



First Wave Housing Limited

2024/25 Business Plan

First Wave Housing Ltd 2024-25 Business Plan

1. Introduction

- 1.1. First Wave Housing Limited (FWH; the Company), formerly Brent Housing Partnership (BHP), is a local authority owned company of the London Borough of Brent (the Council), and is limited by guarantee.
- 1.2. FWH is a registered provider of social housing (RP). The Regulatory Framework for Social Housing in England governs registered social housing providers. The Framework includes a code of practice, guidelines for rent levels, accounting practices and disposals. There are a number of benefits associated with being an RP.
- 1.3. The following document is FWH's 2024-25 Business Plan. The Business Plan outlines how the Company plans to improve the quality of its stock, grow, and increase its contribution to the Council's ambition of creating a borough with "a future built for everyone, an economy fit for all".
- 1.4. The Business Plan takes the following format:
 - 2.0 Purpose of the Company
 - 3.0 Progress against the Company's 2023-24 Business Plan
 - 4.0 Context for 2024-25 Business Plan
 - 5.0 Strategic Priorities for 2024-25
 - 6.0 Appendices
 - A1 Closed Financial Appendix – Financial Implications of Proposals
 - A2 Risk Register
 - A3 Progress on 2024-25 Key Tasks
 - A4 2024-25 Key Tasks
 - A5 2024-25 Service Level Agreement
 - A6 Value for Money Statement

2. Purpose of the Company

2.1. Purpose of the Company

2.2. FWH's primary purpose is to provide good quality, affordable, secure, and well-managed homes to Brent residents and to contribute to Brent's Housing Strategy. It does this by managing, maintaining and improving its stock of 216 rental properties.

2.3. As a registered social landlord, FWH will aim to increase the size of its portfolio if this is appropriate to the Council's housing aspirations; for example, where this supports the Council's social housing strategy and expands the Council's affordable housing offer.

2.4. Stock Breakdown

2.5. FWH owns and manages 216 properties. Of these properties, 166 are settled homes, 45 are market rented and 5 are general needs. The annual rent figure is £3,472,072.

2.6. General Needs – These tenancies are Assured Shorthold Tenancy Agreements with rents protected at social rent levels, which are below 50% of market rent. FWH has five new build social rented houses.

2.7. Settled Homes – These properties were purchased with a grant providing the tenants with protected rights including the right to buy their home. Settled homes are a form of long-term temporary accommodation. They are let on assured shorthold tenancies. When business plan surpluses are sufficient, properties will be converted, on an incremental basis, to affordable rents on assured tenancies.

2.8. Market rents – When market rented properties become void, they are let at LHA levels to households through a nomination agreement between the Council and FWH. This helps assist the Council's homelessness reduction agenda. FWH has 45 one bedroom market rent properties.

2.9. FWH also owns one commercial unit.

3. Progress against the Company's 2023-24 Business Plan

3.1. The medium - to long-term objectives of Brent's Housing Companies 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.

3.2. This section outlines performance in 2023-24 against each of the Company's strategic objectives.

3.3. Summary of performance

3.3.1. FWH has not purchased any new properties during 2023-24; therefore, performance is based on housing management. FWH's overall performance is reasonable. Whilst void times remain an issue and repairs performances vary, there have been initial improvements seen following the implementation of new measures, including the Voids Hit Squad. The Company continues to provide a good housing service to residents and rent collection performance is strong.

3.3.2. During 2023-24, a dedicated operational team for the housing companies has been set up by Brent Housing Service. This was put in place to provide housing management services outlined in the Service Level Agreement, including overseeing housing & neighbourhood services, tenancy management, income collection, tenancy sustainment, and lettings.

3.3.3. Table One below provides a summary of operational performance at January 2024:

Table One – Summary of Performance

Indicator	Target	Performance at January 2023 (YTD)	Performance at January 2024 (YTD)
Minor void re-let times	35 days	157 days	115 days
Major void re-let times	72 days	193 days	162 days
Rent collection	98.50%	98%	99.83%
Void rent loss	1.50%	9%	4%
Emergency repairs completed within 24 hours	100%	99%	100%
Urgent repairs completed within 7 days	95%	82%	99%
Routine repairs completed within 28 days	95%	74%	78%

- 3.3.4. High void times continue to represent the principal operational issue for FWH, with both minor and major void times remaining out of target. Recognising that this is an issue facing the whole of Housing Management, Brent addressed this matter by introducing a Voids Hit Squad. The team comprises of three officers and one manager who are the owners of the end-to-end voids and lettings process. Each void now has an officer attached to it who tracks and monitors it to ensure that delays are prevented, and void turnaround times are brought back within target. Their work to-date has shown promising results in identifying and clearing historical voids with contractors turning minor voids around in 12 days and major voids in 19 days. The FWH Board will continue to closely track this progress during 2024-25.
- 3.3.5. Table Two 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 Two – 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*

- 3.3.6. The following paragraphs provide a more detailed update on progress against the sub-objectives for each Housing Company objective in the 2023-24 Business Plan.

3.4. Performance against strategic objectives

3.5 ***Providing a consistently good housing service***

- 3.5.1 While rent collection performance remains good, reducing arrears continues to be an issue for FWH. In order to address this, during 2023-24 the new Housing

Management team have reviewed the sign-up, tenancy sustainment, rent collection and arrears management processes, and evaluated historic highest arrears cases to assess ongoing suitability. Subsequently, the sign-up process has been revised and is in a pilot phase, with lettings officers now assisting with Universal Credit and Council Tax applications, as well as advance payments. Further, a newly introduced welcome pack and Nominations Panel are ready to be implemented in 2024-25 to enhance tenancy sustainment. Ongoing improvements are also being made to rent collection and arrears management, with a focus on providing a more comprehensive service for 2024-25.

- 3.5.2 FWH is working to improve tenant satisfaction and monitors this regularly. During 2023-24, new tenant satisfaction measures were implemented and some transactional feedback from tenants were 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%. These results have been used to identify and carry out specific actions to improve tenant satisfaction, with the Board being set to receive six-monthly reports and regular updates on tenant satisfaction from Housing Management.
- 3.5.3 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.

3.6 ***Delivering safe and sustainable homes***

- 3.6.1 During 2022-23, FWH commissioned an audit of its health and safety compliance arrangements, managed primarily through its Service Level Agreement with Brent Housing Service. In response to the audit, a monitoring tracker was created to track all compliance elements for all FWH properties and blocks. All compliance certification is centralised, and all audit follow-up actions have been addressed. These continue to be monitored by management to monitor ongoing effectiveness. FWH has also increased clienting of the compliance certification process for added assurance.
- 3.6.2 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, with increased clienting and monitoring of health and safety compliance with monthly reporting to the Board.
- 3.6.3 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.
- 3.6.4 Regarding disrepair, HMS have implemented measures to identify and address disrepair early on, aiming to support tenant well-being, reduce legal claims and minimise compensation payments. Four contractors, including new additions, now

respond to disrepair reports for FWH properties. HMS have tackled damp and mould by contacting tenants, receiving 800 responses and remedied ongoing issues, with a newly hired specialist company for improved mould treatment. A new forced entry protocol has also been implemented, which handles leaks promptly. Daily contractor reports are also reviewed, and post-inspections ensure complex jobs meet the relevant standards. During 2023-24 disrepair cases have been added to monthly performance reports, and this closer monitoring will continue into future years.

3.7 *Running a viable business*

- 3.7.1 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. 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.
- 3.7.2 Further, all voids are now handled by Wates Living Space – the Council's principal repairs and void works contractor – and undergo pre- inspection, in progress inspection and a joint-inspection by a Wates Supervisor and a Brent Surveyor. The cost of void works has also now reduced as a result of carefully scrutinising specifications and implementing an approval hierarchy.
- 3.7.3 FWH also commissioned a tax planning review from EY. While the review confirmed that company tax calculations were accurate and appropriate, it highlighted the need to carry out regular tax planning exercises, which will be taken forward into 2024-25.
- 3.7.4 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.

3.8 *Increasing the supply of affordable housing in the borough*

- 3.8.1 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. The Board Development Strategy sessions were completed with Red Loft in 2023. Following this, the Board agreed to explore s106 and bulk purchase opportunities where appropriate. FWH is currently exploring an acquisition or lease arrangement with the Council at one of its new build sites, Fulton Road. The Board will be asked to consider this in detail in early 2024.
- 3.8.2 As an RP, FWH is a viable route for delivering properties using grant funding. Subsequently, FWH was asked to prepare a bid to purchase 3–4-bedroom homes as

part of the GLA's Refugee Housing Programme. FWH successfully submitted a bid for the RHP; however, as only Outer London grant rates were available to the company, FWH was unable to identify any additional properties for the programme that were not also viable for i4B's acquisition programme. Therefore, the Council's priority was to purchase homes through i4B in order to address increased homelessness demand and Temporary Accommodation pressures.

4. Context for 2024-25 Business Plan

4.1 This section outlines the various contextual factors that have influenced the FWH Business Plan and how they impact the Company. These include, but are not limited to:

- Current economic context;
- The housing market & current acquisition strategy;
- Current demand and housing need within Brent
- The regulatory environment;
- Energy efficiency; and
- The key risks the Company currently faces.

4.2 These factors have influenced the proposals outlined in Section 5.

4.3 *Current Economic Context*

4.3.1 Following 20-year highs during 2022-23 – a result of a variety of factors including the impacts of Covid-19, Brexit and the war in Ukraine – consumer price inflation has reduced across 2023-24.

4.3.2 CPI is currently at 4.0% ¹ and is expected to continue falling to 3.1% by Q4 2024. This is due to a number of reasons, including lower energy prices and reduced inflation in consumer goods and food.² However, the ongoing cost of living crisis is expected to have continued impacts on affordability for tenants and rent collection.

4.4 *The Housing Market & Current Acquisition Strategy*

4.4.1 During this financial year, property prices and demand within Brent have remained high. According to the Office for Budget Responsibility, house prices are expected to fall by 4.7% throughout 2024.³ It is also anticipated that it could take until 2027 for house prices to recover to 2022 peak levels; predictions which remain in line with Savills' latest forecast, estimating that UK house prices will fall in 2024, 3% across the UK and 4% in London before bottoming out.⁴ The amount that the Council's companies can spend on properties will be improved by the Government's announcement that LHA rates will be raised to the 30th percentile for the beginning of 2024-25.

4.4.2 The GLA has recently launched the Council Homes Acquisition Programme. This is a grant programme under the 2021-26 Affordable Homes Programme which provides funding for the acquisition of new homes, in contrast to previous programmes focussed on construction of new homes. As an RP FWH is able to bid for this funding, and up to £85k is available for the acquisition of a home let at LHA. While detailed modelling is yet to be carried out, this scheme may represent an opportunity

¹ <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/latest#latest-movements-in-cpi-inflation>

² <https://researchbriefings.files.parliament.uk/documents/CBP-9428/CBP-9428.pdf>

³ <https://www.standard.co.uk/homesandproperty/property-news/obr-forecast-house-price-mortgages-transactions-2024-b1122430.html>

⁴ <https://www.standard.co.uk/homesandproperty/property-news/obr-forecast-house-price-mortgages-transactions-2024-b1122430.html>

to make acquisitions more affordable for the housing companies group, once existing loan funding sitting with i4B has been used up.

- 4.4.3 The property market will be regularly reviewed throughout 2024-25, including for any opportunities appropriate to FWH.

4.5 ***Current Demand and Housing Need within Brent***

- 4.5.1 FWH houses Council homelessness nominees, and there are growing pressures being placed on the Housing Needs Service, with a significant overspend on Temporary Accommodation (TA) being driven by the reduction of private-rented sector (PRS) properties available at Local Housing Allowance (LHA) levels. This has led to an increased reliance on TA as a medium-term solution for households in need. The difficulty of finding TA has meant that local authorities are housing a growing number of their most vulnerable residents outside the capital, away from vital services and support networks⁵.

- 4.5.2 Temporary Accommodation has a significant financial impact on the Council, with a projected overspend of £4.5m against the 2023-24 budget. This is partly due to the fact that benefits paid to those living in TA have been limited to 90% of the 2011 LHA rates. This is significantly less than the rents currently being charged by most private sector landlords. In the 2023 Autumn Statement, the Chancellor announced that from April 2024, LHA rates will rise to the 30th percentile of local market rates. This will relieve some of the pressures faced by families but will need to be balanced against the restraints of the benefit cap, which will not be updated next year.

- 4.5.3 The Council are now faced with increasing pressures to source cost-effective TA. Options for this include the purchase of homes on the private market or from developers, and FWH is a potential route for the acquisition of properties or blocks to contribute to relieving current pressures. Any blocks considered would also help to relieve ongoing high demand from families who require adapted properties due to mobility issues or disabilities.

4.6 ***The Regulatory Environment***

- 4.6.1 As a Registered Provider of social housing, FWH is required to comply with the standards of the Regulator of Social Housing. The regulatory environment in which FWH operates continues to be stringent, following the introduction of new legislation such as the Building Safety Act and more proactive regulation in areas such as tenant satisfaction.
- 4.6.2 The Regulator's new tenant satisfaction measures have been effectively implemented from April 2023, and the Housing Companies Operational Manager will begin regular reporting to the Board on these.
- 4.6.4 Stock condition is another key theme. Alongside decarbonisation requirements discussed below, the sector continues to see increased numbers of disrepair cases and complaints to the Housing Ombudsman, principally in relation to property condition and damp and mould. The Board are receiving more regular and

⁵ [Inside Housing - News - London's biggest landlords to provide temporary accommodation for councils](#)

comprehensive reporting on disrepair cases, and disrepair is one of the focuses of a financial controls audit currently being undertaken for the company. HMS must also continue to adhere by the legal process set out in the Pre-Action Protocol for Housing Conditions Claims when addressing disrepair cases.

4.6.5 Finally, the new Building Safety Act brought the introduction of a new Building Safety Regulator and a New Homes Ombudsman. The Act covers residential high-rise buildings at all stages from design and planning to construction and occupancy, and requires the provision of a 'golden thread' of detailed building information both to the Regulator and residents. It also introduced greater protections for leaseholders against historical defects as well as the requirement for a resident engagement strategy. As a result of this, FWH is required to provide detailed information to the Regulator for two of its blocks.

4.7 **Energy Efficiency**

4.7.1 Brent Council declared a climate and ecological emergency in 2019 and committed to do all reasonable in its gift to aim for carbon neutrality for 2030, and to work with government to achieve the national 2050 target. The target for Brent's housing in its Climate & Ecological Emergency Strategy (2021-2030) is to achieve an average EPC rating of B by 2030, in line with the London Councils target. Brent Council's housing companies' environmental sustainability targets are aligned with the Council's own environmental sustainability targets. Although the Government has made the decision to change its policy regarding climate targets and commitments⁶, FWH and the wider Council group are still aiming at previously agreed targets.

4.7.2 FWH has also applied successfully to the Social Housing Decarbonisation Fund in a consortium bid alongside the Council, which awarded grant funding at a small number of FWH properties for energy efficiency works.

4.7.3 Stock decarbonisation will be a significant capital expense for the Company. Modelling shows an indicative average cost per property of £18,000 for reaching EPC C and £20,500 for reaching EPC B; this has the potential to increase with inflation. Therefore, the company's ongoing work to forecast its capital programme and decarbonisation requirements will be important for securing financial viability while meeting targets.

4.8 **Risk Context**

4.8.1 The Company currently faces a number of risks. Key risks include:

- Poor data quality on asset management systems means compliance with H&S standards cannot be effectively monitored, resulting in FWH being non-compliant with its statutory obligations.
- FWH lacks the policies, knowledge and governance arrangements to effectively monitor regulatory and legal standards on compliance.
- Compliance actions are not effectively identified, followed up and monitored when issues arise, leading to non-compliance with statutory obligations.

⁶ <https://www.gov.uk/government/news/pm-recommits-uk-to-net-zero-by-2050-and-pledges-a-fairer-path-to-achieving-target-to-ease-the-financial-burden-on-british-families>

- Changing inflation or Government policy on rents and benefits means FWH cannot increase rents at business plan assumptions.
- High void rent loss due to long void turnaround times.
- High Capital Programme costs, including future climate change expenditure, undermine the viability of the business plan.
- Substantial variations in inflation and interest rates compared to the business plan adversely affect financial performance and viability.

4.8.2 Mitigating measures are in place to help to minimise the impact of all risks, with some risk scores being likely to reduce. A copy of the full Company risk register has been included in Appendix 2.

5. Strategic Priorities for 2024-25

5.1 This section outlines the Company's strategic priorities for 2024-25. In 2024-25, FWH will seek to consolidate its position while reviewing development opportunities in the borough. Priorities for the year 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.

5.2 *Providing a Consistently Good Housing Service*

5.2.1 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:

5.2.2 Priority 1: Monitor results of new tenant satisfaction measures

5.2.3 Following the implementation of new tenant satisfaction measures in April 2023, the initial results were presented to the Board in July 2023. FWH will continue to review results from these surveys as well as transactional feedback from its tenants to identify the direction of travel for tenant satisfaction, and carry out any necessary actions to improve tenant satisfaction. The Board will receive reporting on tenant satisfaction every six months.

5.2.4 Priority 2: Monitor complaints using improved portal

5.2.5 A separate hierarchy on the Council's complaints processing system has been set up specifically for FWH. This will enable company complaints to be monitored and reported on separately. Plans for regular reporting to the Board on complaints oversight and monitoring will be agreed with the Housing Companies Operational Manager and implemented during 2024-25.

5.2.6 Priority 3: Monitor and improve income collection performance

5.2.7 As part of the company value for money strategy, FWH will monitor and scrutinise the impact of improvement actions implemented by Housing Management, including new staffing arrangements, on rent collection and arrears recovery performance. This will include assessing the impact of the two new Housing Companies Tenant Managers who are responsible for the end-to-end tenancy management processes for the companies – including managing rent collection, arrears and tenancy sustainment as well as lettings, estates, and any tenancy issues such as ASB and tenancy verification visits.

5.2.8 The Housing Companies Tenant Managers will target individual households that have experienced persistent arrears through budgeting advice where appropriate, but also where FWH properties are being utilised as Temporary Accommodation, liaising with the Housing Needs Service to find alternative affordable accommodation. The

focus for the year will be on ensuring that any tenants of FWH Temporary Accommodation that are unable to afford the rent are flagged and moved on by the Housing Needs Service.

5.3 *Delivering Safe and Sustainable Homes*

5.3.1 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:

5.3.2 Priority 4: Fully implement True Compliance

5.3.3 The True Compliance system has been procured by the Council and is close to being fully implemented. FWH officers are working with True Compliance to set up reporting widgets which can be incorporated into the Housing Management Performance Reports. During 2024-25, FWH will continue short-term monitoring and reporting of compliance areas, providing reassurance to the Board that the Company remains compliant with all relevant law. It will also gradually phase out the manual compliance report as widgets for individual compliance areas are set up and officers have confidence in these. The possibility of incorporating the data into the Housing Management BI system is also being explored.

5.3.4 Priority 5: Fulfil the requirements of the Building Safety Act

5.3.5 With respect to the newly introduced Building Safety Act (BSA), FWH does not have any high-rise buildings that need to be registered with the Government/LFB in the initial stages of the BSA. However, the company is required to report on building safety in relation to its mid-rise blocks at Arnoux and Addis Court; these have been duly registered with the Regulator of Social Housing as part of its fire safety survey. Any further requirements of the Act impacting FWH will continue to be monitored closely.

5.3.6 Priority 6: Continue to effectively monitor and manage disrepair

5.3.7 Disrepair cases continue to be a prevalent issue for FWH and the sector more widely. Housing Management will continue to adhere to the legislative framework set out in the Pre-Action Protocol for Housing Conditions Claims, when addressing disrepair cases. Moving forward, the Board will receive updates on live and settled disrepair cases through the regular Housing Management performance report on a monthly basis. Between meetings, FWH will also continue to work closely with the Housing Companies Operational Manager to ensure that cases are being progressed in a timely manner. It is expected that increased reporting will not only improve Board oversight of cases but improve the timeliness of resolving cases, minimising disruption to tenants and reducing associated costs.

5.3.8 Priority 7: Refine and implement asset management & decarbonisation strategy

5.3.9 For the start of 2024-25, FWH will model the outputs of its stock condition & energy survey work into its financial business plan in order to develop an asset management and decarbonisation strategy. The strategy will ensure that FWH has affordable, costed plans to ensure its stock remains in good condition and reaches target Energy Performance Certificate levels.

5.3.10 To support this, FWH will also develop and agree with the Board a stock rationalisation approach in 2024-25 and will explore any relevant grant funding opportunities for energy efficiency in collaboration with Climate and Asset Management colleagues in the Council.

5.3.11 While the company has encountered challenges in engaging with freeholders on their future asset management and decarbonisation plans despite repeated attempts at escalation, FWH will continue to send periodic requests to freeholders and input any information received on timings, costs and responsibilities for these works into its financial plan.

5.4 *Running a Viable Business*

5.4.1 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:

5.4.2 Priority 8: Monitor and carry out actions to improve voids performance

5.4.3 Voids represent a key strand of the company's value for money strategy. The impact of various restructures and improvement actions in the Housing Management service on voids performance will continue to be closely tracked in 2024-25 by officers and the Board. This includes the activity of the Voids Hit Squad, the movement of the lettings service into the dedicated Housing Management team, and work to clear long-term legacy voids from the pipeline to focus on new voids.

5.4.4 The lettings function will now be carried out by the Housing Companies Tenant Services Managers, who at tenancy sign ups will focus on providing information to tenants on what to do when they decide to leave the property; this will allow for the Housing Management Team to start action on voids earlier. The Housing Companies Tenant Services Managers will also be responsible for an increased number of verification visits (targeted at 6 per week) to ensure that properties are in better condition so if and when tenants leave the property, the void works are reduced.

5.4.5 Alongside this, FWH will assess the outcome of a value for money review of voids from external contractor Ridge. This project will improve the oversight of void costs and specifications and identify any issues with how works are being specified and charged currently. The work is underway and will be completed by the beginning of 2024-25, after which FWH will work with Property Services to implement any necessary improvements, and consider a similar exercise for day-to-day repairs charging.

5.4.6 Priority 9: Carry out mid-year review of the financial business plan

5.4.7 Alongside regular financial monitoring and reporting throughout the year, at the mid-year point the financial plan will be updated with the actual position and latest forecast and will reflect any significant changes arising in the first part of the year. The plans will then be stress tested and presented back to the Board.

5.4.8 Priority 10: Implement actions arising from financial controls audit

5.4.9 An external audit is in progress in early 2024 looking into the financial controls and billing arrangements of FWH. The audit specifically has been set up to examine the billing processes, raising of charges and oversight and approval of payments in relation to disrepair claims, Council Tax and void refurbishment costs. Following the conclusion of the audit, in 2024-25 FWH officers will look to implement any actions arising and make any recommended improvements to processes.

5.4.10 Priority 11: Introduce regular tax planning exercises

5.4.11 In 2023-24, a tax planning review from EY provided assurance that FWH's current tax calculations are accurate and appropriate. The review also highlighted the need for regular tax planning exercises in order to improve forecasting and implement tax efficiencies where possible; these will be regularly carried out during 2024-25 and beyond.

5.5 *Increasing the Supply of Affordable Housing in the Borough*

5.5.1 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:

5.5.2 Priority 12: Work with Council colleagues to explore and appraise acquisition opportunities

5.5.3 FWH is one of several funding and delivery routes the Council has to increase the amount of affordable housing in the borough, and as an RP is able to take advantage of unique opportunities. FWH therefore remains available to support the Council's affordable housing aspirations and future housing opportunities.

5.5.4 Specifically for 2024-25 and beyond, the GLA has recently announced the new Council Homes Acquisition Programme (CHAP), a scheme through which grant funding is available for the acquisition of homes for use as Temporary Accommodation, up to a maximum of £200k for a social rented unit and £80k for a unit at Local Housing Allowance rates. Following the use of existing loan funding within the housing companies group, CHAP represents a potential future route for the affordable acquisition of properties. During 2024-25, FWH will work to model this scheme and understand its implications within the Council's Housing Strategy.

5.5.5 Priority 13: Identify and appraise potential block acquisitions

5.5.6 FWH continues to explore a number of block opportunities in collaboration with Council colleagues each year as part of its development strategy. It will continue to do so in 2024-25, with block purchases seen by the Board and Guarantor as a preferential acquisition route to bring in a large amount of housing supply that is easier to manage and has the potential for adapted units, subject to acquisitions being viable. Any suitable opportunities will be taken forward as appropriate.

5.5.7 Priority 14: Develop proposed lease arrangement for Fulton Road

5.5.8 The Council is looking to purchase 294 properties at Fulton Road and has agreed heads of terms with the developer of the scheme. As part of the scheme, leasing 118 London Living Rent units to FWH is being explored. The Council is finalising arrangements with the GLA, and during the year the company will look to agree heads of terms and enter into a lease agreement with the Council for the 118 units if an agreeable proposal for both the Council and Company can be identified and agreed.

5.5.9 Priority 15: Engage Council on future strategic direction of company

5.5.10 Given current challenges with the usage and associated costs of Temporary Accommodation within the Council group, FWH is beginning discussions with the Council as its Guarantor on how the company can contribute to alleviating these pressures. Discussions will be progressed during 2024-25 in order to agree the best approach to meet the housing objectives of the wider Council group, taking a holistic approach with the aim of increasing housing supply at scale while securing the future viability of the companies.

5.5.11 This will include looking at: the availability of finance; modelling the impact of new LHA rates and Greater London Authority schemes – including CHAP – on acquisitions at current interest rates; the shared risk appetite of the Council and company; and any areas of potential flexibility within the company's overall acquisition strategy and modelling. The FWH Board is open to inventive solutions to meet the aims of the Council's housing strategy and concrete plans will be agreed during the year.