

	<b>Cabinet</b> 10 March 2025
	<b>Report from the Chair of First Wave Housing Ltd</b>
	<b>Lead Member – Cabinet Member for Housing &amp; Resident Services (Councillor Fleur Donnelly-Jackson)</b>
<b>First Wave Housing Business Plan 2025-26</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Part exempt – Appendix 1(a) Financial Appendix and annexes to the Business Plan & Appendix 1(e) Service Level Agreement (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)”
<b>List of Appendices:</b>	Six Appendix 1: FWH Company Business Plan 2025-26 Appendix 1(a) (exempt) Financial Appendix to Business Plan – including Annexe 1 30 Year Summary Business Plan) Appendix 1(b) Company Risk Register Appendix 1(c) 2024/25 Progress on Key Tasks Appendix 1(d) 2025-26 Key Tasks Appendix 1(e) 2025-26 Service Level Agreement (Schedules 1 -3)
<b>Background Papers:</b>	N/A
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Sadie East, Director of Change and Improvement Tel: 020 8937 1507 <a href="mailto:Sadie.East@brent.gov.uk">Sadie.East@brent.gov.uk</a>

## 1.0 Executive Summary

- 1.1 This report provides Cabinet with a final draft of the First Wave Housing Ltd (FWH) 2025/26 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 2025-26 First Wave Housing Ltd Business Plan and financial model as Guarantor of the Company.
- 2.2 Cabinet approves the 2025-26 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 £3,627,129.
- 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 2025/26. The draft plan was presented to the FWH Board on the 28<sup>th</sup> January 2025, the Company Guarantor on the 6<sup>th</sup> February 2025, CMT on 10<sup>th</sup> February 2025 and PCG on 19<sup>th</sup> February 2025. Feedback from these meetings has been incorporated into this final draft.

## **4.0 Update on Operational Performance**

- 4.1 Table One 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 void times continue to be an issue and repairs performance is below target. The Company continues to provide a good housing service to residents and rent collection performance is strong.

Table One – Key Performance Indicators

Indicator	Target	Performance at January 2024 (YTD)	Performance at January 2025 (YTD)
Minor void re-let times	35 days	115 days	243 days
Major void re-let times	72 days	162 days	246 days
Rent collection	98.50%	99.83%	92.9%
Emergency repairs completed within 24 hours	100%	100%	100%
Urgent repairs completed within 7 days	95%	99%	99%
Routine repairs completed within 28 days	95%	78%	89%

- 4.2 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	*187	90.78%
Gas Safety (Property)	LGSR	194	*194	100%

<b>Legionella (Block)</b>	<b>Legionella risk assessment</b>	<b>34</b>	<b>3</b>	<b>100%</b>
<b>Electrical Safety (Block)</b>	<b>Communal EICR</b>	<b>4</b>	<b>4</b>	<b>100%</b>
<b>Lifts (Block)</b>	<b>Inspection report</b>	<b>1</b>	<b>1</b>	<b>100%</b>
<b>Fire Safety (Block)</b>	<b>FRA</b>	<b>4</b>	<b>4</b>	<b>100%</b>

*\*Data does not include void properties*

## **5.0 Progress in Implementing 2024/25 Business Plan**

5.1 In February 2024, the 2024/25 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. FWH manages its health and safety compliance arrangements through its Service Level Agreement with Brent Housing Service. Brent's Housing Management Service (HMS) use the True Compliance system for long-term monitoring and reporting of compliance across all areas. FWH will continue to monitor health and safety compliance with bi-annual reporting to the Board.

5.3.2. The Housing Companies are focussed on ensuring that our housing stock not only meets current safety standards but also aligns with future sustainability goals. Addressing disrepair is a key priority, and we have taken proactive measures to identify and rectify potential issues early on. This approach is critical in safeguarding the health and wellbeing of our tenants.

5.3.3. Furthermore, FWH are developing an asset management strategy. A significant focus of this strategy is improving the energy performance of our housing stock, with the goal of bringing all properties up to a minimum EPC C rating, to achieve the government's 2030 target. This initiative is essential for both maintaining

the value and quality of assets and supporting broader sustainability objectives and is expected to bring health and financial benefits to tenants.

#### 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. While FWH has not recently taken forward any Section 106 or grant opportunities, the Company is currently exploring a lease arrangement with the Council at one of its new build sites.

#### 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.

5.5.2 The FWH Board led a deep-dive session into voids to identify opportunities for reducing void times and rent loss, an action plan was put in place and is due to be reviewed by the Board in February 2025. Improvements are also being made to the way in which FWH report void statistics: voids will now be broken down into three stages, stage 1 void works, stage 2 housing needs nomination and stage 3 tenancy sign-up.

5.5.3 Another key concern for FWH is value for money. A value for money strategy for FWH was approved by the Board during 2023/24 and will continue to be implemented during the 2025-26 financial year.

#### 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. In comparison to a baseline for Brent's stock of 46%, FWH's overall tenant satisfaction was 56.8%.

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 has been agreed with the Housing Companies Operational Manager.

### **6.0 2025/26 Business Plan**

6.1 Appendix 1 contains a final draft of the Company's 2025/26 Business Plan. Cabinet is asked to approve the business plan.

6.2 The 2025/26 Business Plan outlines the Company's strategic priorities for the year. Priorities for 2025/26 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 responses to the Regulator's 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 2025-26 strategic priorities for this objective are:

- Priority 1: Monitor and improve results of tenant satisfaction measures
- Priority 2: Improve income collection performance
- Priority 3: Monitor complaints using improved portal
- Priority 4: Maintain Regulatory Compliance

### 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 2025-26, 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 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 5: Refine and implement asset management & decarbonisation strategy
- Priority 6: Improve the monitoring and management of Disrepair
- Priority 7: Monitor and maintain health and safety compliance

### 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 2025-26 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 2025-26 strategic priorities that relate to this objective are:

- Priority 8: Monitor and carry out actions to improve voids performance
- Priority 9: Improve the management of housing and property costs through SLAs and contracts

## **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 10: Develop proposed lease arrangement for Fulton Road
- Priority 11: Continue to seek the best strategy to ease Council pressures and deliver unique opportunities

## **7.0 2025/26 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 1(e). This outlines the services provided to FWH, service standards, and management costs. The SLA will run throughout 2025/26 and will be reviewed again for 2026/27. 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.

- 9.2 Over the year, inflation has fallen from a 6.7% in 2023 to 1.7% in September 2024 which impacts costs and income. Rental increase caps are at the standard policy of CPI + 1% at September 2024 and the LHA rate has remained the same as 2024/25 as there has been no increase agreed by the government.
- 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 10<sup>th</sup> March 2025. 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 Act 2023. This means that unless relevant Procurement Act 2023 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 Procurement Act 2023 threshold.
- 10.5 The Building Safety Act 2022, sets out a number of provisions which requires FWH as a Landlord to comply with various safety standards to its buildings. In order to comply with the Building Safety Act, FWH has to give consideration to who will act as the Principal Accountable Person ("PAP"). The PAP will have a range of legal duties to ensure buildings are safe from a fire and building safety perspective. These duties cannot be delegated to others, but the PAP may employ a managing agent to carry out some or all of those duties on behalf of the PAP.
- 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.
- 10.8 There is an indication of a proposal to enter into a lease arrangement. It is noted that this is subject to further discussions. Subject to these further discussions appropriate approvals will be sought.

## **11.0 Equity, 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 Partnerships Housing and Resident Services