agreed at July Shareholder/Guarantor meeting.</p>

10.2. In addition to the Council's audit, further actions have been agreed as a result of the annual review of the FWH's compliance with the Regulator of Social Housing's economic standards, as well as a review of the companies' compliance with the National Housing Federation Code of Governance. These are being progressed, and include:

- Develop and implement a value for money strategy;
- Commission a programme of stock condition surveys for all properties;
- Develop internal controls assurance statements for relevant Heads of service; and
- Carry out an annual appraisal of the Chair of the Board and an annual Board self-assessment.