

COMMUNITY & HOUSING OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Wednesday 10 th January 2024
Report Subject	Welsh Housing Quality Standards (WHQS 2 2023)
Cabinet Member	Cabinet Member for Housing and Regeneration
Report Author	Chief Officer (Housing and Communities)
Type of Report	Operational

EXECUTIVE SUMMARY

The purpose of this report is to provide an update regarding the new Welsh Housing Quality Standards (WHQS 2 2023) and the Council's obligations relating to delivery of the new standards.

The Council were successful in delivering the previous WHQS programme of works to all Council stock, a major capital investment of over £100m. The Council are now in the maintenance phase of the programme, delivering further investment works to those components within our properties where required.

As a result of the new standards, the Council will be required to update its specifications, work briefs and programmes of work to comply with the new guidance.

RECOMMENDATIONS

1	To support the capital investment programme in the next phase of delivery as it moves towards complying with the new updated Welsh Housing Quality Standards and requirements.
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REPORT DETAILS

1.00	EXPLAINING THE WELSH HOUSING QUALITY STANDARD
1.01	<p>The Welsh Housing Quality Standard 2023 (the Standard) sets the target for the condition of all social housing in Wales.</p> <p>The Standard was originally introduced in 2002 and has been successful in raising the quality of social homes in Wales. This level of quality must be maintained and enhanced, taking account of changes and expectations in, and impacts from, the wider world such as climate change and technical advancements in building fabric.</p> <p>The Council is committed to bringing all existing social housing up to this new Standard by 2033 (elements in Part 3 may be reached at different times). The expectation is that WHQS 2023 will be reviewed within 3 years. The outcome of this iteration of the Standard will be reviewed and refreshed within ten years.</p> <p>The next review will then consider the improvement made to the social housing stock from this Standard and the progress required to remain on track to meet 2050 climate obligations.</p> <p>The Standard sets the requirements all social housing is updated and kept in good condition so social contract holders have the opportunity to live in a home that:</p> <ul style="list-style-type: none">• Is in a good state of repair;• Is safe and secure;• Is affordable to heat and has minimal environmental impact;• Has an up-to-date kitchen and utility area;• Has an up-to-date bathroom;• Is comfortable and promotes wellbeing;• Has a suitable garden; and• Has an attractive outside space. <p>A home will meet the Standard when all relevant elements are achieved. It is recognised that some elements of the Standard are not applicable to all homes. It is also recognised that not all homes will be able to achieve some elements for various reasons.</p>
1.02	<p>Julie James MS, Minister for Climate Change:</p> <p>“The turn of the century saw the introduction of the Welsh Housing Quality Standard (WHQS). Welsh Government, together with social landlord delivery partners, have invested billions of pounds to significantly improve and maintain the quality of social homes across Wales over the last two decades.</p> <p>By 2022, all social housing in Wales has met the challenging Standard and social landlords continue to maintain that Standard today.</p>

	<p>Spanning six administrations, to date, WHQS is an example of how Governments can take the long view; investing in long term policies and programmes, with long-term funding models, enabling social landlords to confidently invest over the long term in assets and communities.</p> <p>This has resulted in driving up the standard of social housing in Wales compared to housing in other sectors. Everyone accepts that living in a quality home brings benefits to both the physical and mental wellbeing of those who live in them.</p> <p>The 2020's have already brought rapid and unexpected change with a global pandemic fundamentally shifting how people live, feel about, and what they expect from a home. Social justice and equality issues such as broadband access and flooring provision, building safety and the ability to live safely and securely in homes have become even more paramount; appreciation of our homes is perhaps higher than it has been for a very long time.</p> <p>Wales led the way in declaring a climate emergency. The 2020's will need to be a decade of decarbonisation for housing, where we learn how to effectively and efficiently upgrade social housing, in ways which reduce carbon emissions, and energy bills for tenants.</p> <p>What is learnt upgrading the 230,000 social homes in Wales, will drive how we as a nation tackle making the 1.2 million privately owned homes net zero carbon. The challenge of retrofitting the existing housing stock is vast. Every single house has a different history; therefore, our mission is to reduce carbon emissions home by home, and street by street.</p> <p>I am therefore delighted to introduce WHQS 2023. This Standard builds on the excellent achievements of its predecessor and will continue to drive up and maintain the quality of social housing in Wales. WHQS 2023 once again raises the bar for social housing and aims to be both bold and achievable. It is deliberately demanding. But I am determined that social housing in Wales becomes a tenure of choice providing modern, low carbon, quality homes which are fit for the 21st century and beyond”.</p>
1.03	<p>New Themes</p> <p>WHQS 2023 driving towards a Net Zero Wales WHQS sets out Standards relating to the decarbonisation of social homes and aims to reduce carbon emissions from the Welsh housing stock. This Standard contributes towards governmental climate change goals expressed through the Net Zero Wales plan published in 2021 and updated in 2022. In time, it is anticipated that the Standard will apply to other types and tenures of housing, and this will be kept under regular review.</p> <p>WHQS 2023 and digital connectivity Consideration should be given to how landlords can alleviate digital exclusion amongst contract holders. Digital connectivity is a social justice matter, with Ministers expecting social landlords to be innovative in</p>

	<p>maximising the opportunity for individual households and communities to have, where possible, equal access to online opportunities.</p> <p>Evaluation of WHQS 1 (2008) The evaluation concluded <i>‘that the WHQS had been effective in achieving its key objective of raising standards of social rented housing’ and ‘has benefits for tenants and should be continued into the future...’</i></p> <p>The evaluation process identified areas of the Standard that required updating and improving, areas where research and societal changes had changed expectations since the original Standard was launched, as well as new areas to include, these are listed below:</p> <ul style="list-style-type: none"> • Data collection and reporting; • Compliance policies; • Fire and electrical safety; • Affordable Warmth and Environmental Impact (new elements); • Flooring (new element); • Water efficiency (new elements); • Biodiversity (new element); • Active travel (new element);
1.04	<p>Timeline for achievement of the Standard</p> <p>By 31 March 2025, landlords must:</p> <ul style="list-style-type: none"> • Assess the condition of their stock and the work necessary to meet the Standard; • Estimate the investment needed to achieve the Standard; • Complete contract holder engagement on the programme; • Prepare and submit a Compliance Policy to the Welsh Government; and • Update the Business Plan to reflect the programme. <p>By 31 March 2027, landlords must:</p> <ul style="list-style-type: none"> • Produce Target Energy Pathways, informed by their Whole Stock Assessment; <p>By 31 March 2034, landlords should have:</p> <ul style="list-style-type: none"> • Confirmed that all their housing stock meets the Standard. <p>Contract holder engagement on the programme It is recognised that to foster pride and belonging, contract holders should be encouraged to be involved in making any decisions that affect their community and environment. It is expected that contract holders are shown how the programme was developed, and how contract holder and/or contract holder groups views and priorities have influenced the programme. The precise process for contract holder engagement is a matter for the individual landlord.</p>
1.05	<p>The existing capital investment programme has continued as scheduled, to ensure the Council remain compliant with the existing WHQS standards;</p>

	<p>however key changes will need to be implemented as smoothly and efficiently as possible.</p> <p>To ensure the Council is prepared for the new WHQS 2023 requirements the Housing Assets Teams have commenced a number of key actions / milestones that must be achieved before implementation:</p> <ul style="list-style-type: none"> • Agree the HRA Business Plan with Welsh Government. • Complete Stock Condition Surveys (both internally & externally). • Procure an independent Stock Condition Survey targeting a percentage of the housing asset stock to provide assurance. • Consult with Members. • Conduct Tenant Federation workshops. • Conduct contract holder consultation workshops in our local Connects Centres. • Request feedback via an online questionnaire and comments section on Council's WHQS & Decarbonisation works. • Ensure our existing contracts are compliant and able to accommodate the new WHQS standards / specifications seamlessly. • Tender additional work streams, where required, to target new work elements (i.e. Intelligent Energy Metering, Heat Metering and Energy Performance Devices).
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2.00	RESOURCE IMPLICATIONS
2.01	<p>Staff - There are concerns staff retention may be difficult to maintain. Given that the construction industry is an ever-changing sector, staff may seek opportunities elsewhere i.e., new build, private sector etc.</p> <p>The Capital Works Team have made adjustments to the team's structure to incorporate a degree of resilience, succession planning and robustness to the delivery model and departments risk register.</p>
2.02	<p>Budgets - When developing our delivery programme, budget estimates were made for the required upgrade works to our existing properties with contingency sums included for unforeseen work such as structural repairs etc.</p> <p>Further works have been undertaken with colleagues in Finance and we have begun forecasting our budget requirements for the next tranche of works.</p>
2.03	<p>Procurement – Procuring the various WHQS works can be challenging. The Council must ensure all contracts are measured, not only by cost but by quality. Quality forms an important part of the assessment process where the Capital Works Team interviews all contractors and assesses Quality Submission Papers before any contracts are awarded. The team have been able to secure further efficiencies by merging some contracts so that internal and external resources can be shared.</p>

	<p>There is a risk that many contractors are opting for new build contracts rather than refurbishment contracts. Engaging with our supply chain early and sharing our Capital Investment Programme aspirations with our Contract Framework Partners assists us to procure longer term contracts and therefore reduces risk of inflated costs based on long term contract arrangements.</p>
3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	<p>As per paragraphs 2.01, 2.02 and 2.03, the Council has commenced with a full review of the Council's resources, budget requirements and procurement challenges.</p> <p>The Housing and Assets service are in the process of procuring a framework of contractors and suppliers to mitigate risks in terms of contractor resource and material supply and to also provide assurance with regards to associated costs, which impact upon our budgets etc.</p>

4.00	CONSULTATIONS REQUIRED/CARRIED OUT
4.01	<p>Prior to the Capital Investment Programme commencing in 2014 to comply with the WHQS (2008), the team held Member workshops, where most Members attended and were actively involved in the design and delivery of the current Capital Programme.</p> <p>Tenant Federation workshops were also held where we engaged with the federation with regards to what priority, and which order the works should be completed, along with holding contract holder consultation workshops in our FCC Connects Centres and community centres engaging with our contract holders and discussing the Capital Programme along with ascertaining what order contract holders would prefer to have components of their home upgraded first.</p> <p>Moving forwards, and as part of the next phase of the Capital Programme and decarbonisation retrofit programme, the Capital Works Team will again be consulting with Members, contract holders and contract holder groups to ensure that each is engaged with and to ensure their preferences and any concerns with regards to this next phase are considered and implemented as we have previously.</p>
4.02	<p>In addition to the work detailed within this report, there is a wider issue that needs to be considered around the potential to undertake regeneration schemes on some of our estates rather than continue to commit funding to assets that will be expensive to continue to maintain and run, have high numbers of voids and which are expensive to heat and run for the contract holder.</p> <p>Consultations will need to be held with Members and contract holders as the Council progresses with its investment plans and this will be completed prior to any works being procured and delivered.</p>

5.00	APPENDICES
5.01	None.

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	https://www.gov.wales/welsh-housing-quality-standard
6.02	https://gov.wales/decarbonisation-homes-wales-advisory-group#content
6.03	https://gov.wales/sites/default/files/statistics-and-research/2021-06/welsh-housing-quality-standard-summative-evaluation.pdf

7.00	CONTACT OFFICER DETAILS
7.01	Contact Officer: Sean O'Donnell, Service Manager - Housing Assets Telephone: 01352 701642 E-mail: Sean.O'Donnell@flintshire.gov.uk

8.00	GLOSSARY OF TERMS
8.01	Capital Programme: The Council's financial plan covering capital schemes and expenditure proposals for the current year and future years. It also includes estimates of the capital resources available to finance the programme.
8.02	The Welsh Housing Quality Standard (WHQS): is a national standard of quality for homes. This is set by the Welsh Government. It means that all contract holders in Wales should have the opportunity to live in good quality homes which meet the requirements of that household.
8.03	Financial Year: the period of 12 months commencing on 1 April.
8.04	Budget: a statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.
8.05	Contract Framework: A Contract Framework is an agreement between one or more contracting authorities and one or more economic operators. These frameworks have Contractors, Consultants and Suppliers that have been successful in joining the specific work categories. The Council often uses these frameworks to procure works that have already gone through a tender process in line with OJEU and can be utilised to procure works or services. They are often the most economic advantage in terms of value for money and local training provision.

8.06	HRA: The Housing Revenue Account.
8.07	Components: A part or element such as an asset / amenity (kitchen bathroom, boiler, roof, windows, doors etc.).
8.08	Decarbonisation: Referring in this instance to Welsh Governments requirement for all Local Authorities in Wales to reduce its Carbon emissions and usage.
8.09	EPC: Energy Performance Certificate.
8.10	SAP: Standard Assessment Procedure.