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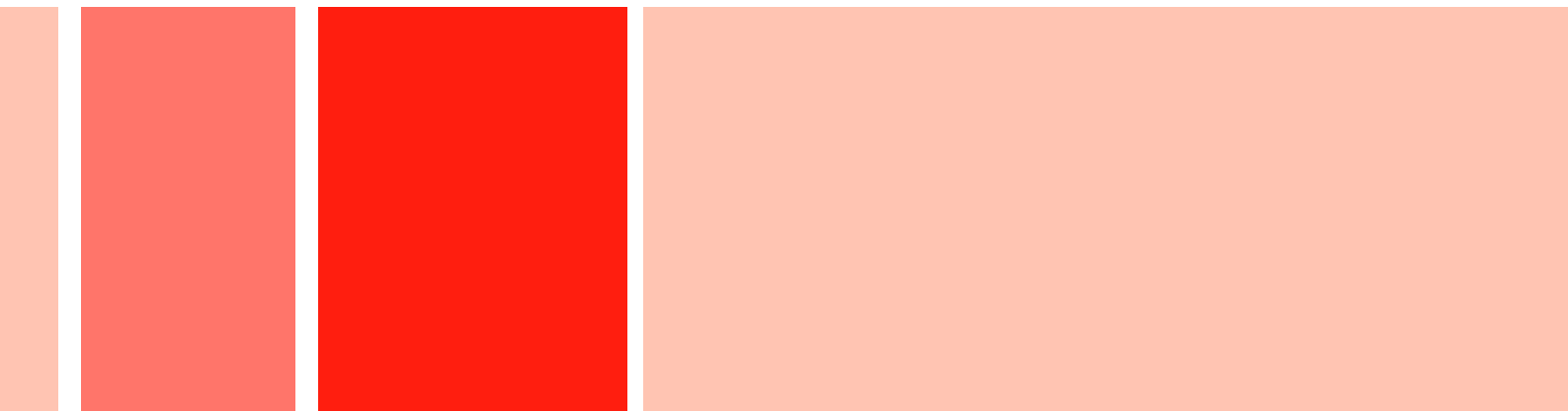
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Welsh Housing Quality Standard: Verification of progress in achieving the Standard



Welsh Housing Quality Standard: Verification of progress in achieving the Standard

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Views expressed in this report are those of the researchers and not necessarily those of the Welsh Government

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Glossary of abbreviations

ASHP	Air Sourced Heat Pumps
CHC	Community Housing Cymru
CIH Cymru	Chartered Institute of Housing Cymru
DQR	Development Quality Requirements
EPC	Energy Performance Certificate
HA	Housing Association
HHSRS	Housing Health and Safety Rating System
i2i	Inform to Involve
LSVT	Large Scale Voluntary Transfer
MRA	Major Repairs Allowance
NAfW	National Assembly for Wales
NVQ	National Vocational Qualification
PAC	Public Accounts Committee
RDSAP	Reduced Data Standard Assessment Procedure
RNIB	Royal National Institute for the Blind
RSL	Registered Social Landlord
SAP	Standard Assessment Procedure
SME	Small and Medium Enterprise
SMT	Senior Management Team
TPAS Cymru	Tenant Participation Advisory Service Cymru
WAG	Welsh Assembly Government (now Welsh Government)
WAO	Wales Audit Office
WG	Welsh Government
WHQS	Welsh Housing Quality Standard
WLGA	Welsh Local Government Association
WPPS	Wales Procurement Policy Statement

Acknowledgements

The researchers are grateful to all participants in the study for the provision of information, sharing of views and good practice examples. We also thank the Steering Group and Welsh Government officials for their advice and guidance; however, the opinions expressed in this report represent the views of the authors.

1 The research brief

The researchers

- 1.1 In June 2013, the Welsh Government appointed Altair Consultancy and Advisory Services Ltd (Altair) to carry out a research project titled 'Welsh Housing Quality Standard, verification of progress in achieving the Standard'.

The aim of the research

- 1.2 The aim of the research is to inform the Housing and Regeneration Minister and Welsh Government officers about:
- 'how landlords judge and communicate that they are implementing or have implemented the Standard in accordance with the guidance on interpretation of WHQS published in July 2008
 - the extent of independent, external verification of compliance with the WHQS amongst landlords
 - the extent to which community benefits have been achieved by WHQS improvement programmes.'

Research project requirements

- 1.3 The requirements of this research project were to:
- (i) 'identify how landlords judge that their properties have met WHQS or its components;
 - (ii) how landlords have applied the 'acceptable fail' criteria;
 - (iii) assess to what extent landlords have made or are making their achievement against WHQS subject to independent verification, and the extent to which this independent verification has taken into account landlords' interpretation and use of 'acceptable fail' criteria;
 - (iv) collect details about how often landlords survey their properties, how they do this, who undertakes the survey work, how they use property records to generate data on the achievement of WHQS, how they keep data and how they report on it;

- (v) identify landlords' views of what community benefits (e.g. jobs, training, health, crime) have been achieved through WHQS improvement programmes and, in broad terms, how these are measured and verified;
- (vi) establish good practice guidance for landlords in applying the 'acceptable fail' criteria and collating and maintaining information to monitor progress in achieving WHQS (i.e. establish good practice with regard to independent surveying/record keeping and reporting);
- (vii) explore the cost implications and practicality of landlords being required to update individual tenants on the compliance of their homes with the WHQS.'

In scope

1.4 The following were within the scope of the research project:

- 'Data analysis, quantitative survey and qualitative follow up to determine the extent and availability of independent evaluations undertaken by landlords. This includes the recency, robustness of the evaluations, what represents good (and poor) practice, handling of information on 'acceptable fails' and how widely this has been interpreted and used.'

Out of scope

1.5 The following were out of the scope of the research project:

- 'Structural surveying of the condition and quality of properties.
- Surveys of tenants.'

The research timescale

1.6 The research took place between June and December 2013. It was carried out by Judith Wayne, Director, and Philip Johnson, Senior Associate Consultant, Altair. Nicholas Willmott, Associate Consultant, provided editorial assistance.

2 The approach to the research

Introduction

2.1 In this section we provide a short explanation of the research method and the activities which were carried out in the three phases of the research.

Phase One: project set-up, desk-based analysis and design of the research

2.2 During the first phase the researchers undertook the following activities:

- Developed an understanding of WHQS policy and implementation by reading relevant documents held by the Welsh Government, including statistical returns and monitoring reports. Documents reviewed and referenced throughout this report are at Appendix 1.
- Agreed the list of landlords for the research and contacted the landlords to be surveyed. The 11 stock-owning local authority landlords and the 36 developing housing associations formed the research base. A list of all landlords who participated in the study is attached at Appendix 2.
- Designed the questionnaire to be completed by all landlords. This is attached at Appendix 3.
- Identified stakeholders from the housing community who would provide their perception of how WHQS was being implemented by landlords; a list of stakeholders is attached at Appendix 4.

Phase Two: survey questionnaire and stakeholder perceptions

2.3 The major element of the second stage of the research was the questionnaire to the 47 local authority and housing association landlords, the largest providers. A copy of the questionnaire is at Appendix 3. All landlords completed the survey on-line, a 100% response rate. This provided a comprehensive response to the questions, though it is to be noted that not all landlords completed every question. The survey was addressed to technical officers, with the list of names provided by Welsh Government.

- 2.4 Analysis of the questionnaires started during this phase.
- 2.5 The views of stakeholders were obtained through discussions with the Steering Group, which was made up of representatives from the housing community. A list of Steering Group members is at Appendix 4.

Phase Three: seminars, further analysis and good practice examples

- 2.6 All landlords were invited to send a representative to a seminar to discuss the initial research outputs and the landlord's experience of WHQS. Those attending were staff members, such as Technical Services Officers and Directors of Property Services, with responsibility for the delivery and reporting of WHQS results within their organisations. Thirty-three landlord representatives attended the seminars. These were held in south west, south east and north Wales, hosted by NPT Homes (Neath Port Talbot), United Welsh (Caerphilly) and Cartrefi Conwy (Abergele).
- 2.7 Landlords were requested to submit three good practice examples, three things that they would like to change, and three things that they considered needed further clarification. Some good practice examples are included in this report; the comments regarding the areas to change or clarify are reflected as well.
- 2.8 The third phase included preparation of this research report.

3 History of WHQS

Brief background to the gestation of WHQS

- 3.1 The WHQS was introduced in 2002 as a ten-year programme to bring public sector housing stock up to the Standard by 2012. It developed out of earlier approaches designed to ensure that public sector housing stock was being maintained to a modern standard. The following paragraphs give a short summary of the background to WHQS.
- 3.2 In 1994, Tai Cymru (Housing for Wales)¹ introduced regular cycles of stock condition surveys for housing associations as a regulatory requirement. Grant funding was provided to assist associations with the process. There was no comparable funding source for local authorities at that time.
- 3.3 In 1998 the *Development Quality Requirements for Existing and Rehabilitated Dwellings (DQR)* (Tai Cymru, 1998) was introduced as a regulatory requirement for existing housing associations with a target date of 2010. This was the first time a target standard for existing social housing had been set in Wales.
- 3.4 Tai Cymru was merged with the Welsh Office in 1998, and the Welsh Office took over the responsibility for funding and regulating housing associations.
- 3.5 In 1999, local authorities were given grant funding towards the cost of condition surveys of their stock.
- 3.6 Devolution of housing policy in 1999 gave the impetus to develop a common social housing Standard for Wales. This opportunity was taken with the decision to produce the first National Housing Strategy, *Better Homes for People in Wales*, (NAfW, 2001).
- 3.7 *Better Homes for People in Wales* was developed by a process involving broad-based task groups; these included tenants' groups, local authority and housing association practitioners.
- 3.8 The Strategy gave a commitment to bring all social housing up to the Welsh Housing Quality Standard within 10 years, i.e. by 2012.

¹ Tai Cymru was set up in 1988 as the funder and regulator of Welsh housing associations.

- 3.9 The Welsh Assembly Government first published WHQS guidance in 2002, *The Welsh Housing Quality Standard*, (WAG, 2002).
- 3.10 In 2008, the Welsh Assembly Government issued revised WHQS Guidance (WAG and Housemark, 2008). It provided further advice on interpreting the Standard to take account of changed legislative requirements to the standard and safety of dwellings, and to provide further advice on interpreting the Standard, recognising that it was open to different interpretations. This remains the current guidance.
- 3.11 The requirement to meet the Standard provided the impetus for Welsh local authorities to consider stock transfer as a means of accessing additional resources. Following consultation with tenants and a ballot process, eleven local authorities transferred their housing stock to newly established housing associations. Four of the transfers were to housing associations set up as community mutuals.
- 3.12 In July 2010 a Task and Finish Group (comprising Welsh Government, Community Housing Cymru, Welsh Local Government Association, Local Authority and Registered Social Landlord representatives) set up a pilot to measure WHQS progress. This was a subgroup of Welsh Government's Housing Information Group. The results of the pilot were published in March 2011 in the report *Social Landlords' Performance in Achieving the Welsh Housing Quality Standard*, (WAG, 2011).
- 3.13 While good progress was made by some local authority and housing association landlords towards meeting the target date, other landlords had not been able to demonstrate that they were making adequate progress. Some landlords were given extensions beyond 2012, with specific dates agreed with Welsh Government.
- 3.14 These findings were borne out by the Wales Audit Office (WAO, 2012) and Public Accounts Committee (PAC, 2012) reports. The PAC report made a number of recommendations reinforcing the need for this research to be commissioned.
- 3.15 Measurement of WHQS was introduced in 2010, and formalised in 2011. In October of each year Welsh Government publishes official statistics of WHQS performance, *WHQS Statistical Release* (WG,

2012a, 2013a). The first two publications are based on WHQS progress returns at 31 March 2012 and 31 March 2013.

4 WHQS - current policy and practice

Introduction

- 4.1 This section looks at how the Standard is being implemented today and Welsh Government intentions to enshrine meeting a quality standard as a statutory requirement for local authorities in the Housing (Wales) Bill. It includes the views of stakeholders concerning progress in meeting and maintaining WHQS.
- 4.2 It also develops an approach to analysing the data from survey returns through categorising landlords by type and size.

Current policy

- 4.3 Twelve years after the introduction of WHQS, landlords are implementing the Welsh Government's policy intentions to deliver a standard of stock improvement which is wider than just work to the fabric and components of a building. The Standard encompasses property, people, the economy and the environment. Its broad focus has strengths in that its delivery also meets a number of additional objectives, such as providing community benefits. However, this wider vision makes demonstrating achievement of the Standard, and its continuing maintenance, a complex process.
- 4.4 There has been considerable investment in WHQS works by landlords. Meeting and maintaining WHQS is set to remain an essential requirement. As identified in *Sector risks facing housing associations* (WG, 2013b), ensuring that stock continues to meet the Standard will be a key challenge as housing associations balance growth ambitions against stock investment needs. The publication highlights the need for boards to ensure that they have high quality, up-to-date stock condition data and an appropriate long-term investment strategy. Failure in achieving WHQS is seen as a significant risk by Welsh Government, as Regulator.
- 4.5 Whereas housing associations have to demonstrate progress towards achieving and maintaining the Standard as part of the regulatory process, there has not been a similar requirement for local authorities:

they are not regulated by Welsh Government in the same way. Some local housing authorities have made progress towards meeting the Standard while in others there has been limited progress. During 2012 there was a Ministerial Task Force set up to support those authorities where WHQS progress was limited. The report of its findings has not been published at the time of writing this report.

- 4.6 For all eleven stock-retained local authorities, meeting the Standard by 2020 will become a statutory requirement when the Housing (Wales) Bill is enacted in 2014.

Perceptions of stakeholders concerning WHQS achievement

- 4.7 From the statistical returns submitted by landlords to Welsh Government in March 2012 and 2013, and from reports to tenants, boards and committees, many landlords have been reporting achievement of WHQS, or close to achievement.
- 4.8 As part of the research, we sought the perceptions of stakeholders, as represented on the Steering Group, to see whether they accorded with the views of landlords.
- 4.9 Steering Group stakeholders recognised that considerable progress had been made by many landlords with progress towards meeting the WHQS. Stakeholders were able to use the knowledge that they had from discussions at user groups (e.g. CHC Technical Services Forum), involvement in the provision of i2i support, and the activities of a Ministerial Task Force group. However, stakeholders had varied views as to the quality and reliability of the evidence on which landlords were reporting achievement. There was also some concern that meeting WHQS was seen as an end point, rather than being a continuing process; the requirement is both to meet and maintain the Standard.
- 4.10 Understandably, stakeholders did not wish to make value judgements based solely on their own perceptions and looked forward to the evidence presented in this research.

The survey questionnaire

- 4.11 A copy of the survey questionnaire is attached at Appendix 3. There was a 100% response to the survey, resulting in a substantial amount of data to analyse and evaluate.

Level of responses to individual questions

4.12 Not all questions were answered by all landlords and consequently the combined “yes” and “no” answers do not always add up to 47 or 100%². Where we have used percentages in the text, these are a percentage of all 47 landlords.

Databases

4.13 We have not looked at any landlord databases or assessed the quality of the data behind the returns.

Good practice

4.14 We have included examples of self-reported good practice within the report. These are shown as boxed text.

Basis of the analysis

4.15 The approach to analysing the data by type of organisation and size was agreed with the Steering Group. It was further agreed that a suitable way to categorise the data was to organise the results by size of organisation (small, medium or large) and type (local authority, traditional housing association or LSVT).

4.16 Small landlords are defined as those with fewer than 2,000 units, medium size is defined as more than 2,000 and fewer than 5,000 units, and large as more than 5,000 units.

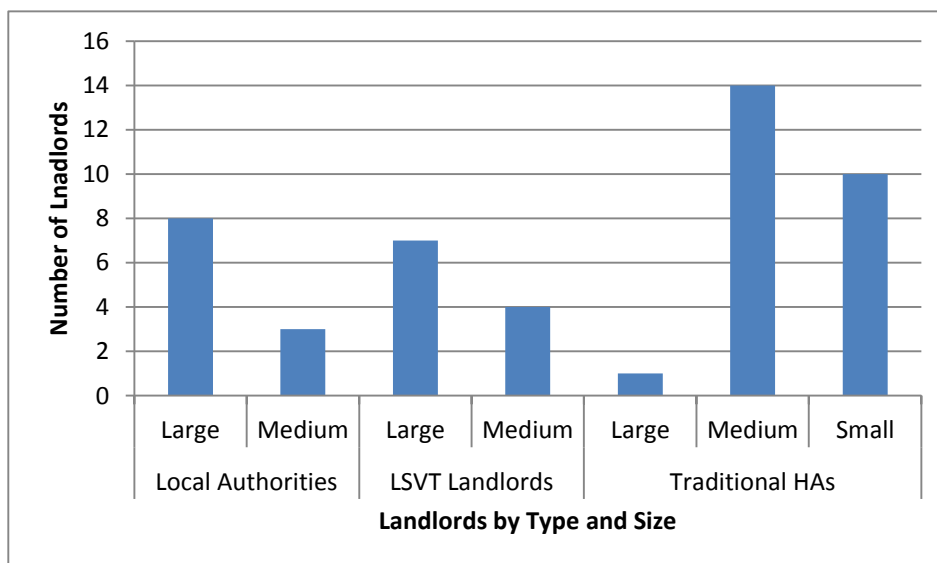
4.17 Table 1 and Chart 1 show a summary of landlords categorised by size and type.

² For example, if a landlord did not have the information needed to respond

Table 1 - Landlords by size and type

Organisations by Size	Organisations by Type	Number
Large	Local Authorities	8
	LSVT Landlords	7
	Traditional HAs	1
Total		16
Medium	Local Authorities	3
	LSVT Landlords	4
	Traditional HAs	14
Total		21
Small	Traditional HAs	10
	Total	10

Chart 1 – Landlords by size and type



5 Landlord assessment of WHQS activity

Introduction

- 5.1 This section provides information and analysis on how landlords are collecting and using data to assess their WHQS activity. The survey results provide the responses to the two research requirements:
- Question (i) – identify how landlords judge that their properties have met WHQS or its components.*
- Question (iv) - collect details about how often landlords survey their properties, how they do this, who undertakes the survey work, how they use property records to generate data on the achievement of WHQS, how they keep data and how they report on it.*
- 5.2 WHQS is an interpretative Standard; it depends on individual officers' understanding of its detailed meaning and intentions. It is evident from the material provided below that there are a number of different approaches which landlords have adopted to collecting data and evaluating their achievement of WHQS compliance.

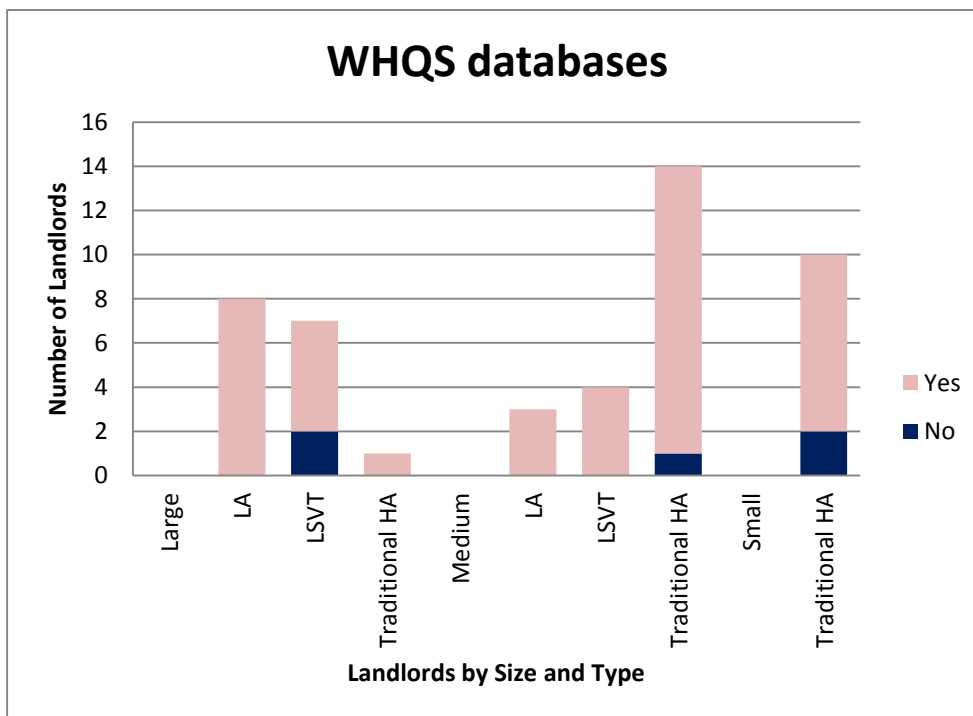
Collecting information on WHQS activity

- 5.3 Since the publication in July 2008 of *The Welsh Housing Quality Standard: Revised Guidance for Social Landlords on Interpretation and Achievement of the Welsh Housing Quality Standard*, (WAG and Housemark, 2008), referred to as the Guidance, 28 landlords (60%) have undertaken new surveys to establish their WHQS position, and 19 landlords (40%) have relied upon their existing stock condition data.
- 5.4 Landlords collate their annual WHQS results through a mixture of asset management systems, other databases and data-sets. Eight landlords confirmed that their WHQS results were calculated manually. Ten landlords are using external support to calculate their WHQS results.
- 5.5 Forty-two of the 47 landlords (89%) confirmed that they are storing their WHQS data in a database as shown in Table 2 and Chart 2.

Table 2 - WHQS databases

Is the WHQS data stored in a database?	No	Yes	Grand Total
Large	2	14	16
LA		8	8
LSVT	2	5	7
Traditional HA		1	1
Medium	1	20	21
LA		3	3
LSVT		4	4
Traditional HA	1	13	14
Small	2	8	10
Traditional HA	2	8	10
Grand Total	5	42	47

Chart 2 - WHQS databases



5.6 Forty-two landlords (89%) are using an asset management database to calculate their WHQS compliance. Twenty-nine landlords (62%) are using proprietary asset management software systems. Details of the software are shown in Table 3.

Table 3 - Proprietary asset management software systems

System	Number of Users
Lifespan	12
Keystone	9
PIMMS	4
Codeman	3
Promaster	1
Total	29

- 5.7 Five organisations did not identify a specific asset management database, two are large organisations, two are small, and one a medium-sized landlord.
- 5.8 The five landlords who did not specify a database made the following comments:
- *“Excel spreadsheet - listing primary and secondary elements for all stock”*
 - *“Recently changed to Qlx Management Planned System”*
 - *“Shared drive spread sheets”*
 - *“Currently the data is held in many Excel spreadsheets. As we are a new organisation we are developing a central database that will hold all the data via our QL database”*
 - *“WHQS data not stored on database at present, but we are shortly to have possession of Northgate WHQS module in Codeman to which our survey data will be added”*
- 5.9 Twenty-seven landlords (57%) confirmed that they had bought new asset management software to collect and assess WHQS data. Thirteen landlords reported having purchased new software specifically for WHQS data management and reporting. Fourteen landlords had added WHQS reporting requirements to an existing software procurement process.

Recording WHQS compliance

- 5.10 The WHQS is not a simple collection of property element condition information; it is a complex calculation drawing on a combination of occupancy and property condition information. Existing industry-

standard asset management software has had to be adjusted to reflect the Guidance.

- 5.11 It has only been during 2013 that landlords with Keystone and PIMMS have been close to producing their results direct from the software. As we understand it, other software systems are further behind Keystone and PIMMS in this regard. Some manual adjustment of the results is required to complete the Welsh Government's annual statistical return.
- 5.12 Any change to the annual statistical return to Welsh Government requires adjustment of all the asset management software packages.
- 5.13 At the seminars, landlords were keen to make three important points about compliance: firstly about the complexity involved in recording all the data required to report accurately on their stock; secondly the interpretative nature of the Guidance; thirdly the widely varying circumstances and contexts in which each landlord is operating. We have expanded on these points below.

Reporting the data to Welsh Government

- 5.14 The annual WHQS statistical return form requires landlords to record WHQS compliance under ten component headings, as shown in Table 4. The design of the form acts as a funnel, channelling all the component information into only a few questions. Individual elements or components are reported within these main headings. Appendix 5 contains a copy of the 2013 Welsh Government WHQS survey form.

Table 4 - The ten component headings of WHQS

1	Roofs and associated components
2	Windows
3	External doors
4	Kitchens
5	Bathrooms
6	Energy rating (SAP \geq 65)
7	Central heating systems
8	Electrical systems
9	Mains powered smoke detectors
10	Gardens and external storage up to and including the boundary of the property

5.15 In terms of complexity, there are between 50 and 70 individual pieces of information, usually at a component or sub-component level, which are required for each property. Once all the data is collected, in order to properly complete the annual return for the Welsh Government, it needs to be mapped to populate the ten component headings in the form. It is a data-hungry exercise.

5.16 From the discussions with landlords at the seminars, it appears that each landlord will make their own interpretation. For example, for component 2(h) *fire safety, fire alarm and equipment*, there is no specific guidance and landlords could map compliance under different headings.

5.17 There was agreement at each of the three seminars that the Guidance was open to broad interpretation, and each landlord was potentially interpreting it differently. We understand that this issue was discussed recently at the Lifespan User Group session; it was also discussed at a special Keystone customer working group session (17th April 2013), and their feedback further suggests that each landlord is adopting its own approach.

- 5.18 It was acknowledged that, in terms of their starting position in relation to WHQS compliance, the condition of their stock, the availability of financial and technical resources and other Business Plan pressures, each landlord is operating within their own circumstances and context.
- 5.19 As landlords have now been completing WHQS returns for three years, they have become more familiar with the requirements and in managing their complexity. The way that an individual landlord reports compliance should be consistent year-on-year.
- 5.20 Appendix 6 contains a copy of the Statistical Release summarising the results of the 2013 Welsh Government WHQS survey (WG, 2013a). We have also included the Statistical Release from the 2012 survey (WG, 2012a).
- 5.21 The 2012 Summary³ confirmed that:
- *At 31 March 2012 a total of 72,329 social housing dwellings (33 per cent) were fully compliant with the WHQS and a further 19,825 dwellings (9 per cent) were compliant subject to 'acceptable fails'.*
 - *A greater proportion of registered social landlord (RSL) dwellings had achieved full compliance at 31 March 2012 at 40 per cent (53,260 dwellings) compared to 22 per cent (19,069 dwellings) of local authority dwellings. RSLs also had a higher proportion of their dwellings achieving compliance subject to 'acceptable fails' at 14 per cent compared with 2 per cent of local authority dwellings.*
 - *The components with the highest level of compliance for all social landlords were 'Windows' and 'Mains powered smoke detectors', whilst 'Kitchens' and 'Bathrooms' had the lowest compliance at 31 March 2012.*
- 5.22 The 2013 Summary confirmed that:
- *At 31 March 2013 60 per cent of social housing dwellings ((r)133,786 dwellings) were compliant with the WHQS (including 'acceptable fails'). This compares with 42 per cent which were WHQS compliant (including 'acceptable fails') a year earlier.*

³ Both the 2012 and 2013 Statistical Release data summaries include Registered Social Landlords not included in our survey, such as almshouses and Abbeyfield Societies.

- *A greater percentage of registered social landlord (RSL) dwellings (75 per cent) had achieved WHQS compliance (including ‘acceptable fails’) at 31 March 2013 compared to 39 per cent of local authority dwellings.*
- *The components with the highest level of WHQS compliance (including ‘acceptable fails’) for all social landlords were ‘Windows’ and ‘Mains powered smoke detectors’, whilst ‘Bathrooms’ and ‘Kitchens’ had the lowest compliance at 31 March 2013.*

5.23 The technical staff who attended the seminars we organised commented that it was the first time that local authority and housing association staff had had the opportunity to meet and share experiences. We would encourage landlords and their representative organisations to arrange further joint activities, to enable the sharing of good practice and comparable approaches.

The Guidance

- 5.24 Thirty-four landlords (72%) thought the Guidance was clear and 13 landlords (28%) thought it was not. The majority of comments from the survey questionnaire suggest that the Guidance was “open to interpretation”.
- 5.25 Twenty landlords (43%) thought that the Guidance should be revised to reflect the current Welsh Government return.
- 5.26 At the seminars a number of landlords questioned the relevance of some of the sections and appendices in the Guidance, and noted in particular Nominal Occupancy, Environmental Factors, Well Managed, HHSRS and 10m² level area.

Meeting and maintaining WHQS

5.27 During the seminar discussions it was noted that most landlords felt that they had made significant progress towards meeting WHQS. The Guidance calls for landlords to meet the Standard and then maintain the stock to that Standard. A number of the landlords that have met WHQS wondered whether a lighter-touch approach might be appropriate for those that are indeed maintaining their stock to WHQS - a lighter-touch, both in terms of data collection and WHQS reporting.

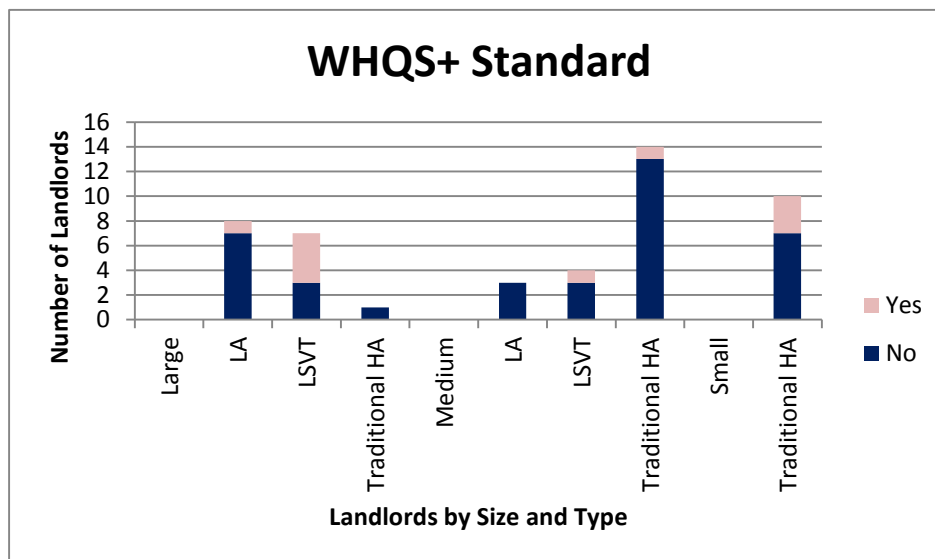
WHQS+ Standard

5.28 Ten (21%) landlords reported in our survey that they have their own WHQS+ Standard, as shown in Table 5 and Chart 3.

Table 5 - Landlords with a WHQS+ Standard

Do you have your own WHQS+ Standard?			
	No	Yes	Grand Total
Large	11	5	16
LA	7	1	8
LSVT	3	4	7
Traditional HA	1		1
Medium	19	2	21
LA	3		3
LSVT	3	1	4
Traditional HA	13	1	14
Small	7	3	10
Traditional HA	7	3	10
Grand Total	37	10	47

Chart 3 - Landlords with a WHQS+ Standard



5.29 The following landlords all indicated that they had WHQS+ Standards. Half of these are stock transfer landlords and one is a local authority which took an early decision to retain its stock.

5.30 Table 6 shows the landlord responses to the WHQS+ Standard question. Please note, individual landlords WHQS+ Standards will be more comprehensive than shown below.

Table 6 – Landlord descriptions of WHQS+ Standards

Organisation Name	Description
Carmarthenshire County Council	We have the Carmarthenshire Homes Standard which includes the installation of carbon monoxide detectors.
Bron Afon Community Housing	Higher standards for kitchens, bathrooms and heating installations.
Cartrefi Cymunedol Gwynedd	CCG have their own 'standards document' this document includes the WHQS with some additions that our tenants have requested.
Cymdeithas Tai Clwyd	As part of a merger with Tai Eryri we are looking at developing our good practice compliance.
Cymdeithas Tai Eryri	We have agreed that night storage heaters are not a suitable form of heating. We have a programme of connecting suitable properties to mains gas. We have installed ASHP in over 60 rural properties.
Hafod Housing	Our kitchen specs are higher. We have installed carbon monoxide detectors to all stock, installation of photo voltaics, decorating vouchers where we install baths and kitchens, radio link smoke alarms and easy testing units on wall.
Newport Housing Trust	"Lifetime Homes Standards" and also non-WHQS related improvements e.g. installing carbon monoxide alarms.
RCT Homes	Tenant Liaison Officers Plus, and RNIB standards in sheltered complexes.
Tai Calon Community Housing	Environmental standards, unadopted roads, street lighting, disabled parking.
Tai Ceredigion	In our asset management strategy we set out tenants' priorities in ensuring that their homes are affordable to live in and heat. We aim to externally insulate as many off-gas properties as possible, and any solid fuel properties are fitted with ASHP systems wherever possible.

Property surveys, data generation and monitoring

- 5.31 WHQS compliance assessments are complex calculations, as noted above. Surveying properties, collating information and database management are data-hungry activities. Our findings show that some landlords have used sample surveys, some have completed 100% stock surveys and some both. The Guidance says that landlords should, as a minimum, survey a statistically representative sample of stock every five years, or carry out rolling five-year surveys.
- 5.32 At the seminars it was repeatedly stated that a sample survey will provide an overall assessment of the stock, but the fine detail of WHQS compliance only becomes clear when programmes of work are designed and implemented. For example, some programmes of work (kitchen or bathroom renewals) may be delivered over a five-year period and it may not be necessary or possible to have all the detailed information available at the beginning of the programme. Common sense suggests that data should be collected on a rolling basis. In this instance, WHQS reporting at the start of the programme would be a good estimate of the real position, and WHQS reporting at the end of the period should be 100% accurate and also reflect 'acceptable fails'.
- 5.33 The landlords were keen to stress that each landlord had different stock and a different starting point on their journey towards WHQS compliance. In addition, each landlord had different levels of resource available to meet and maintain the Standard. It is reasonable to expect that the level of WHQS and stock condition detail available to a landlord just starting its WHQS programme, compared with one subsequently claiming 100% compliance, would vary considerably.
- 5.34 For many property teams, the introduction of the WHQS and the associated annual reporting has put a higher priority on data collection, database maintenance and reporting skills. In some cases this has required additional training and the development of new skills.

Data Collection, Data management and WHQS Reporting

- 5.35 The diagram below summarises the three main stages required to provide accurate WHQS results:

Diagram 1: The three main stages required to provide accurate WHQS results

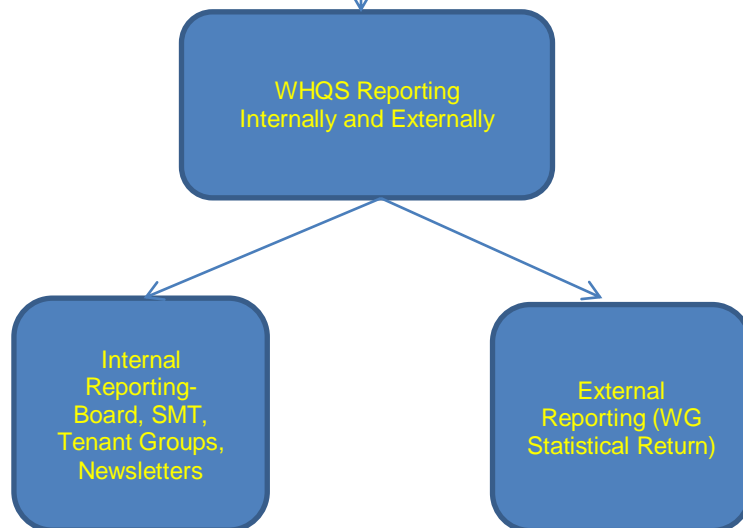
Stage 1: Data Collection



Stage 2: Data Management



Stage 3: WHQS Reporting

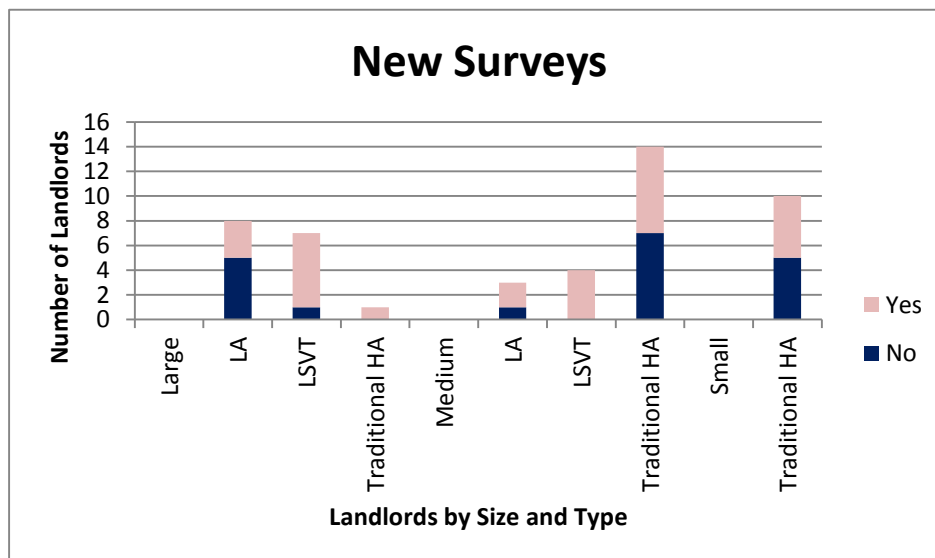


5.36 Following the publication of the WHQS Guidance in 2008, 28 landlords (60%) undertook a survey to establish their WHQS position and 19 landlords (40%) did not. A more detailed breakdown is shown in Table 7 and Chart 4:

Table 7 - Landlord response to a new survey

Following the publication of the WHQS Guidance in 2008, did you undertake a new survey to establish your WHQS position?			
	No	Yes	Grand Total
Large	6	10	16
LA	5	3	8
LSVT	1	6	7
Traditional HA		1	1
Medium	8	13	21
LA	1	2	3
LSVT		4	4
Traditional HA	7	7	14
Small	5	5	10
Traditional HA	5	5	10
Grand Total	19	28	47

Chart 4 - Landlord response to a new survey



5.37 Thirty-one landlords (61%) confirmed that they had done more than one survey and 33 now have a rolling programme.

5.38 Seventeen landlords (36%) have used consultants to undertake surveys and 11 have been completed by Savills. Twenty-two (47%) landlords have used their own staff.

5.39 None of the respondents to the questionnaire indicated that they were relying on their adjacent landlords to undertake surveys.

- 5.40 Thirty (64%) landlords said that they had to retrain their surveyors to collect WHQS specific data; 24 landlords (51%) said they had had to recruit additional staff to collect and report WHQS data. This reflects the necessity of establishing good quality and comprehensive stock data for WHQS purposes.
- 5.41 Twelve landlords (26%) said that all their WHQS data came from stock condition/WHQS surveys. The other 35 landlords (74%) cited a range of additional sources for their WHQS data including:
- SAP data from EPCs
 - Electrical testing reports
 - Annual boiler inspections
 - Environmental standard data
 - HHSRS
 - Internal repairs reporting
 - Annual inspections
 - Responsive/void inspections.
- 5.42 Forty landlords (85%) are using asset management databases to help calculate their WHQS compliance, with 12 using Lifespan and 9 using Keystone.
- 5.43 Twenty-two landlords (47%) confirmed that meeting WHQS was the main driver for their works programmes and 24 said that the WHQS data was used in conjunction with existing programmes.
- 5.44 Forty-three landlords (91%) confirmed that they used their WHQS results beyond just responding to the Welsh Government's annual WHQS survey. Further details are provided in Table 8 and Chart 5.

Table 8 - Use of WHQS by landlord type

Do you use your WHQS results beyond providing the returns to WG?			
	No	Yes	Grand Total
Large	1	15	16
LA	1	7	8
LSVT		7	7
Traditional HA		1	1
Medium	3	18	21
LA	1	2	3
LSVT	1	3	4
Traditional HA	1	13	14
Small		10	10
Traditional HA		10	10
Grand Total	4	43	47

Chart 5 - Use of WHQS by landlord type

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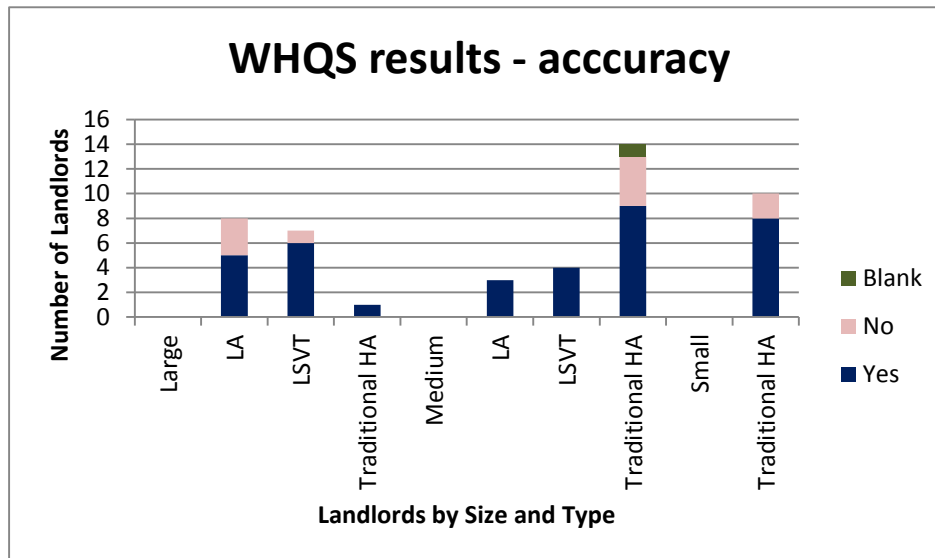
- 5.45 Forty-one (87%) landlords are reporting WHQS data to their board (or equivalent) annually/monthly.
- 5.46 We would have expected all landlords to be using their WHQS results for internal use and reporting, and suggest that this is an area which merits further discussion between Welsh Government and some landlords.

5.47 Thirty-six (77%) landlords indicated that their WHQS returns provided an accurate picture of their overall stock condition and 10 (21%) landlords did not, as shown in Table 9 and Chart 6. This is an area for further discussion with landlords as to what would provide an accurate assessment.

Table 9 - Assessment of accuracy of stock condition

Do you consider the WHQS results provide an accurate picture of your overall stock?				
	Yes	No	Blank	Grand Total
Large	12	4		16
LA	5	3		8
LSVT	6	1		7
Traditional HA	1			1
Medium	16	4	1	21
LA	3			3
LSVT	4			4
Traditional HA	9	4	1	14
Small	8	2		10
Traditional HA	8	2		10
Grand Total	36	10	1	47

Chart 6 - Assessment of accuracy of stock condition



Energy affordable warmth and SAP

- 5.48 At the seminars there was considerable discussion about fuel poverty and the use of the SAP 65 measure. Some landlords said that SAP had been replaced by RDSAP, but it was acknowledged that consistency was needed with the annual Welsh Government statistical return.
- 5.49 Some landlords expressed concern that the SAP calculations make some properties “unsuitable”, even though the properties might be in demand. In practical terms some properties cannot be brought up to a SAP rating above 65. These properties are primary element WHQS fails.
- 5.50 Concern was also raised at the seminars about rising fuel costs, fuel poverty, and affordable warmth with the overall conclusion being that the current situation is very different to that in 2008, when the Guidance was finalised.
- 5.51 Landlords requested greater clarity about the outcomes Welsh Government want to encourage and how strictly the Guidance has to be followed.

6 'Acceptable fails' and interpretation of WHQS

Introduction

- 6.1 This section covers the understanding and use of 'acceptable fail' criteria and how WHQS is being interpreted by landlords. The survey provides responses to the following two research requirements:
- Question (ii) – consider how landlords have applied the 'acceptable fail' criteria.*
- Question (iv) - establish good practice guidance for landlords in applying the 'acceptable fail' criteria and collating and maintaining information to monitor progress in achieving WHQS (i.e. establish good practice with regard to independent surveying/record keeping and reporting).*
- 6.2 From the responses, it is clear that the use of 'acceptable fails' criteria by landlords is subjective. As will be seen below, landlords have said that the 'acceptable fail' criteria are open to wide interpretation. We also identify that not all landlords are following the Guidance in recording primary and secondary criteria, and that this is an area for Welsh Government to restate its requirements.
- 6.3 As landlords have different interpretations of WHQS, we consider that it is most important that these are articulated and recorded; we mention for the first time in this section our recommendation that all landlords should prepare a WHQS Compliance Policy. This will specify, accurately express and clarify each landlord's interpretation of the WHQS Guidance. This will enable all parties, including tenants, to understand better how the landlord is interpreting the Guidance. A further explanation of the WHQS Compliance Policy proposal is contained in Section 11 and in Appendix 8.

'Acceptable Fails'

- 6.4 The Guidance defines an 'acceptable fail' as follows:
- "An Acceptable Fail is only possible on individual elements and not the dwelling as a whole. An Acceptable Fail may only be used in one or a combination of the following situations:*
- *cost of remedy*

- *timing of remedy*
- *residents' choice*
- *physical constraint*

In the main this classification should only apply to the assessment of Secondary elements.”

- 6.5 Thirty-nine landlords (83%) confirmed that they were collecting ‘acceptable fail’ information as part of their WHQS/condition surveys. However, comprehensive information on ‘acceptable fails’ only becomes clear when detailed works programmes are being implemented and the specific works are discussed with tenants, e.g. replacement kitchens or bathrooms. It appears that the further a landlord is through their investment programme, the better information they will have about resident choice ‘acceptable fails’. Correspondingly, there is a potential risk in overlaying all landlords ‘acceptable fail’ results as they may have been calculated on different bases – through different interpretation, and by being at a different stage in their programmes. For example, combining the results for an LSVT that has met WHQS with those of a local authority that has only just started the process of addressing WHQS may not be a useful exercise: it would not be comparing like with like.
- 6.6 Forty (85%) of the landlords said that they were collecting primary and secondary elements, and six (13%) said they were only collecting primary elements. Forty-three landlords (91%) confirmed that their works programmes include secondary elements. From these responses it appears that some landlords are not following the Guidance. We therefore recommend that Welsh Government restates to all landlords the requirements of WHQS Guidance, with particular regard to reporting fully.
- 6.7 The survey findings and discussions in seminars did not provide evidence to assess if landlords are recording ‘acceptable fails’ against primary or just secondary elements only, as advised in the Guidance. Welsh Government should consider exploring this in more detail when discussing WHQS activity with landlords, perhaps through the annual statistical return.

- 6.8 The Welsh Government subsequently issued in 2013 the following hierarchy for recording 'acceptable fails':
1. Resident choice (or refusal)
 2. Physical constraint
 3. Timing of remedy
 4. Cost of remedy.
- 6.9 As noted earlier, landlords stressed the interpretative nature of the Guidance. This is particularly true of the 'acceptable fails' criteria. In response to the questionnaire, 35 landlords (75%) said the Guidance on 'acceptable fails' was clear and 11 (23%) that it was not.
- 6.10 Some of the comments were as follows:
- *"Time and remedy can be misinterpreted"*
 - *"We do not feel that the definition is definitive enough. It seems open to interpretation by different landlords. How expensive does a cost have to be to make the remedy class as an 'acceptable fail' etc.?"*
 - *"The rules are very subjective, and can distort the picture of compliance. We therefore do not report on any 'acceptable fails'."*
 - *"Subjective areas and likelihood of different interpretations for some criteria."*
 - *"Subject to surveyors' opinion".*
- 6.11 At the seminars it became apparent that those landlords who said the Guidance was clear had made their own organisational interpretations of the 'acceptable fail' criteria, reflecting their own context and financial resources.
- 6.12 When asked in the questionnaire if additional guidance on 'acceptable fails' was required, 11 landlords (23%) said it was. Some of their comments are:
- *"'Acceptable fails' are becoming a large area of the Standard with quite scant guidance. The definition seems open for each landlord to define the criteria for 'acceptable failure'."*
 - *"All 'acceptable fails' deriving from our improvement programmes have been the result of a tenant choice, fortunately we have not*

been confronted with physical constraint issues or cost/budgetary restrictions.”

- *“Cost of remedy? That surely is subject to individual HAs circumstances. We use Net Present Values.”*
- *“Guidance is limited and additional guidance would be of assistance.”*
- *“Has formal guidance been produced on the hierarchy? ‘Acceptable fails’ are an interpretation and a judgement has to be made, meaning there could be a variation in how these are recorded.”*

Reporting

- 6.13 Twenty-five landlords (53%) are reporting all four ‘acceptable fail’ categories internally and 19 are not. Questionnaire responses were not received from three landlords. Twenty-nine landlords (62%) said that they were recording changes in their ‘acceptable fails’ from year to year, and 16 (34%) were not.
- 6.14 For the first time, this year’s Welsh Government statistical return asked landlords to identify dwellings compliant subject to ‘acceptable fails’ by category.
- 6.15 The overall results can be seen in Appendix 6, WHQS statistical return, published in November 2013 (WG, 2013a).
- 6.16 Thirteen landlords (28%) said that greater ‘acceptable fail’ details should be recorded centrally by Welsh Government and 32 landlords (68%) said they should not.

Good practice in applying ‘acceptable fail’ criteria and data management

‘Acceptable fails’

- 6.17 Although 36 respondents said the Guidance was clear, at the seminars it became evident that each organisation had made its own interpretation of the Guidance. It is their own interpretation that is clear, each one reflecting their own circumstances and resources.
- 6.18 Only 25 (53%) landlords confirmed that they were collecting information against all four ‘acceptable fail’ criteria. This is a disappointing result and we recommend that Welsh Government

reminds all landlords of the importance of collecting both primary and secondary information.

- 6.19 Six (13%) landlords said that they were collecting primary element information only which, by implication, suggests that their WHQS results are incomplete. It adds some doubt as to the accuracy and quality of providing cumulative 'acceptable fail' figures for the entire social housing stock as the Guidance indicates that 'acceptable fails' should only apply to secondary elements (see below).
- 6.20 One of our main recommendations (see Section 11) is that each landlord produces a WHQS Compliance Policy within which there should be a section detailing their approach to the four 'acceptable fail' categories. This would enable Welsh Government, landlords and tenants to understand how the Guidance is being interpreted, and to frame a challenge if necessary.
- 6.21 The Guidance says that each element has been categorised as either primary or secondary. A primary element is one that impacts on the safety of residents and a secondary element is more focussed on the comfort of the residents. A list of the primary and secondary elements is included in Appendix 3 of the Guidance.
- 6.22 At the seminars the landlords indicated that there were circumstances where 'acceptable fail' criteria did apply to primary elements and, in consequence, the recording of these incidents was unsatisfactory.
- 6.23 We have noted a few examples below. The first question is whether the element is a pass or a fail. They are all open to varying interpretation.

2(n) Do external doors and windows give a reasonable level of security?

One landlord said the word 'reasonable' was open to wide interpretation and, additionally, if the existing window or door was relatively new and in good condition, but not of the highest security rating, should they be replaced?

2(o) Is the rear garden easy to maintain, reasonably private, safe and suitable for young people to play?

This is clearly open to interpretation depending upon the location and the property occupancy. So for one family it might be a fail and for

another it would be compliant. Each landlord has to make these judgements about each property and report their results accordingly.

3(a) Is the heating system reasonably economical and capable of heating the dwelling to a reasonable level?

Again there is scope for a wide interpretation of the word 'reasonable'. If landlords have taken a different approach one to one another, then the cumulative results may need careful and critical examination.

Under this example, if the heating system is not economical to run in, say, an old detached solid-walled property, what should the landlord be doing? Disposing of it? But what if the tenant is happy there and is aware of the heating deficiencies?

4(d) Is there a shower as well as a bath?

To meet the WHQS both a shower and a bath are needed. Landlords have properties with just showers, just baths and both. Is a property with just a shower (installed as a medical adaptation) an 'acceptable fail'? We understand that some landlords record this medical adaptation example as an 'acceptable fail', recording it as tenant choice or timing of remedy.

- 6.24 The point of these examples is to demonstrate the level of detail that is required, as well as the degree of interpretation needed, to provide comprehensive WHQS returns.

Good practice example

Charter HA has introduced desktop analysis of WHQS failures and trends with their surveyors.

Independent surveying/recording and reporting

- 6.25 As noted earlier, measuring WHQS is a data-hungry exercise. All landlords have realised the importance of these three critical phases:

- Data collection (surveying)
- Record keeping (data management)
- WHQS reporting.

Data collection

- 6.26 As noted earlier, to report fully and accurately on WHQS each landlord needs to collect and record between 50 and 70 pieces of information

for each property. It is acknowledged that sample data will suffice at the beginning of the WHQS process, but much of the granular detail of WHQS only emerges when programmes of work are on site and being delivered.

- 6.27 Some landlords have used external surveyors to undertake their surveys and others have used their own staff or a combination of the two. External surveyors are relatively expensive. Thirty-three (70%) landlords now have a rolling programme of surveys to collect new data and to update their records.

Good practice examples

Both Newydd HA and Pembrokeshire HA have a five-year rolling programme of surveying 20% of the stock each year. Newydd HA has used consultants with in-house validation, while Pembrokeshire HA has used a “dedicated and trained internal resource”.

- 6.28 Data collection can take many forms, not just stock condition/WHQS surveys but also annual gas safety inspections and void inspections. In our experience, data collection can be a tedious and repetitive job, and mistakes are not uncommon, so a robust procedure is needed by each landlord.
- 6.29 Since the publication of the Guidance, 30 (64%) landlords have had to retrain their surveyors with six using external trainers. The quality of the inspectors is important and so is having detailed quality assurance checks built into the process. Data can be collected on paper forms or using handheld PDA or tablet devices. Keystone has a tablet module that allows the data to be downloaded directly into their asset management database. The PDA/tablet route can save a lot of data entry time because the fields in the PDA/tablet match the fields in the database, and so transfer is quick and accurate. The modules can be designed to suit particular needs and the sequence of questions can be structured to follow a normal property inspection. The module can control the types of answer that can be entered to help prevent erroneous answers. For example, it can help ensure that recording the

need for six new kitchen units is not turned into a requirement for six new kitchens.

- 6.30 Quality control mechanisms are still needed to ensure consistency of approach in the actual condition assessments between surveyors.

Good practice example

Rhondda HA is using an in-house surveyor to ensure “results are consistent”.

- 6.31 From the seminar discussions and from our own experience across the sector, paper-based surveys have more scope for errors such as incomplete answers, numbers being transposed, questions missed, illegibility, misreading, and errors in data entry. It is essential to introduce and maintain a process of peer-group checking either daily or weekly to maintain the standard of the surveys and the quality of the forms.
- 6.32 If a landlord is using external consultants, the landlord must undertake random checks of the surveys, both returned forms and visiting the surveyed properties. If the surveys are being undertaken in-house, an external surveyor could also do some random checks on the forms, the database and the properties. This function could also be undertaken, perhaps with guidance regarding technical surveying terms, by Internal Audit. Whichever approach is chosen, we recommend that landlords and/or their auditors carry out random checks on the surveys and database to monitor accuracy.

Data management

- 6.33 All landlords are using databases to store their core data, both with respect to stock condition and WHQS. As noted earlier, sample surveys will provide an overview of the WHQS position but, for accurate WHQS reporting, much more detail is required on a property-by-property basis. Some data cloning is possible but, because some of the detail is critical, there are risks. For example, properties in the same street might be the same age and size but, if one has had a wet

room put in and the others have not, the cloned results for this street could provide a misleading picture.

6.34 In addition to survey data it is also necessary to pull in data from other sources, such as void inspection sheets, works programmes, technical information about boilers from annual gas safety inspections, and even from some of the larger responsive repair items, such as front doors or boilers that have been replaced.

6.35 Data management is a relatively new skill for some asset management staff. To minimise risk and to build in contingency planning we recommend that each landlord produces a process map for updating and maintaining the database. In our experience, if data management is not given a high enough priority by the asset manager, the database will quickly become out-of-date and this in turn will affect the quality of WHQS returns and statistics.

WHQS reporting

6.36 We have discussed the complexity of accurate WHQS reporting; this too is a relatively new skill for some asset management staff. It is not uncommon for some organisations to lack the necessary skills within their teams, and recruitment may be necessary. WHQS reporting should be a high priority within the organisation.

6.37 As the asset management software develops and becomes more responsive to the detail of WHQS, reporting should become easier. The key here is to have a system that is consistent and produces results that can be audited and repeated by more than one member of staff, avoiding the risk of reliance on a sole person.

Good practice example

Vale of Glamorgan Council reported that they were able to complete the Welsh Government return direct “from our asset management database.”

6.38 Information needs to be collected and available across all the ‘acceptable fail’ categories as well as primary and secondary elements.

- 6.39 As noted earlier, there will also be WHQS data that comes from other sources, e.g. information about community benefits. The person responsible for WHQS reporting should be in a position to collate this information too.
- 6.40 An organisation making a WHQS return has to be able to demonstrate compliance; this achievement should be supported by an independent assessment. There should be a clear separation of duties, so that the assessment is not prepared by the staff responsible for delivering the WHQS programme. Ideally, it should be prepared by an organisation which is separate from the landlord claiming compliance. Where compliance is based on stock condition survey evidence, an independent audit relies on the quality of the database and the ability of the asset management software to manipulate the data correctly.
- 6.41 We recognise that there needs to be a realistic balance between accurate and consistent WHQS returns and the cost, in terms of both cash and time, of double-checking the data collection. For example, what would be the impact of requiring independent verification of all landlords claiming 100% compliance? It is important to take a sensible view about the level and frequency of testing.
- 6.42 The example of requirements from funding bodies is perhaps instructive. It is common for LSVTs to be required to validate their databases on, typically, a five-year cycle. This is not specifically to show compliance against WHQS, but more generally to demonstrate that their Business Plan is adequately informed.

7 Independent verification of WHQS

Introduction

- 7.1 In this section we look at the question of independent verification of WHQS. This relates specifically to research requirement three: *Question (iii) assess to what extent landlords have made or are making their achievement against WHQS subject to independent verification, and the extent to which this independent verification has taken into account landlords' interpretation and use of 'acceptable fail' criteria.*
- 7.2 The expectation that there should be independent verification of WHQS compliance is relatively new (2012) and was a Welsh Government requirement for local authorities in the first instance. It is tied into the claims for MRA grant which local authorities submit annually.
- 7.3 While some landlords are carrying out independent verification, understanding differs as to what is meant by this term, and also what is to be verified. Given this, it is not possible to identify clearly from the research the extent and validity of independent verification.

Research findings

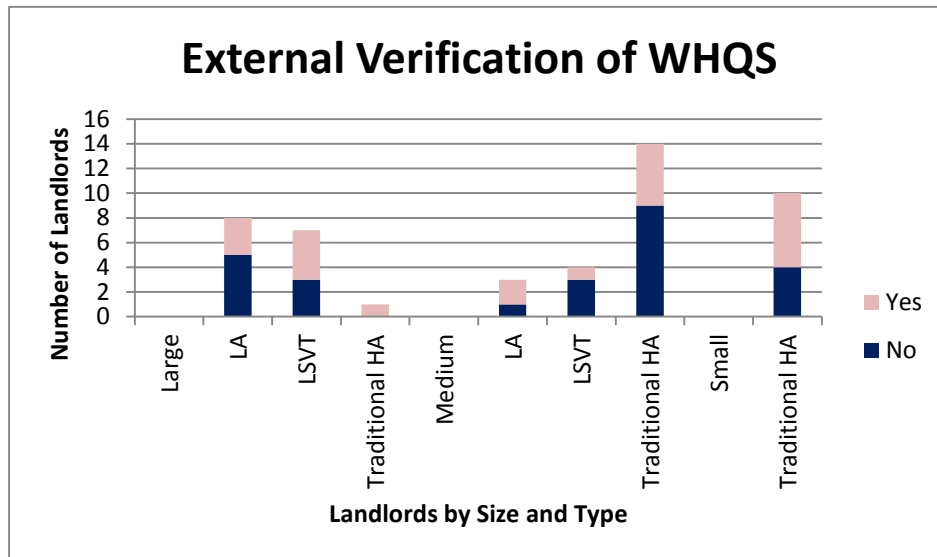
- 7.4 We understand that in November 2012 local authorities were asked, by Welsh Government, to provide a “statement of how compliance with WHQS, including interpretation of ‘acceptable fail’ criteria, will be independently verified.” We have included a copy of the letter in Appendix 7.
- 7.5 From the seminars it became apparent that the LSVT and Traditional Housing Associations had not been asked the same question. Some of the LSVTs are having to provide verification of WHQS progress coupled with overall investment to address their transfer promises. As we understand it, the requirement has come from funders rather than from the Regulator.
- 7.6 Twenty-two (47%) landlords said that they undertook external verification of their WHQS results and 25 (53%) said they did not. Five of the 11 local authority landlords said that they had externally verified

their WHQS results. Table 10 and Chart 7 shows this by landlord type and size:

Table 10 - External verification of WHQS results

Do you undertake any external verification of your WHQS results?			
	No	Yes	Grand Total
Large	8	8	16
LA	5	3	8
LSVT	3	4	7
Traditional HA		1	1
Medium	13	8	21
LA	1	2	3
LSVT	3	1	4
Traditional HA	9	5	14
Small	4	6	10
Traditional HA	4	6	10
Grand Total	25	22	47

Chart 7 - External verification of WHQS results



7.7 However, of the 25 who said yes, 12 use “external consultants” and 11 use “own staff”. Some use their own staff in conjunction with Internal Audit. Of all types of verification, 24 of 29 said they undertake desktop reviews and 22 of 29 undertake check-surveys.

- 7.8 Thirteen landlords said that some quality assurance issues had arisen as part of the verification process; in other words, results from the desktop analyses and/or check-surveys varied from the original results.
- 7.9 It appears from these results and from the seminars that there is a lack of clarity about what is meant by 'verification' and what is meant by 'independent'.
- 7.10 Some landlords expressed concern about the additional cost of undertaking more surveys.
- 7.11 Twelve (26%) landlords said that all their WHQS data came from their stock condition/WHQS surveys. A variety of data sources is used and, if WHQS data is not stored centrally in an asset management database, it will be difficult and probably very time-consuming to undertake a comprehensive verification process. Also, some of this data is already independently collected, e.g. the majority of boiler inspections, EPCs and electrical tests.
- 7.12 Verification at the present time is difficult because each landlord has its own interpretation of WHQS. Furthermore, few of them have formally recorded their interpretation. Because of the wide scope for interpretation of the Guidance, and without a document explaining a landlord's approach, any independent verification will encounter a confused situation.
- 7.13 Landlords' WHQS results should be verified by someone who has not been directly involved in the delivery of WHQS through data collection, management or direct engagement in evaluated activities; he/she should be a disinterested party. The proposed landlord WHQS Compliance Policy will aid understanding and assist with the verification process.

8 Updating individual tenants on WHQS compliance of their homes

Introduction

8.1 In this section we address the question of updating individual tenants on WHQS compliance, which relates specifically to research requirement seven:

Question (vii) explore the cost implications and practicality of landlords being required to update individual tenants on the compliance of their homes with the WHQS

8.2 The responses show that few landlords currently write to their tenants to advise that their properties are WHQS compliant. While over three-quarters of landlords thought that they could advise tenants about the status of their properties, there was concern about the implications of regular updating. The views and concerns of landlords are set out in this section of the report. We put forward the idea, as one mechanism for advising tenants about the WHQS status of their home, that a WHQS Compliance Certificate could be issued at property reletting.

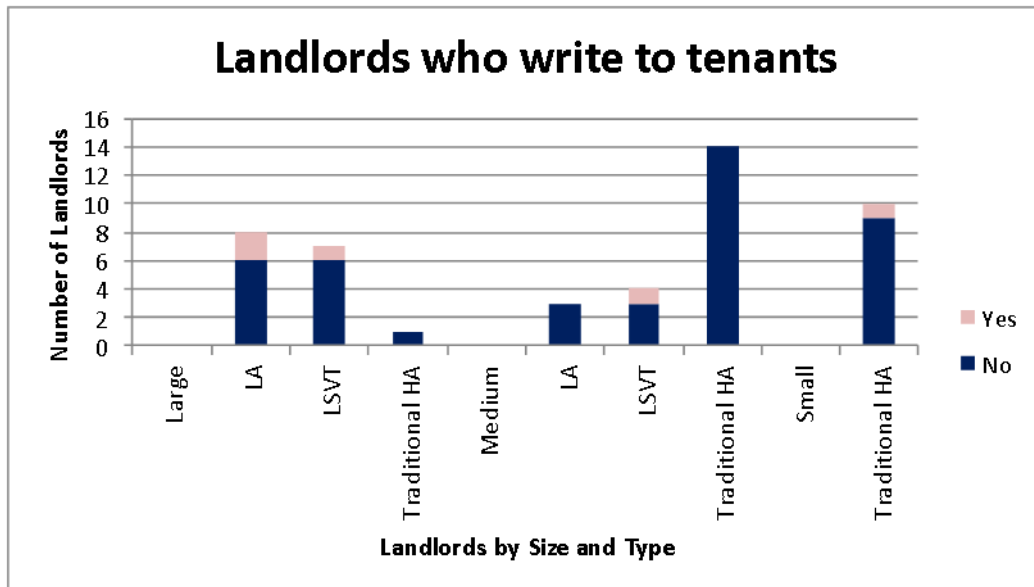
Research findings

8.3 The questionnaire results confirmed that five landlords (11%) currently write to their tenants to advise that their properties are WHQS compliant, 42 do not. Table 11 and Chart 8 provide a further breakdown:

Table 11 - Number and type of landlords who write to tenants about the WHQS

Do you write to tenants to advise that their properties are WHQS compliant?			
	No	Yes	Grand Total
Large	13	3	16
LA	6	2	8
LSVT	6	1	7
Traditional HA	1		1
Medium	20	1	21
LA	3		3
LSVT	3	1	4
Traditional HA	14		14
Small	9	1	10
Traditional HA	9	1	10
Grand Total	42	5	47

Chart 8 - Number and type of landlords who write to tenants about the WHQS



Thirty-six landlords (77%) indicated that they were “in a position to advise all tenants” on the status of their property in relation to WHQS and, correspondingly, 11 landlords were not able to.

8.4 The seminars provided an ideal opportunity to discuss and debate the merits and practicalities of this proposal (Question (vii)). The following points were made:

- Landlords are at differing points on the journey to meeting WHQS, from 1% compliance to 100% compliance
- To write to every tenant about their property, each landlord would have to have detailed survey knowledge of each property; some landlords have this and others do not
- Many landlords are delivering their investment works on an element by element basis and, consequently, a property may only become compliant when the last element has been remedied in a series of contracts
- Some landlords expressed doubt about the wisdom of writing to tenants to advise that their properties failed to meet WHQS
- One large landlord had written to every tenant; it was a complex process involving at least twelve different letter-types to be issued

to thousands of properties. Hundreds of queries and complaints were received and the process has not been repeated

- Landlords agreed that writing to tenants was not in itself difficult, it could be included in the annual rent letter, but the concern was providing accurate information across the stock
- Some landlords pointed out a potential misunderstanding in the question. This was that once a property had been brought up to WHQS compliance, it would stay there permanently. This is not the case; a property can move from complying with WHQS to failing WHQS, perhaps due to the deterioration of a single element. This changing situation would require another series of explanatory letters
- Some landlords wondered how many tenants would have sufficient detailed working knowledge and understanding of the complex WHQS Guidance to be able to agree or disagree with a WHQS letter from their landlord.

8.5 We consider that each landlord should be able to answer tenant queries on compliance and provide indicative dates for works programmes. We think it would be a good approach for a landlord to provide a WHQS Compliance Certificate at reletting, which the tenant would get with their EPC. It would encourage landlords to do a full survey at void handover.

9 Community benefits

Introduction

9.1 In this section we deal with community benefits, relating specifically to research requirement seven:

Question (v) identify landlords' views of what community benefits (e.g. jobs, training, health, crime) have been achieved through WHQS improvement programmes and, in broad terms, how these are measured and verified.

9.2 The responses show that, specifically linking community benefits and the Standard, there was uncertainty about what precisely to measure, how to measure it, and over what period. This is because landlords are not reporting WHQS-specific community benefits. While it is not possible to provide an assessment of the overall extent of community benefits achieved by WHQS programmes, landlords provided a number of examples of good practice. These at least demonstrate the intention to secure community benefits.

9.3 The research findings also raise the question as to whether Welsh Government receives sufficient information from landlords on overall stock investment. We suggest the type of information which could be collected.

Research findings

9.4 Appendix 3 contains a copy of the Questionnaire. Questions 77 – 83 deal with WHQS community benefits. The answers to the questions were varied and reflected each organisation's differing aims, objectives and priorities. The answers do not therefore lend themselves to statistical analysis. A sample of them is contained in the tables below. They give examples of jobs and training opportunities provided by WHQS programmes.

Table 12 – Examples of community benefits - jobs

Can you quantify the community benefits? If so, please provide further details below. (Jobs)
367 jobs
2 apprentices
204 new employees as a direct result of the WHQS programme of which 77 were previously unemployed
234 equivalent man years
350+ workplace opportunities through main contractor and social enterprise.
594 apprenticeships from 7 contractors with a commitment for a further 48 places
61 additional jobs between March and August 2013
86 building operatives and support staff
Apprenticeship scheme included in Undod procurement process
No, but we use local SMEs who employ apprentices/trainees. In-house Direct Labour Organisation has apprentices. Our gas engineers are looking to employ a tenant as an apprentice
Not accurately but, asking contractors, the information could be found. Resources would be required to do this

Table 13 – Examples of community benefits, - training

Can you quantify the community benefits? If so, please provide further details below. (Training)
59 people trained
25 apprentices
3 part-time students placed: surveyors and one gas engineer apprentice
310 weeks of training from March to August 2013
6 full-time apprentices. 56 'Pathways to Apprenticeships'.
77 employees have undertaken up-skilling and training on the WHQS programme and 10 apprentices
9 apprenticeships, 2 'Pathways to Apprenticeships', 11 traineeships, 1 graduate placement, 300 person weeks' work experience, 8 sub-contractor work trials
99 placements from 7 contractors with a commitment for a further 156
All apprentices employed with Newport City Homes are undergoing NVQ training with Nash College as part of the apprentice scheme. All apprentices will not be signed off until they have completed their qualification and practical training

9.5 The concept and practice of creating and identifying community benefits has grown in sophistication since the publication of the Guidance. There is continuing Welsh Government emphasis on securing community benefits.

- 9.6 The i2i project, which was funded by Welsh Government, produced a number of publications, toolkits and tailored support, with stock transfer landlords especially benefitting.
- 9.7 In December 2012, the Finance Minister published the Wales Procurement Policy Statement (WPPS) (WG, 2012b). The WPPS advocates using public procurement creatively to help provide economic benefits to the people and communities of Wales, including employment, training and supply-chain opportunities. The adoption of 'community benefits' is one of the nine principles of the WPPS.
- 9.8 In June 2013, the Deputy Director of Homes and Places, wrote to all chief officers in RSLs, LSVTs, and local authorities with retained stock requesting that, by 1 September 2013, all landlords adopt the community benefit principle of the WPPS by:
- *“Applying the community benefit approach to deliver positive outcomes from all contracts where such benefits can be realised*
 - *Completing the Value Wales Measurement Tool for these contracts to demonstrate the benefits achieved and submitting the information to Welsh Government..... The Tool monetarises the additional value delivered.”*
- 9.9 At the seminars landlords stated that they had not been asked to record or measure the impact of community benefits solely for WHQS purposes.
- 9.10 They confirmed that they could report community benefits arising from their total investment works, of which WHQS-related programmes were a sub-set, but getting at WHQS specific benefits was more difficult. The questionnaire identified 23 landlords who said they had been measuring WHQS-only spending and 23 who had not.
- 9.11 From our review we consider that there may be some confusion about the use of the terms 'WHQS' and 'investment' when measuring community benefits. The elements that contribute to the 'WHQS' are a sub-set of the total 'investment' work that a landlord may need to undertake to maintain their housing stock. Landlords are developing their detailed investment programmes that also include WHQS

requirements, rather than the other way round; consequently few landlords had WHQS (only) improvement programmes.

- 9.12 During the discussions landlords said that they were all at different points on the journey towards meeting and maintaining their stock to the WHQS, and there was uncertainty regarding community benefit about what precisely to measure, how to measure it, and over what period.
- 9.13 Each organisation is likely to identify its own objectives and priorities reflecting its own circumstances and resources. Some organisations, such as some of the traditional RSLs, are part way through their WHQS programmes and have made WHQS investment in small discrete packages of work. With this approach the wider community benefits of, for example, apprenticeships, can be difficult to quantify. Other landlords, such as the LSVTs, included the creation of local training and apprenticeships into their 'Offer Document' promises to tenants; measuring these benefits is more straight-forward. Some organisations have met WHQS but were unable to disaggregate their results.
- 9.14 Some landlords expressed concern about the health and crime categories and, while acknowledging that significant money was being invested in their stock, they were unsure about how success could be measured through the health and crime figures collected by other organisations.
- 9.15 Tai Ceredigion has just completed the fourth of a five-year post-LSVT investment programme and has commissioned Aberystwyth University to undertake a detailed impact assessment of the programme.

Landlord good practice example – Tai Ceredigion

“Tai Ceredigion has grown its own workforce from 79 staff to 156. All the local contractors, and our largest contractor R & M Williams in particular, have taken on local craftsmen and other staff, many of whom are our tenants, as well as local managers.

We have also trained our own staff and small local contractors to become Rockwool Accredited for applying external wall insulation. We

probably have 50 people per day currently working on externally insulating our homes - either scaffolders, plumbers, electricians, joiners, roofers, bricklayers - all doing enabling works, in addition to those applying the insulation. Then we have a small team undertaking the tidying up - re-erecting fencing, cleaning etc - which is all on top of the standard WHQS work. This work will assist us in achieving and exceeding the SAP rating requirements.

Rockwool have produced a case study called "working with your DLO" which features Tai Ceredigion heavily. We were also on the Welsh language magazine TV programme "Prynhawn Da" demonstrating the benefits of the external wall Insulation, following our joint nomination with Rockwool on the Sustainable Housing Awards.

Jobs, training and health have been key priorities for us from the outset. We undertook detailed consultation with the tenants before we started WHQS, and received some criticism for the short delay before starting work, but we ensured that tenants were fully engaged in finalising the specification, identifying the priorities, as well as selecting contractors for the framework."

The academic review will provide Tai Ceredigion with an independent assessment of the impact of their £35m investment in the local economy, and the study will look at employment, training and health. The review is expected to be completed in April 2014. Once the final report is received, an action plan will be implemented that will ensure further community and health benefits, with training and employment opportunities for tenants becoming an even higher strategic priority for Tai Ceredigion.

Source: Good practice example submitted by Tai Ceredigion following discussions at the South West landlords' seminar, November 2013

9.16 Another LSVT, Cartrefi Conwy, commissioned the Chartered Institute of Housing Cymru (CIH Cymru) to conduct a piece of work to validate the extra value that Cartrefi Conwy has delivered by adopting the i2i toolkit as part of its WHQS improvement programme and overall asset management strategy.

Landlord good practice example - Cartrefi Conwy

“The report is based on an independent review by i2i/CIH Cymru. It focusses on the progress Cartrefi Conwy has made in the five years since it took over ownership of Conwy County Borough Council’s 3774 council homes in 2008, about one third of which is sheltered accommodation for the elderly or vulnerable. It follows an examination of a variety of evidence sources including data collected by Cartrefi Conwy, comparative information from the across the housing sector and the views of key internal and external stakeholders and partners.

As well as assessing progress in achieving the WHQS it also focusses on the ‘WHQS Plus’ achievements – the term coined by i2i to encompass the added value housing organisations like Cartrefi Conwy have delivered - from significant cultural change through to the ‘triple bottom line’ social, economic and environmental outcomes.

The evidence gathered undoubtedly shows considerable positive impact on a range of fronts, not least achieving the standard within WHQS timescales. There are a number of areas where lessons learnt to date should help develop effective strategies going forward that can deliver further improvements.

The study was carried out between May and July 2013. The research was based on a desk-top assessment of available documents and interviews with a selection of Cartrefi staff, contractors, tenant representatives and partner organisations.

Source: Good practice example submitted by Cartrefi Conwy following discussions at the North Wales landlords’ seminar, November 2013

Financial Investment

9.17 Currently there appears to be a lack of financial information available about overall maintenance investment in the Welsh social housing stock. To fill this void we think that landlords should provide this information to Welsh Government. It will be important for landlord data to be provided in a standardised form. We have suggested some categories below. Definitions would need to be carefully drawn up to clarify reporting arrangements:

Responsive, void and cyclical repairs	£	per property/pa
Major repairs	£	<u>per property/pa</u>
Total	£	per property/pa
Total expenditure (Ave x stock numbers)	£	

9.18 This information might form part of an annual statistical return, linked with a summary of the measurable community benefits (e.g. apprenticeships started this year, apprenticeships completed this year, apprentices moving into full-time employment this year etc).

9.19 We think that there is a connection here with each landlord's Business Plan. The returns to Welsh Government could be compared with the Business Plan figures. New build could be added, but this element could cloud the WHQS picture.

9.20 Welsh Government, as Regulator, and in its policy implementation capacity, would be able to monitor how each landlord's figures fluctuate from year to year. In addition, a projection for the next financial year could be included. Any significant change between years, or between Business Plan projections and actual spend, could be identified and investigated

9.21 For landlords, these calculations could form part of the annual WHQS and investment review that Property Services teams should provide annually to their boards/committees.

10 Summary of findings and conclusions

Introduction

- 10.1 Twelve years after the introduction of WHQS, landlords are implementing the Welsh Government's policy intentions to deliver a standard of stock improvement which is wider than just work to the fabric and components of a building. The WHQS encompasses property, people, the economy and the environment. Its broad focus has strengths in that its delivery also meets a number of additional objectives, such as providing community benefits. However, this wider vision makes demonstrating achievement of the Standard, and its continuing maintenance, a complex process, as the research has found.
- 10.2 There has been considerable investment in WHQS works. Meeting and maintaining WHQS is set to remain an essential requirement, and is seen as one of the key risks for housing associations in the recent publication, *Sector risks facing housing associations in Wales* (WG, 2013a). Whereas housing associations have to demonstrate progress towards achieving and maintaining the Standard as part of the regulatory process, there has not been a similar requirement for local authorities: they are not regulated by Welsh Government in the same way.
- 10.3 Some local authorities have made progress towards meeting the Standard while in others there has been limited progress. For stock retained local authorities, meeting the Standard by 2020 will be a statutory requirement when the Housing (Wales) Bill is enacted, with sanctions to enforce compliance. It is important, therefore, that there is as much clarity as possible over how landlords are assessing their achievement of the Standard, and demonstrating to Welsh Government that their significant investment in WHQS is generating the desired results. This will then provide the evidence that Welsh Government's policy and financial support for WHQS, where provided, is a good use

of Government resources, and is resulting in better conditions for its citizens.

10.4 It is also relevant to understand the type of monitoring and independent verification that is required, and whether this should vary depending on how far on a landlord is with initially meeting the Standard. Landlords, tenants and Welsh Government all need a clear common understanding if confident verification is to be achieved.

10.5 We summarise below the main findings and conclusions from the research.

Main findings and conclusions

10.6 Our research suggests that the Guidance document allows landlords considerable latitude in their interpretation of the WHQS. It shows that defining the WHQS is not simple; it is a complex calculation requiring information on between 50 and 70 components and sub-components per property. There is much more to implementing the Standard than just upgrading building components.

10.7 Our research identifies that each landlord is operating within their own circumstances and context, with different starting positions in relation to WHQS compliance, the condition of their stock, the availability of financial and technical resources, and other Business Plan pressures.

10.8 It is evident from the 2013 WHQS results, compared with those in 2012, that progress is being made towards the WHQS target overall and significant investment is being made across the whole social housing stock in Wales. As the WHQS becomes more and more embedded, and landlords become increasingly familiar with their stock, particularly in recording information for their annual returns, WHQS results that are only based on sample results are likely to be significantly less accurate than those where full surveys have been completed or works programmes are well advanced.

10.9 We do not recommend that Welsh Government directly carries out individual property surveys of landlord WHQS achievement due to the differing circumstances of each landlord, as explained above, and the resource implications of such activity.

10.10 The combined WHQS results from all landlords are a guide to overall progress in meeting WHQS. However, the different interpretations, financial circumstances and stages in the investment cycle of each landlord are being lost in the analysis. Welsh Government might consider splitting the results to reflect the three landlord types: Local Authority, LSVT Housing Association and Traditional Housing Association. Each group differs greatly from each other, but there are significant similarities within each group.

Landlord assessment of WHQS activity

10.11 The Welsh Government statistical returns (WG, 2012, 2013a) suggest that WHQS compliance has moved from 33% in 2012 to 60% in 2013.

10.12 Since the Guidance was issued, 28 landlords (60%) in the study have undertaken new surveys to establish their WHQS position and 33 landlords currently have a rolling programme of surveys.

10.13 Forty landlords (85%) confirmed that they were using an asset management database to calculate their WHQS results.

10.14 Ten landlords (21%) indicated that they had a WHQS+ Standard and that their properties were being maintained to this Standard.

10.15 The current requirement for all properties to have a ≥ 65 SAP rating is causing some landlords, especially those with rural and old stock, some difficulties. Because of their construction, some properties cannot reach the target figure. Landlords requested clearer guidance from Welsh Government.

'Acceptable fails'

10.16 The landlords indicated that the 'acceptable fail' criteria were open to interpretation, especially in relation to the hierarchy of failures.

10.17 Thirty-five landlords (74%) confirmed that they were collecting 'acceptable fail' information as part of their WQHS/condition surveys.

10.18 Thirty-five (74%) landlords said the Guidance on 'acceptable fails' was clear and 11 said it was not.

10.19 Only twenty-five (53%) landlords are collecting and reporting information on all four 'acceptable fail' categories internally.

10.20 Six landlords said they were only collecting primary elements: this is not in accordance with the Guidance.

Independent verification

- 10.21 The 11 Local Authorities were asked (November 2012) to evidence WHQS compliance verification. Five landlords confirmed that this had been done.
- 10.22 The Housing Associations have not been asked to do this by the Regulator. Five of the LSVT landlords are providing some verification of their WHQS progress as part of their post-transfer promises. Twelve Traditional Housing Associations said they also undertook external verification.
- 10.23 In the follow-up answers, of those that said “yes” to undertaking external verification, 11 landlords had used their own staff.
- 10.24 Landlords requested greater clarification of the words ‘independent’ and ‘verification’.
- 10.25 Landlords expressed concern about the cost of undertaking more surveys.

Tenant awareness of WHQS compliance

- 10.26 Five landlords currently write to tenants to advise that their properties are WHQS compliant, and 36 (77%) said they were in a position to write to all tenants.
- 10.27 We do not recommend that landlords are asked to write to all tenants annually to confirm their property-specific WHQS status. This is for three main reasons.
- Firstly, because of the complexity of calculating WHQS compliance, this proposal would require all landlords to collect 100% survey data on their stock. This would incur considerable additional costs for those with sample surveys, and incur additional costs for those who are undertaking a rolling programme of surveys over a number of years.
 - Secondly, because of the complexity of the Guidance, its interpretative nature and the variations possible concerning the ‘acceptable fail’ criteria, writing to all tenants annually would be administratively time-consuming, as well as creating additional administration in dealing with queries.

- Thirdly, a blanket approach would be to ignore the context in which some organisations are working, especially those that are a long way from compliance. There would be little benefit to either the tenants or the organisation when there is, say, only 1% compliance.

10.28 In conclusion, while it is technically possible to write to all tenants, the additional surveying and administration costs would be significant. At the present time, and without a robust Compliance Policy, the messages about interpretation of the WHQS Guidance are complex and might not be readily understood. However, it is desirable that all landlords should be able to answer tenant queries about property compliance/non-compliance and the likely timing of any works programmes. We consider that landlords should be able to inform tenants about the work that is programmed or has been carried out.

10.29 We think it a good idea that a landlord provides a WHQS Compliance Certificate at reletting, which the tenant would get with their EPC. It would encourage landlords to do a full survey at void handover.

Community benefits and financial investment

10.30 Landlords confirmed that they had not been asked to record or measure the impact of community benefits solely for WHQS purposes.

10.31 Landlords were recording community benefits deriving from their total investment works but, with WHQS being a sub-set of the total, measuring WHQS specific benefits was more difficult.

10.32 From our review we consider that there may be some confusion about the use of the terms 'WHQS' and 'investment' when measuring community benefits. The elements that contribute to the 'WHQS' are a sub-set of the total 'investment' work that a landlord may need to undertake to maintain their housing stock. Landlords are developing their detailed investment programmes that also include WHQS requirements, rather than the other way round; consequently few landlords had WHQS (only) improvement programmes.

11 Recommendations and next steps

Recommendations

1. WHQS Compliance Policy

- 11.1 Due to the interpretative nature of the Guidance **we recommend that Welsh Government** requires each landlord to produce a WHQS Compliance Policy which contains a brief specification that accurately expresses and clarifies their interpretation of the WHQS Guidance. The Policy would need to clarify the landlord's approach to the following:
- Interpretation of WHQS, reflecting the landlord's own resources and circumstances
 - Interpretation and recording of 'acceptable fails'
 - Data collection
 - Data storage
 - WHQS progress and reporting
 - Verification
 - WHQS+ Standard
 - Summarised annual financial investment in the stock
 - Link to WG statistical return
 - Interpretation and measurement of Community Benefits.
- 11.2 The draft Policy should form part of a consultation process involving tenants groups, the Senior Management Team (SMT) and the board or its equivalent. The outcome of this process would be an agreed approach to, and interpretation of WHQS.
- 11.3 The Policy should set out how WHQS progress and performance will be reported, including 'acceptable fail' criteria, overall and annual progress. The board/committee would be able to see if the interpretation is fair and reflects the organisation's aims, objectives and values.
- 11.4 The Policy would include details of the frequency of reporting and the methods used (e.g. written publications such as newsletters, electronically, on websites), who is undertaking the reporting and to whom (tenants, staff, governing bodies, Welsh Government).

11.5 The production of individual compliance policies would then allow independent assessments to take place.

11.6 We have included in Appendix 8 a more detailed summary content for a draft WHQS Compliance Policy.

For landlords

11.7 The benefits to the landlord of having a WHQS Compliance Policy would be that:

- It would set out a clear and agreed approach for each landlord
- Each landlord's circumstances and resources would be reflected through the policy (currently some LSVT HAs have met WHQS and some LAs have only 1% compliance)
- It would set out a clear and unambiguous position for the asset management officers and reflect individual interpretation of the Guidance
- It would allow independent WHQS assessment to take place against a defined interpretation of the Guidance
- Tenants would receive a consistent explanation of a landlord's approach to WHQS, and in particular the areas open to interpretation
- Officers would be more confident about managing the stock investment within an agreed policy framework
- Officers would be more confident about explaining decisions about WHQS compliance
- Officers would be more confident about explaining their approach to 'acceptable fails'
- The board /committee and SMT would have greater transparency and be better placed to monitor progress towards WHQS compliance
- The board/committee and SMT would be better placed to monitor overall financial investment in the stock
- The Policy would form a natural link to overall WHQS compliance and the annual WHQS return
- The annual snap-shot would reflect circumstances relevant to the specific organisation at that time

- The Policy should set out each landlord's approach to surveying, database management and reporting
- Each landlord would be required to produce a process map showing how the database would be updated and maintained, it would also clarify responsibility for this important task
- The Policy should identify how far the landlord is along the path towards compliance
- It should also show the linkages to the Asset Management Strategy
- It should reflect the level of financial resources available within the organisation for these tasks. E.g. some organisations will adopt a process of 20% rolling surveys per annum and others will go for a high percentage sample survey every five years. Some landlords will undertake all surveys in-house and some will use external consultant support.

For Welsh Government

11.8 The benefits to Welsh Government as Regulator and policy maker of having individual Compliance Policies available would be that:

- It would know that each set of results reflects the landlord's real operational circumstances
- It would allow Welsh Government, as the Regulator, to assess each landlord individually
- It would enable the Regulator to focus on WHQS performance against budgeted investment and Business Plans (highlighting the stragglers and outliers)
- Once all the individual WHQS Compliance Policies have been written, a review of these may establish common approaches and specific areas of difficulty (e.g. that achieving a SAP rating of 65 is difficult/impossible for some property types)
- Best practice would emerge as landlords tackle the most challenging properties (e.g. there would be examples of how different landlords have dealt with old detached solid-walled properties that fall below a SAP rating of ≥ 65 , and from these examples best practice can be developed)

- It would provide the context for each set of results, allowing improved interpretation of the combined results for all landlords
- It will ensure that the WHQS results from each landlord are consistently produced
- It will provide transparency regarding progress from year to year.

2. Community benefits and financial investment

11.9 'Community benefits' is a broad and imprecise term which can mean different things to different stakeholders. Welsh Government has encouraged landlords to complete the Value Wales Measurement Tool.

11.10 If the Welsh Government wants to measure the specific impact of WHQS investment we recommend that the terms 'WHQS' and 'investment' are redefined and clarified. Landlords can then be asked to collect this information annually. However, in our opinion, community benefits should relate to all investment.

11.11 **We recommend that Welsh Government** assesses responses to its September 2013 letter and identifies those landlords that may need additional training in use of the Measurement Tool.

11.12 **We recommend that Welsh Government** considers adopting the overall investment per property suggestion as part of the WHQS Compliance Policy. We note that definitions will have to be developed to ensure the returns are comparable.

3. Primary and secondary information

11.13 **We recommend that Welsh Government** reminds all landlords of the necessity of collecting both primary and secondary information.

4. Independent verification

11.14 **We recommend that Welsh Government** consults with the sector over an agreed definition of 'independent verification', followed by the provision of appropriate clear guidance. Independent verification should be undertaken by someone who has not been directly involved in the delivery of WHQS through data collection, management or direct engagement in evaluated activities; he/she should be a disinterested party.

11.15 This review has identified three inextricably linked but separate steps: data collection, database maintenance and WHQS reporting. We do

not consider that the aims of independent verification have yet been sufficiently thought through to identify adequately the nature of what is to be verified: data collection processes; the maintenance of the asset management database; and the verification of WHQS results. For example, would a landlord's desktop review of an external consultant's survey be classed as independent verification? Or would a landlord's survey checked by Internal Audit or another department be 'independent' or sufficiently 'external'? These are the types of questions which need to be resolved.

11.16 In the short-term, **we recommend that landlords and/or their internal auditors** carry out random checks on their surveys and database to assess accuracy, while the overall aims are clarified.

5. Writing to tenants

11.17 We believe that each landlord should be able to answer tenant queries on compliance and provide indicative dates for works programmes. **We recommend that this approach be promoted** to landlords, so that tenants are informed about the work that is programmed for their homes or has been carried out. We do not recommend that landlords be asked to write to all tenants annually to confirm their property-specific WHQS status.

11.18 **We recommend that Welsh Government consults** on the idea that a landlord should provide a WHQS Compliance Certificate at reletting, which the tenant would get with their EPC.

6. Meeting and then maintaining WHQS

11.19 **We recommend that Welsh Government** undertakes a separate discussion with landlords who have met WHQS over monitoring requirements once the Standard has been met initially. The purpose of the discussion would be to assess whether the same intensity of monitoring and independent verification is required as with a landlord only part way through their investment programme.

11.20 **We do not recommend that Welsh Government** directly carries out individual property surveys of landlord WHQS achievement due to the differing circumstances of each landlord, as explained above, and the resource implications of such activity.

Next steps

11.21 We outline the proposed actions required to take forward the recommendations set out in this report.

Actions for Welsh Government

11.22 Welsh Government should:

- develop a WHQS Compliance Policy template and guidelines for issue to landlords
- set a timescale for the preparation of Compliance Policy documents by landlords set a date by which landlords should submit a copy of their Compliance Policy to Welsh Government
- use the Policy documents as part of annual monitoring of how landlords meet and maintain the Standard define for landlords whether the measurement of community benefits is for whole stock investment or for WHQS investment only; if the former (as recommended), issue guidelines to landlords which define the categories for recording total investment per property
- assess which landlords need further training in the Value Wales Measurement Tool and guide landlords to appropriate activities
- write to all landlords to remind them of the need to collect information concerning both primary and secondary information – refine the definition of what is meant by independent verification, what aspects of the Standard require verification - data collection, database maintenance and WHQS reporting (as recommended) – and how independent verification can be provided
- consult with landlords over an agreed definition of independent verification
- issue guidance to landlords with timescales for the implementation of independent verification consult with landlords over the provision of a WHQS Compliance Certificate for tenants when reletting properties
- discuss with landlords who have met WHQS over the level and type of monitoring and independent verification required when maintaining the Standard.

Actions for landlords

11.23 Landlords should:

- prepare a draft WHQS Compliance Policy in accordance with Welsh Government guidelines consult with tenants before presenting the Policy to the board of management/council committee for approval
- make the Policy publically available
- provide the Policy to independent assessors of performance
- use the Policy for reporting to board/committee, and for meeting regulatory requirements
- take up opportunities for training in measuring the impact of community benefits carry out random checks on stock condition surveys and databases to assess the accuracy of data collection and reporting, using internal auditors as appropriate
- respond to individual tenant enquiries as to whether their home is WHQS compliant
- provide indicative dates for WHQS programmes of works to tenants' homes.

Appendix 1 Documents reviewed and referenced

- National Assembly for Wales (2001) *Better Homes for People in Wales, A National Housing Strategy for Wales*, Cardiff, NAFW
- National Assembly for Wales, Public Accounts Committee (2012) *Progress in Delivering the Welsh Housing Quality Standard*, Cardiff, PAC
- Tai Cymru (1998) *Development Quality Requirements for Existing and Rehabilitated Dwellings (DQR)*, Cardiff, Tai Cymru
- TPAS Cymru and Groundwork Wales (2008) *Guidance on Interpretation of the WHQS Environmental Standard*, Cardiff, TPAS Cymru and Groundwork Wales
- Welsh Assembly Government and Housemark Cymru (2008) *Revised Guidance for Social Landlords on Interpretation and Achievement of the Welsh Housing Quality Standard*, Cardiff, WAG and Housemark
- Welsh Assembly Government (2011) *Social Landlords' Performance in Achieving the Welsh Housing Quality Standard*, Cardiff, WAG
- Welsh Assembly Government (2010) *Improving Lives and Communities*, Cardiff, WG
- Welsh Assembly Government (2002) *The Welsh Housing Quality Standard, Guidance for Local Authorities on the Assessment Process and Achievement of the Standard*, Cardiff, WG
- Welsh Government (2012a) *WHQS Statistical Release*, Cardiff, WG
- Welsh Government (2012b) *Wales Procurement Policy Statement (WPPS)*, Cardiff, WG
- Wales Audit Office (2012) *Progress in delivering the Welsh Housing Quality Standard*, Cardiff, WAO
- Welsh Government (2013a) *WHQS Statistical Release*, Cardiff, WG
- Welsh Government (2013b) *Sector risks facing housing associations in Wales*, Cardiff, WG

Appendix 2 Participating landlords

Participating landlords by size, type and stock

Organisation Name	Organisation Type	Stock at 31/3/13
Small		
Newport Housing Trust	Traditional HA	426
Bro Myrddin Housing Association	Traditional HA	790
Taff Housing Association	Traditional HA	949
Merthyr Tydfil Housing Association	Traditional HA	1,021
Cadwyn Housing Association	Traditional HA	1,248
Mid Wales Housing Association	Traditional HA	1,326
Cymdeithas Tai Cantref	Traditional HA	1,356
Cymdeithas Tai Eryri	Traditional HA	1,477
Rhondda Housing Association	Traditional HA	1,479
Cymdeithas Tai Clwyd	Traditional HA	1,741
Cynon Taf Community Housing Group	Traditional HA	1,842
Medium		
North Wales Housing	Traditional HA	2,014
Pembrokeshire Housing Association	Traditional HA	2,177
Tai Ceredigion	LSVT	2,224
Family Housing Association (Wales)	Traditional HA	2,306
Newydd Housing Association	Traditional HA	2,421
Cardiff Community Housing Association	Traditional HA	2,629
Melin Homes	Traditional HA	2,834
Hafod Housing	Traditional HA	3,457
Denbighshire County Council	LA	3,458
Linc Cymru Housing Association	Traditional HA	3,512
Monmouthshire Housing Association	LSVT	3,613
Cartrefi Conwy	LSVT	3,758
Isle of Anglesey County Council	LA	3,806
Clwyd Alyn Housing	Traditional HA	3,858
Vale of Glamorgan Council	LA	3,911
United Welsh	Traditional HA	3,948
Merthyr Valleys Homes	LSVT	4,193
Charter Housing	Traditional HA	4,212
Coastal Housing	Traditional HA	4,612
Grŵp Gwalia	Traditional HA	4,678

Large		
Powys County Council	LA	5,407
Pembrokeshire County Council	LA	5,670
Valleys To Coast Housing	LSVT	5,776
Tai Calon Community Housing	LSVT	6,176
Cartrefi Cymunedol Gwynedd	LSVT	6,291
Flintshire County Council	LA	7,402
Bron Afon Community Housing	LSVT	8,002
Wales & West Housing	Traditional HA	8,185
Newport City Homes	LSVT	8,980
NPT Homes	LSVT	8,990
Carmarthenshire County Council	LA	9,073
RCT Homes	LSVT	10,102
Caerphilly County Borough Council	LA	10,912
Wrexham County Borough Council	LA	11,322
City and Council of Swansea	LA	13,590
Cardiff County Council	LA	13,661

Appendix 3 Altair survey questionnaire

The survey questionnaire was sent to technical officers, with the list of names provided by Welsh Government. The questionnaire can be accessed at the link below:

<https://www.surveymonkey.com/s/WHQS>

Appendix 4 Steering Group members

Steve Clarke	Welsh Tenants Federation
John Drysdale	TPAS Cymru
Keith Edwards	CIH Cymru
Sue Finch	WLGA
Shea Jones	CHC
Robert Smith	Cardiff University

Appendix 5 2013 Welsh Government WHQS survey form

The statistical return can be accessed from the following links:

<http://wales.gov.uk/docs/statistics/2013/131121-housing-quality-standard-31-march-2013-en.pdf>

<http://wales.gov.uk/docs/statistics/2013/131121-housing-quality-standard-form-part-2-31-march-2013-en.pdf>

Appendix 6 Summary of 2013 WHQS statistical return

SDR 169/2013(R) Welsh Housing Quality Standard (WHQS) as at 31 March 2013, revised 20 November 2013

<http://wales.gov.uk/docs/statistics/2013/131120-welsh-housing-quality-standard-31-march-2013-revised-en.pdf>

SDR 173/2012 Welsh Housing Quality Standard (WHQS) as at 31 March 2012

<http://wales.gov.uk/docs/statistics/2012/121015sdr1732012en.pdf>

Appendix 7 Letter to local authorities

Tai, Adfywio a Threftadaeth
Housing, Regeneration and Heritage



Llywodraeth Cymru
Welsh Government

November 2012

Dear Colleague

Major Repairs Allowance (MRA) in Wales: Grant Application 2013-2014

I am writing to invite you to submit an application for MRA grant for 2013-14 and I enclose an application form and grant criteria.

If you wish to be considered for an allocation of MRA grant, please complete the application form and send with an electronic version of a HRA Business Plan and narrative sections to Fran MacDonald in the Housing Quality Standards Team, Homes and Places Directorate at the above address **by no later than 31st December 2012**.

You will note that there are some changes to our requirements from previous years. I would like to draw your attention to these:

- All applications should be jointly signed by your Director of Housing and section 151 officer
- HRA Business plans should reflect the future potential impact of Welfare Benefit Reforms
- From May 2013, local authorities will need to submit claims to the Welsh Government in order to receive MRA payments. This new development reflects a change in the way that grants are managed and administered across the whole of the Welsh Government. We will ensure that the claim system will be simple, straightforward and not burdensome. Further details will be provided in the Grant Award letter which will issue in March 2013.
- Applications should include a summary of the latest stock condition information identifying the costs and projected lifecycles of key components e.g. kitchens, bathrooms and gas boilers.

- A statement of how compliance with WHQS, including interpretation of 'acceptable fail' criteria will be independently verified

I look forward to receiving your application. Please contact Fran MacDonald or Paul Davies in the Housing Quality Standards Team if you have any queries or concerns.

I am copying this letter to the Director of Finance for information

Yours sincerely

Kath Palmer
Head of Homes and Places

cc. Local authorities Directors of Finance
Steve Thomas, Jon Rae and Sue Finch, WLGA



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Appendix 8 WHQS Compliance Policy

Extract from the recommendations:

Due to the interpretative nature of the Guidance we recommend that Welsh Government requires each landlord to produce a WHQS Compliance Policy which contains a brief specification that accurately expresses and clarifies their interpretation of the WHQS Guidance. The Policy would need to clarify the landlord's approach to the following:

- Interpretation of WHQS, reflecting the landlord's own resources and circumstances
- Interpretation and recording of 'acceptable fails'
- Data collection
- Data storage
- WHQS progress and reporting
- Verification
- WHQS+ Standard
- Summarised annual financial investment in the stock
- Link to WG statistical return
- Interpretation and recording of community benefits.

The draft Policy should form part of a consultation process involving tenants groups, the Senior Management Team (SMT) and the board or its equivalent. The outcome of this process would be an agreed approach to, and interpretation of, WHQS.

The production of individual compliance policies would then allow independent assessments to take place.

WHQS Compliance Policy

We set out below an outline of what the policy could cover.

1. Interpretation of WHQS, reflecting own resources and circumstances

The Policy would set out each landlord's interpretation of the Guidance. It would include definitions and component life expectancies where these vary from the Guidance. It would set out common-sense assumptions where the Guidance is not practical or possible.

The Policy would clearly articulate the landlord's approach to meeting WHQS for the whole stock and on a component basis.

It would also cover what resources are available within the organisation to meet and maintain the stock to the Standard, both in the near future and longer term.

In addition, the Policy would contain, where relevant, SMART goals - Specific, Measurable, Attainable, Relevant and Time-bound. These would help with peer-group reviews, enable Welsh Government to identify if the stock condition really is improving, and whether any perceived difficult areas of the Guidance are being addressed. For example, what a landlord might be doing about, say, properties that have a SAP rating of below 65.

The Policy will also give each landlord the chance to put into words some of the common-sense decisions about WHQS and 'acceptable fails' that they have made but which are currently not apparent.

2. Interpretation and recording of 'acceptable fails'

The Policy would set out the approach to interpretation, collection and recording of 'acceptable fails'. Here are some possible examples:

Resident choice (or refusal)

It is our policy to undertake all outstanding WHQS works at the end of the tenancy.

Physical constraint

It is our policy not to build kitchen extensions if kitchen volumes fail to meet WHQS.

Timing of remedy

It is our policy to fit showers over baths when the bath is next due for renewal.

Cost of remedy

We have a limit of £1,000 extra-over cost of undertaking works to meet WHQS.

The list should be comprehensive for each landlord, and grow as more work is undertaken to the stock. It should be clear and be capable of being peer reviewed.

3. Data collection

The Policy should explain the landlord’s approach to data collection. It should identify who will be collecting the data, how it will be validated, and how many surveys will be completed. The Policy should make the sources of data clear and explicit.

4. Data storage

The Policy should outline where and how the data is stored.

5. Data base/asset management software

The Policy should state what kind of database or asset management software is being used.

6. Process mapping

The Policy should include a process map to show how the database will be kept up-to-date and who will be responsible for keeping it so.

7. WHQS+ Standard

Landlords with a ‘WHQS+’ Standard should clarify what the differences are from the Standard and how many of their dwellings are maintained to that WHQS+ Standard.

8. Interpretation and recording of community benefits

Each landlord should set out in their Policy what community benefit targets have been set by the organisation and the way that these will be reported annually (for example, for WHQS works or all investment).

9. Summarised annual financial investment in the stock

The Policy would set out how a landlord would assess overall investment per property and the way that this differs from WHQS spend (NB Welsh Government would need to provide guidelines for overall investment recording for these categories of expenditure):

Responsive, void and cyclical repairs	£	per property/pa
Major repairs	<u>£</u>	<u>per property/pa</u>
Total	£	per property/pa
Total expenditure (all stock)	£	

10. Links between Welsh Government reporting, landlord Business Plan and asset management strategy

The Policy would set out how the WHQS programme and reporting relates to the landlord’s Business Plan, asset management strategy, and

Welsh Government requirements for statistical reporting of WHQS performance.

11. WHQS progress monitoring and reporting

The Policy should set out how WHQS progress and performance will be reported, including 'acceptable fail' criteria, overall and annual progress. For example, each landlord should produce an annual list of properties that have 'acceptable fails' sorted by 'acceptable fail' criteria, together with an explanation for the board of management/council committee. The board/committee would be able to see if the interpretation is fair and reflects the organisation's aims, objectives and values.

The Policy would include details of the frequency of reporting and the methods used (e.g. written publications such as newsletters, electronically, on websites), who is undertaking the reporting and to whom (tenants, staff, governing bodies, Welsh Government).

12. Annual WHQS and investment summary for the board

The Policy should allow for the transparent monitoring of investment in the stock and WHQS compliance, and the way that this will be achieved. For example, each landlord could produce an annual WHQS and investment summary, with a comprehensive summary of investment during the year, the progress made toward meeting and/or maintaining WHQS, and projections for future years.

13. Verification

Each landlord should set out in the Policy how they intend to obtain an independent assessment of WHQS compliance, from whom, and how this will be carried out.