



Cabinet
11 March 2024

Report from the Chair of First Wave Housing Ltd

**Lead Member - Deputy Leader & Cabinet Member for Finance, Resources & Reform
(Councillor Shama Tatler)**

First Wave Housing Business Plan 2024/25

Wards Affected:	All
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Part exempt – Appendices 1a (Business Plan - Financial Appendix) & 1e (Business Plan 2024-25 SLA Schedule 2: Costs) are exempt as they contain the following category of exempt information as specified in Paragraph 3, Schedule 12A of the Local Government Act 1972, namely: “Information relating to the financial or business affairs of any particular person (including the authority holding that information)”
List of Appendices:	<p>Eight</p> <p>Appendix 1 FWH 2024-25 Company Business Plan</p> <p>Appendix 1(a)(exempt) Financial Appendix</p> <p>Appendix 1(b) Company Risk Register</p> <p>Appendix 1(c) Progress on 2023-24 Key Tasks</p> <p>Appendix 1(d) 2024-25 Key Tasks</p> <p>Appendix 1(e) 2024-25 Service Level Agreement (Schedules 1 – 3 NB: Schedule 2: Costs exempt)</p> <p>Appendix 1(f) Value for Money Statement</p> <p>Appendix 1(f)(i) Value for Money Statement - Annexe</p>
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	<p>Sadie East Director of Transformation Tel: 020 8937 1507 Sadie.East@brent.gov.uk</p>

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1.0 Executive Summary

1.1 This report provides Cabinet with a final draft of the First Wave Housing Ltd (FWH) 2024/25 Business Plan and revised Service Level Agreement with Brent Council. Cabinet is asked to approve the Business Plan and Service Level Agreement on behalf of the Council as Guarantor of First Wave Housing.

2.0 Recommendation(s)

2.1 Cabinet approves the 2024-25 First Wave Housing Ltd Business Plan and financial model as Guarantor of the Company.

2.2 Cabinet approves the 2024-25 Service Level Agreement between First Wave Housing Ltd and the Council.

3.0 Detail

3.1 Cabinet Member Foreword

3.1.1 This business plan sets out FWH's strategy for the coming financial year, furthering the company's work to provide good quality affordable housing, reducing homelessness in the borough and alleviating the use of costly Temporary Accommodation. This supports the Brent Borough Plan 2023-2027 strategic priority of 'Prosperity and Stability in Brent: Safe, Secure and Decent Housing'.

3.2 Background

3.2.1 FWH is a housing company wholly owned by the London Borough of Brent. FWH is limited by guarantee. FWH manages a total of 216 properties. Of these properties, 166 are settled homes, 45 are market rented and 5 are general needs. The annual rent figure is £3,448,224.

3.2.2 As a registered provider of social housing, FWH is required to produce an annual business plan.

3.2.3 This report provides a final draft version of FWH's Business Plan for 2024/25. The draft plan was presented to the FWH Board on the 25th January 2024, the Company Guarantor on the 8th February 2024, Corporate Management Team and lead members on 14th February 2024 and 21st February 2024. Feedback from these meetings has been incorporated into this final draft.

4.0 Update on Operational Performance

4.1 Table Two below provides a summary of operational performance at January 2024. FWH has not purchased any new properties, therefore performance is based on housing management. FWH's overall performance is reasonable,

although repairs performance is below target and void times continue to be an issue. Work is being done to report separately on recent voids and long-term 'legacy' voids, in order to better demonstrate progress that is being made; FWH currently has two remaining long-term legacy voids. The Company continues to provide a good housing service to residents and rent collection performance is strong.

Table Two – Key Performance Indicators

Indicator	Target	Performance at December 2022	Performance at January 2024
Minor void re-let times	35 days	164 days	115 days
Major void re-let times	72 days	193 days	162 days
Rent collection	98.50%	96.36%	99.83%
Emergency repairs completed within 24 hours	100%	99%	100%
Urgent repairs completed within 7 days	95%	81%	99%
Routine repairs completed within 28 days	95%	74%	78%

4.2 Table Three provides an update on health & safety compliance. Aside from a number of outstanding electrical safety certificates, FWH has achieved full compliance in the relevant areas. On EICRs, the legal process to gain access continues to be followed for each outstanding certificate; however, it is not possible to force entry to properties that refuse access, as is the case with gas certificates.

Table Three – Compliance Scorecard

Compliance Area	Certification	No. of Applicable Properties/ Blocks	No. of Compliant Properties/ Blocks	Compliance Rate
Electrical Safety (Property)	EICR	216	*188	92.20%
Gas Safety (Property)	LGSR	195	*195	100%
Asbestos (Block)	Asbestos survey	1	1	100%
Legionella (Block)	Legionella risk assessment	2	2	100%
Electrical Safety (Block)	Communal EICR	3	3	100%
Lifts (Block)	Inspection report	1	1	100%
Fire Safety (Block)	FRA	2	2	100%

**Data does not include void properties*

5.0 Progress in Implementing 2023/24 Business Plan

5.1 In February 2023, the 2023/24 FWH Business Plan was approved. The plan outlined the following as the Company's medium- to long-term objectives:

- Delivering safe and sustainable homes
- Increasing the supply of affordable housing in the borough
- Running a viable business
- Providing a consistently good housing service

5.2 The following summarises each of the priorities and reports on progress against these.

5.3 Delivering safe and sustainable homes

5.3.1. During 2022/23, FWH commissioned an audit of its health and safety compliance arrangements, managed primarily through its Service Level Agreement with Brent Housing Management (BHM). Following the audit, a monitoring tracker has been produced that tracks all compliance elements for all FWH properties. FWH has also initiated increased clienting of the compliance certification process to provide added assurance.

5.3.2. Brent's Housing Management Service (HMS) have adopted the True Compliance system for long-term monitoring and reporting of compliance across all areas. FWH will continue to oversee the implementation of True Compliance throughout 2024-25

5.3.3. The results of recent stock condition and energy surveys will be developed into a costed asset management and energy efficiency strategy during 2023-24 and will be inputted into the financial plan to inform long-term asset management planning; impacts will be assessed on a property and stock level. This will be further refined during 2024-25, including agreeing an approach for future stock rationalisation.

5.4 Increasing the supply of affordable housing in the borough

5.4.1. FWH is one of several funding and delivery routes the Council has to increase the amount of affordable housing in the borough. FWH remains available as an RP to support the Council's affordable housing aspirations.

5.4.2. The Council has agreed to the acquisition of a 294-unit development at Fulton Road in Wembley Park, currently under construction. As part of this, the possibility of leasing a number of these units to FWH is being explored; this is likely to be 118 units to be let at London Living Rents.

5.4.3. The Council is finalising arrangements with the GLA and developer, and during the year the company will look to agree heads of terms and enter into a lease agreement with the Council for the units if an agreeable proposal for both the Council and Company can be identified and agreed.

5.5 Running a Viable Business

5.5.1. The FWH Business Plan monitors and assures the ongoing financial viability of the Company. The key operational issue for FWH continues to be high void times; however, some improvement has been seen during 2023-24.

5.5.2 A void improvement project was implemented to significantly reduce void costs, covering both the housing companies and the Council's Housing Revenue Account; chaired by senior management. In addition to the initial void inspection, a surveyor checks the quality and progress of void works part way through the process, ensuring they are on target for completion. The Voids Hit Squad was formed in July 2023, which monitors all void stages focusing on efficiency and reporting to senior management.

5.5.3 Another key concern for FWH is value for money. A value for money strategy for FWH was approved by the Board in October 2023 and will continue to be implemented during the 2024-25 financial year. In addition, FWH has now commissioned a consultant to carry out a value for money review of voids, with a further review of repairs to be considered following the initial results, expected in early 2024. Outstanding actions from the strategy have been incorporated into the 2024-25 business plan.

5.6 Providing a consistently good housing service

5.6.1. FWH aims to ensure tenant satisfaction and monitor this regularly. During 2022/23 new tenant satisfaction measures were implemented and some transactional feedback from tenants has been received. The initial results of the tenant satisfaction measures, and transactional feedback were reviewed and presented to the Board in July 2023. In comparison to a baseline for Brent's stock of 55%, FWH's overall tenant satisfaction was 54%.

5.6.2. Additionally, to improve FWH's oversight of complaints and transactional satisfaction surveys, a separate hierarchy on the Council's complaints processing system has now been set up for FWH. This will enable company complaints to be monitored and reported on separately. Regular reporting to Board will be agreed with the Housing Companies Operational Manager.

6.0 2024/25 Business Plan

6.1 Appendix 1 contains a final draft of the Company's 2024/25 Business Plan. Cabinet is asked to approve the business plan.

6.2 The 2024/25 Business Plan outlines the Company's strategic priorities for the year. Priorities for 2024/25 are set out within the framework of the medium to long-term objectives of Brent's Housing Companies. These objectives are:

- Providing a consistently good housing service;
- Delivering safe and sustainable homes;
- Running a viable business; and
- Increasing the supply of affordable housing in the borough

6.3 Providing a Consistently Good Housing Service

6.3.1. This objective relates to improving tenant satisfaction and ensuring tenants are able to afford their rent and sustain their tenancies. In order to provide an effective and consistent housing service, FWH will continue to review initial responses to the Regulator's new tenant satisfaction measures, seek to improve its oversight of complaints handling, and continue to actively engage with its tenants on financial inclusion and affordability. The 2024-25 strategic priorities for this objective are:

- Priority 1: Monitor results of new tenant satisfaction measures.
- Priority 2: Monitor complaints using improved portal.
- Priority 3: Monitor and improve income collection performance.

6.4 Delivering Safe and Sustainable Homes

6.4.1. This objective involves ensuring that FWH's homes are of a good quality, safe, legally compliant, and environmentally sustainable. In 2024-25, the Company's focus will be on further embedding improved practices in the areas of compliance, disrepair and asset management & energy efficiency. This will include overseeing the successful implementation of True Compliance, meeting all requirements of the Building Safety Act, and carrying out additional work on modelling & planning for future property management and decarbonisation works. The 2024-25 strategic priorities that relate to this objective are:

- Priority 4: Fully implement True Compliance.
- Priority 5: Fulfil the requirements of the Building Safety Act.
- Priority 6: Continue to effectively monitor and manage disrepair.
- Priority 7: Refine and implement asset management & decarbonisation strategy.

6.5 Running a Viable Business

6.5.1. This objective relates to improving the operational and financial performance of FWH in order to remain financially viable and thus continue to bring benefits to the Council. The Company's focus for 2024-25 will be on monitoring and improving void times and performances, as well as implementing its value for money strategy to reduce costs and improve financial performance, with a particular focus on voids performance and financial controls. The 2024-25 strategic priorities that relate to this objective are:

- Priority 8: Monitor and carry out actions to improve voids performance.
- Priority 9: Carry out mid-year review of the financial business plan.
- Priority 10: Implement actions arising from financial controls audit.
- Priority 11: Introduce regular tax planning exercises.

6.6 Increasing the Supply of Affordable Housing in the Borough

6.6.1. As a registered provider (RP), FWH remains available for any opportunities that supports the Council's affordable housing targets. Given its status as an RP, FWH is able to act in ways the Council cannot, for example letting properties at market and affordable rates, and accessing certain grants. The Company's focus will be to continue identifying and appraising block acquisitions, new build purchases and engage the Council on the future of the company through the implementation of housing programmes such as GLA grant schemes. The strategic priorities for this objective in 2024-25 are:

- Priority 12: Work with Council colleagues to explore and appraise acquisition opportunities.
- Priority 13: Identify and appraise potential block acquisitions.
- Priority 14: Develop proposed lease arrangement for Fulton Road.
- Priority 15: Engage Council on future strategic direction of company.

7.0 2024/25 Service Level Agreement

7.1 FWH has worked with service area leads to review and update its Service Level Agreement with the Council for the provision of services including operational and financial support, legal and internal audit support, and all housing management services.

7.2 The schedule is contained in Appendix 1e to this report. This outlines the services provided to FWH, service standards, and management costs. The SLA will run throughout 2024/25, and will be reviewed again for 2025/26. All costs and service standards have been agreed between the relevant Council heads of service and FWH.

7.3 Cabinet is asked to approve the updated SLA.

8.0 Stakeholder and ward member consultation and engagement

8.1 N/A

9.0 Financial Considerations

9.1 The detailed financial implications are set out in the business plan. These include the key assumptions used and the stress testing carried out to test the business' financial viability should assumptions vary from those forecasted.

9.2 Over the year, inflation has fallen from a peak of 11% in 2022 to 6.7% in September 2023 which impacts costs and income. Rental increase caps have reverted to the standard policy of CPI + 1% at September 2023 and LHA rate increases have now been agreed by the government since the freeze in 2020.

9.3 In summary, rental income has increased over the life of the business plan however increasing costs have reduced revenue surpluses over the life of the plan. This has impacted the cash position of FWH which remains positive throughout the plan albeit with lower balances than previously forecast.

10.0 Legal Considerations

- 10.1 FWH is a wholly owned local authority company, controlled by the Council, established in order to support the Council's homelessness agenda, by owning and managing housing stock previously held by Brent Housing Partnership. FWH is a company limited by guarantee.
- 10.2 The adoption of the proposed Business Plan is a matter reserved to the Council as the sole Guarantor in FWH and the intention is to seek Cabinet approval on 11th March 2024. In addition to being a local authority company, FWH is a registered provider subject to regulation by the Social Housing Regulator.
- 10.3 Local Housing Allowance rates (LHA) apply to private rented sector rather than to the social housing sector. FWH needs to ensure that the levels of "eligible rent" charged by FWH do not fall outside the scope of the statutory Rent Standard set by the Social Housing Regulator, for properties let from April 2020. This is not necessary if the relevant property is exempt from the Rent Standard.
- 10.4 Wholly-owned local authority companies such as FWH, established and solely owned by a Council Parent, will be regarded as "contracting authorities" in their own right, for the purposes of the Procurement Regulations 2015 ("PCR"). This means that unless relevant PCR exemptions apply any services or works that FWH commissions from another organisation will have to be competitively tendered on the open market if the total value is above the relevant PCR threshold.
- 10.5 The Building Safety Act 2022 has implications for FWH as a Registered Social Housing Provider which include the following:
- the introduction of a 'Building Safety Regulator';
 - a new regulatory regime that applies to the planning, construction and occupation of 'higher-risk buildings';
 - increased governmental powers to regulate construction products, and the introduction of new regulations for the safety of construction products in the UK;
 - protections for leaseholders in respect of the costs of remediating building safety defects in their properties;
 - establishment of a new homes ombudsman scheme and a developers' code of practice, and government powers relating to new homes warranties;
 - provisions relating to the professional competence of architects and provisions to regulate the building control profession.
- 10.6 As a landlord, FWH is under a statutory obligation to carry out repair works in respect of properties it lets out to its assured tenants. Under section 11 of the Landlord and Tenant Act 1985, it has a duty to keep in repair and proper working order the structure and the exterior of the residential properties it owns as well as certain installations for the supply of water, gas, and electricity.

- 10.7 The Social Housing Regulation Act 2023 lays foundations for changes to how social housing is managed. It includes increased regulation of social landlords and new rules for protecting tenants from serious hazards in their homes. There are a number of provisions to enhance the powers of both tenants and the Regulator of Social Housing.
- 10.8 The effect of the Fire Safety Act 2021 is to require fire risk assessments of buildings with two or more sets of domestic premises to be updated to take account of structure, external walls and doors, if they have not already done so - the Fire Safety Act 2021 amends The Regulatory Reform (Fire Safety) Order 2005 to bring this into effect. Failure to comply with fire safety regulations can lead to enforcement action against FWH by the London Fire Brigade.
- 10.9 The Fire Safety (England) Regulations 2022, which implement most of the Grenfell Tower Inquiry recommendations, requires 'responsible persons' of mid and high-rise blocks of flats to provide information to fire and rescue services to "assist them with operational planning and provide additional safety measures". All multi-occupied residential buildings, residents should now be provided with fire safety instructions and information on fire doors.
- 10.10 There is an indication of a proposal to lease properties to FWH. It is noted that this is subject to further discussions. Subject to these further discussions appropriate approvals will be sought.

11.0 Equality, Diversity & Inclusion (EDI) Considerations

11.1 N/A

12.0 Climate Change and Environmental Considerations

12.1 N/A

13.0 Human Resources/Property Considerations (if appropriate)

13.1 N/A

14.0 Communication Considerations

14.1 N/A

Report sign off:

Peter Gadsdon

Corporate Director of Resident Services