



First Wave Housing Limited

2022/23 Business Plan

First Wave Housing Ltd 2022-23 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 2022-23 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 2021-22 Business Plan
 - 4.0 Context for 2022-23 Business Plan
 - 5.0 Strategic Priorities for 2022-23
 - 6.0 Appendices
 - A1 Closed Financial Appendix – Financial Implications of Proposals
 - A1a 30 Year Profit and Loss Account
 - A2 Risk Register
 - A3 Progress on the 2021-22 Key Tasks
 - A4 2022-23 Key Tasks

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 326 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 currently manages 326 rented properties and one leasehold property, a total of 327 properties. Of the 326 rented properties, 167 are settled homes, 89 are at social rent rate, 25 are at intermediate rent, and 45 are at market/PRS rent. The annual rent roll is £4.2 million. There are also two commercial properties within the portfolio.

2.6. As the transfer of 110 properties at Granville New Homes has now been agreed, by 1 April 2022 84 social housing units, 1 leasehold unit, and the freehold for the site (including the Tabot Centre) will be transferred to the Council's HRA, and 25 intermediate units will be transferred to i4B Holdings Ltd (i4B).

2.7. Tables One and Two below show a breakdown of FWH's stock and rent levels pre- and post-transfer of Granville New Homes.

Table One – FWH Stock Breakdown Pre-Transfer

Product Type	No. Properties	Average Weekly Rent	Sum of Weekly Rent
General Needs	89	£119	£10,584
1 bed	24	£106	£2,541
2 bed	32	£116	£3,718
3 bed	23	£130	£2,985
4 bed	10	£134	£1,340
Intermediate Rent	25	£322	£8,058
1 bed	12	£304	£3,646
2 bed	13	£339	£4,412
Market Rented	45	£302	£13,606
1 bed	45	£302	£13,606
Settled Housing	167	£302	£50,453
1 bed	10	£275	£2,748
2 bed	135	£303	£40,856
3 bed	22	£311	£6,849
Grand Total	326	£254	£82,701

Table Two – FWH Stock Breakdown Post-Transfer

Product Type	No. Properties	Average Weekly Rent	Sum of Weekly Rent
General Needs	5	£141	£705
3 bed	5	£141	£705
Market Rented	45	£302	£13,606
1 bed	45	£302	£13,606
Settled Housing	167	£302	£50,453
1 bed	10	£275	£2,748
2 bed	135	£303	£40,856
3 bed	22	£311	£6,849
Grand Total	217	£298	£64,764

NB: Due to rounding figures may not total correctly

- 2.8. 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 89 of these properties from one bed to four bed and they include five new build houses.
- 2.9. 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.
- 2.10. 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.

3. Progress against the Company's 2021-22 Business Plan

3.1. As outlined in the 2021-22 FWH Business Plan, the medium- to long-term objectives of Brent's Housing Companies are:

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

3.2. This section outlines performance against each of the Company's strategic objectives.

3.3. Summary of performance

3.3.1. As referenced in the Company's 2021/22 Business Plan, the main objective for the Company in 2021/22 was finding a safe, quick, and affordable way to remedy deficiencies with the external wall system at four of its blocks in South Kilburn. Throughout 2021/22 the Company has worked towards this objective.

3.3.2. FWH has worked with Brent Housing Management and external consultants to determine the extent of work required to remediate issues with the external wall system. This work determined that the cost of remediation works would make the FWH business plan unaffordable.

3.3.3. As a result, FWH, in partnership with the Council, carried out an analysis on options to carry out remediation works as quickly as possible, whilst also retaining the viability of FWH. The proposed solution sees FWH dispose of four blocks to the Council and the Council's wholly owned housing company, i4B. FWH will also refinance its loan with the Council.

3.3.4. This solution ensures the viability of the FWH business plan. The solution also maintains the rights of tenants and does not lead to a loss of social housing.

3.3.5. This approach was agreed by Brent Cabinet, the FWH Board, and i4B Board in October 2021. A positive consultation was held with residents on the proposed change in landlord in November 2021. The transfer is set to be finalised at the start of April 2022.

3.3.6. In regards to operational performance, FWH has not purchased any new properties, therefore performance is based on housing management. FWH's overall performance is reasonable, although there are some areas where performance has deteriorated in 2021-22 and requires improvement. The Company continues to provide a good housing service to residents.

3.3.7. Table Three below provides a summary of operational performance at December 2021:

Table Three – Summary of Performance

Indicator	Target	Performance at December 2020	Performance at December 2021
Minor void re-let times	35 days	62 days	78 days
Major void re-let times	72 days	122 days	85 days
Rent collection	98.50%	96.77%	100.35%
Void rent loss	1.50%	4%	6.5%
Emergency repairs completed within 24 hours	100%	98%	99%
Urgent and routine repairs completed within 14 days (not included Excluded or communal work programme)	95%	83%	85%
% of portfolio with valid CP12 gas certificate	100%	100%	99%

3.3.8. Rent collection remains strong despite issues related to Covid-19 such as the ban on evictions and backlog of court cases. Repairs performance is generally at or slightly below target.

3.3.9. The main operational issue is high void times. The FWH Board monitor this on a monthly basis. A Voids Improvement Action Plan is in place and will be reported on throughout 2022/23.

3.3.10. The following paragraphs provide a more detailed update on progress against the sub objectives for each Housing Company objective in the 2021-22 Business Plan.

3.4. Performance against strategic objectives

3.5. *Delivering safe and sustainable homes*

3.5.1. As mentioned above, in 2021/22 the full extent of the remediation works required to address fire safety and water penetration issues at FWH's blocks in South Kilburn (known as Granville New Homes) was identified.

3.5.2. This work determined that the estimated costs to remediate the issues would make the FWH business plan unaffordable. A solution has been identified that will allow works to be carried out as effectively and quickly as possible, whilst also maintaining the viability of FWH. The approach, agreed by the FWH Board and Brent Council Cabinet, was to transfer 84 social housing units, 1 leasehold unit, and the freehold for the site (including the Tabot Centre) to the Council's HRA, and 25 intermediate units to i4B Holdings Ltd. It was also agreed that FWH's debt with the Council would be refinanced.

- 3.5.3. The solution ensures that works can be carried out as quickly as possible, whilst also ensuring the viability of FWH.
- 3.5.4. FWH and the Council held a positive consultation with residents in November 2021 and the transfer is due to occur on 1 April 2022 to coincide with the start of the new financial year.
- 3.5.5. Separately to this, FWH, in partnership with Brent Housing Management, has carried out a review of its compliance arrangements and policies. Existing policies have been reviewed and further work is required to put in place an effective set of policies and performance metrics. This will therefore be carried over into the 2022-23 Business Plan.

3.6. *Increasing the supply of affordable housing in the borough*

- 3.6.1. 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
- 3.6.2. A Development Strategy has been drafted for both of the Council's housing companies. This will be in place for the start of 2022-23 and will outline the work the Company will carry out to enable it to deliver new build schemes in the future, including necessary financing arrangements. The outcomes of the Development Strategy will also be applicable when assessing the future developments.
- 3.6.3. While no new build opportunities for FWH have been progressed in 2021-22, in July 2021 the Mayor of London announced the Right to Buy Back Fund, a grant opportunity designated to boroughs to buy former council homes that were sold on the private market through the Government's Right to Buy programme. This is being explored as a potential opportunity for FWH.

3.7. *Running a viable business*

- 3.7.1. In the 2021-22 Business Plan FWH aimed to improve void times and thereby reduce void rent loss. While issues with high void times remain, a new interim voids and lettings manager has been appointed and the voids process has been reviewed. As a result, an improvement action plan is in place, and performance will be reported to the Company Board and closely monitored over the coming financial year.
- 3.7.2. During 2021-22, the Company carried out a benchmarking exercise on its operational and financial performance. This provided useful insights, including repairs times being strong and costs being generally in line with sectoral averages. However, FWH's capital spend is currently low. During 2022-23, therefore, an asset management strategy and value for money (VfM) strategy will be developed.

3.8. *Providing a consistently good housing service*

- 3.8.1. FWH aims to ensure tenant satisfaction and therefore monitors this regularly through monthly reports to the Board and biennial STAR surveys. The next STAR survey is due in 2022.

3.8.2 A customer satisfaction improvement plan has been implemented. Some of the key actions from the customer satisfaction improvement plan are:

- Brent Housing Management restructure and monthly service improvement board meetings
- Communication plan and appointment of a dedicated housing officer for FWH
- Introduction of compliance reporting and improved performance reporting
- Improved grip on voids management process and inspection of external communal areas

4. Context for 2022-23 Business Plan

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

- The state of the housing market;
- The impact of Covid-19; and
- The key risks the Company currently faces.

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

4.3. *The housing market*

4.3.1. During 2022-23, property prices within Brent have risen and remain high, while demand has also increased. As purchasing in Brent remains difficult, the work FWH does in providing affordable rented housing will remain beneficial to the Council.

4.4. *Economic Context*

4.4.1. In last year's business plan, it was anticipated that Covid-19 might reduce demand for housing within London with more people working from home and choosing to live outside of London. This has not occurred in the last year, and supply is currently limited with a corresponding rise in prices. It is too early to establish what the longer term impact on the London economy and property market of Covid 19, Brexit and changing working patterns will be. This is a key area of the business plan to monitor going forward.

4.4.2. Inflation in the UK is at its highest for 20 years and this is a pattern being experienced more widely in the global economy. The key question is whether this is a short term phenomenon, or whether higher inflation is here to stay. Again, this will be monitored closely.

4.5. *Net Zero and Climate Change works*

4.5.1. 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.

4.6. *Risk context*

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

- High Capital Programme costs, including future climate change obligations, undermine the viability of the business plan.

- Poor data quality on asset management systems means compliance with Health and Safety standards cannot be effectively monitored, resulting in FWH being non-compliant with its statutory obligations.
- Poor contractor performance and information control results in FWH properties being non-compliant with statutory Health and Safety objectives.
- High void rent loss due to long void turnaround times.

4.6.2. Mitigating measures are in place to help to minimise the impact of all risks. A copy of the full Company risk register has been included in Appendix 2.

5. Strategic Priorities for 2022-23

5.1. The following section outlines the Company's strategic priorities for 2022-23. Priorities for 2022-23 are set out within the framework of the medium- to long-term objectives of Brent's Housing Companies. These objectives are:

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

5.2. Delivering safe and sustainable homes

5.2.1. This objective involves ensuring that FWH's homes are of a good quality, safe, compliant, and environmentally sustainable. In 2022-23, the Company's focus will be on its compliance policies and metrics, and relevant strategic priorities are as follows:

5.2.2. Priority 1: Implement the transfer of the Granville New Homes properties to i4B and the HRA

5.2.3. It was identified that FWH's blocks in South Kilburn (known as Granville New Homes) require remediation works to address fire safety and water penetration issues. During 2021-22, work was carried out to identify a solution that allowed works to be carried out as effectively and quickly as possible, whilst also maintaining the viability of FWH. It was agreed by the FWH Board and Brent Council's Cabinet to transfer 84 social housing units, one leasehold unit, and the freehold for the site (including the Tabot Centre) to the Council's HRA, and 25 intermediate units to i4B Holdings Ltd.

5.2.4. While the transfer of the block will take place on 1 April 2022, it will be a focus for 2022/23 to ensure the transfer has been completed successfully and to address any further actions arising.

5.2.5. Priority 2: Establish a suite of compliance policies and standards to ensure legal compliance

5.2.6. The remaining priorities for this year have been carried over from 2021-22. While existing policies were reviewed during 2021-22, further work in 2022-23 is needed to establish a comprehensive suite of compliance policies, standards and metrics for FWH. Officers will work with the Head of Housing Property Services to progress this work.

5.2.7. Priority 3: Establish a suite of performance monitoring metrics to give the Board assurance on compliance levels

5.2.8. An accompanying set of metrics will be developed alongside these policies. This will enable officers to effectively report on compliance to the Board, providing reassurance that the Company remains compliant with all relevant law.

5.2.9. Priority 4: Carry out an audit of the new compliance suite

- 5.2.10. Once established, the new set of compliance policies, standards and metrics will be reviewed to ensure they enable the Company to effectively monitor performance and to remain compliant.
- 5.2.11. Priority 5: Commission review of energy performance data for current stock
- 5.2.12. FWH will commission a consultant to review its existing stock to understand current energy performance data. This will give FWH an indication of the current energy performance of its stock.
- 5.2.13. Priority 6: Commission review to understand what work is required to bring stock up to an average of EPC B
- 5.2.14. Once FWH has an understanding of existing stock condition, it will carry out an analysis to determine what work is required to bring the stock up to an average of EPC B. This work will highlight the stock component replacements and upgrades that would be required to improve energy performance.
- 5.2.15. Priority 7: Model cost implications of bringing stock up to an average EPC B rating and develop a funding strategy for financing a carbon reduction works programme
- 5.2.16. An analysis will be carried out using the modelling on works required to improve energy performance to understand financial implications and cost. This will give FWH a better understanding of the longer term costs of climate change works. FWH will also seek to identify capital and any funding available from internal and external carbon offset/energy grant schemes to finance programmes of works.

5.3. Increasing the supply of affordable housing in the borough

- 5.3.1. FWH is one of the delivery routes available for the Council's target of 1,000 new units of affordable housing in Brent per year. Given its status as a registered provider (RP), the Company remains available for any relevant funding opportunities which could contribute to this target, using the agreed loan facilities of up to £110.5m for i4B and FWH. The strategic priority for this objective in 2022-23 is:
- 5.3.2. Priority 8: Remain available as an RP to support the Council's affordable housing aspirations
- 5.3.3. As a registered provider, there will be scope for FWH to use grant funding when purchasing properties. Therefore, in 2022-23 the Company will work with the Council and private sector partners to identify any relevant affordable new build housing opportunities in the borough, using the findings of the Development Strategy work to best meet housing need in the borough. This could include the Mayor of London's Right to Buy Back Fund, which FWH is exploring. As these opportunities develop, FWH will review its financial model and potential grant funding opportunities to ensure schemes remain affordable and in keeping with the Council's requirement of 65% of market rents.

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 2022-23 will be on improving void times, as well as developing strategies for value for money and asset management to effectively forecast and reduce costs. The 2022-23 strategic priorities that relate to this objective are:

5.4.2. Priority 9: Reduce void times

5.4.3. In response to ongoing high void times for FWH, an improvement action plan was presented to the Company Board in December 2021. Given the majority of the issues lay with historic void properties, and the comprehensive action plan in place, performance is expected to improve over 2022-23. This will be closely monitored by officers and at Board meetings during the financial year.

5.4.4. Priority 10: Develop an Asset Management Strategy for FWH

5.4.5. In its 2021-22 Business Plan FWH committed to work with the Council's Asset Management team and external third party freeholders to develop a long-term asset management strategy. While FWH has reviewed its existing stock condition data and confirmed this is accurate, further work is needed in 2022-23 to engage with third party freeholders and draft up a costed asset management strategy.

5.4.6. Priority 11: Review void and repair costs

5.4.7. Void and repair costs are a large cost driver for FWH. The Company will commission a value for money review of these costs and implement actions from the resulting report. The review will look at current specifications, costs and contract pricing against sectoral performance.

5.4.8. Priority 12: Develop and implement a value for money strategy for FWH

5.4.9. Following the Company's benchmarking exercise, FWH has identified areas of operational and financial underperformance. During 2022-23, FWH will produce a value for money strategy. This will outline how FWH defines VfM, how it will achieve VfM, and plans for monitoring this. This process will involve setting specific VfM targets with service areas through the SLA with the Council.

5.4.10. Priority 13: Review approach to former tenant arrears

5.4.11. FWH's benchmarking exercise also demonstrated a high level of former tenant arrears (FTA) when compared against similar organisations. In order to reduce this the Company will carry out a review of its FTA levels, and work with the Council's Income team to recover these, or consider writing these off where unrecoverable.

5.5. Providing a consistently good housing service

5.5.1. This objective relates to improving tenant satisfaction. FWH monitors tenant satisfaction regularly through monthly reporting to the Company Board as well as STAR surveys every two years. The 2022-23 strategic priority for this objective is:

5.5.2. Priority 14: Monitor tenant satisfaction

5.5.3. Following the 2020 STAR surveys, Brent Housing Management have implemented a tenant satisfaction improvement plan. Metrics from this plan are included in the Housing Management performance reports that are submitted to the Company Board every month, and will be monitored throughout 2022-23. A new STAR survey will be carried out during 2022 as part of the ongoing programme.

Appendix 1 – Closed Appendix – Financial Analysis

Please refer to the First Wave Housing Closed Financial Appendix document.

Appendix 2 – Risk Register

See Appendix 2 of accompanying cover report.

Appendix 3 – Progress on the 2021-22 Key Tasks

See Appendix 3 of accompanying cover report.

Appendix 4 – 2022-23 Key Tasks

See Appendix 4 of accompanying cover report.