

## COMMUNITY & HOUSING OVERVIEW AND SCRUTINY COMMITTEE

<b>Date of Meeting</b>	Wednesday 11 <sup>th</sup> October 2023
<b>Report Subject</b>	Performance of the WHQS Capital Programme – Assurance Report
<b>Cabinet Member</b>	Cabinet Member for Housing and Regeneration
<b>Report Author</b>	Chief Officer (Housing and Communities)
<b>Type of Report</b>	Operational

### EXECUTIVE SUMMARY

The purpose of this report is to provide an update on the Council's delivery of the Welsh Housing Quality Standard (WHQS) through the Capital Investment Programme.

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

The report focuses on what has been delivered to date and outlines the focus of the next phase of the Councils WHQS investment programme.

### RECOMMENDATIONS

1	That the Committee note the Capital Investment Programme in its next phase of compliance as it moves towards the updated Welsh Housing Quality Standards (WHQS 2023) and its requirements.
---	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

## **REPORT DETAILS**

<b>1.00</b>	<b>EXPLAINING THE WELSH HOUSING QUALITY STANDARD</b>
1.01	<p>The Welsh Housing Quality Standard (WHQS) is a national quality standard for public sector homes in Wales as set out by the Welsh Government.</p> <p>All tenants in Wales should have the opportunity to live in good quality homes, which meet the requirements of each household. The Housing Assets Capital Works Team is responsible for delivering internal and external upgrades to all Council owned properties and for compliance with the WHQS.</p> <p>The Council achieved compliance with WHQS in December 2021. Having achieved compliance with WHQS it is important that the Council ensure the standard is maintained and investment is planned accordingly. There is an ongoing investment programme to maintain the standard and enable the scheduled replacement of components when needed.</p> <p>An updated version of the existing WHQS guidance is due to go live in late 2023 and the Council must prepare itself for the changes that will be required to remain compliant.</p>
1.02	<p>The existing capital investment programme has continued as scheduled, to ensure the Council remain compliant with the existing WHQS standards; however key changes will need to be implemented as smoothly and efficiently as possible.</p> <p>To ensure the Council is prepared for the new WHQS 2023 requirements the Housing Assets Capital Works Team have commenced a number of key actions / milestones that must be achieved before implementation:</p> <ul style="list-style-type: none"><li>• Agree the HRA Business Plan with Welsh Government</li><li>• Completing an in-house Stock Condition Survey (both internally &amp; externally)</li><li>• Procuring an independent Stock Condition Survey targeting a percentage of the housing asset stock to provide assurance</li><li>• Consultation with Elected Members</li><li>• Conducting Tenant Federation workshops</li><li>• Conducting Tenant consultation workshops in our local Connects Centres</li><li>• Requesting feedback via an online questionnaire and comments section on Council's WHQS &amp; decarbonisation works</li><li>• Ensuring our existing contracts are compliant with OJEU regulations and able to accommodate the new WHQS standards / specifications seamlessly</li><li>• Tendering additional work streams, where required, to target new work elements (i.e., Intelligent Energy Metering, Heat Metering and Energy Performance Devices)</li></ul>
1.03	<p>The WHQS capital programme has been created to ensure all Flintshire County Council properties will comply with WHQS, as required by Welsh</p>

Government and to ensure those properties maintain those standards and remain compliant.

Each quarter, the Housing Assets Service are required to report progress to the management teams, the wider portfolio and Council, along with Housing Programme Board members and Welsh Government.

Our quarterly and annual returns to Welsh Government track the Councils progress in terms of how many components are WHQS compliant or subject to an Acceptable Failure.

To assist our wider understanding of stock condition, we have recently procured software and begun to pilot in-house Stock Condition Surveys. This will mean we will be able to update our housing asset components remotely and update our future investment plans. This will ultimately involve surveys of all HRA council owned properties both internally and externally, to confirm the asset data we currently hold. This information, on a property-by-property basis, will also inform discussions with those tenants on the housing waiting lists, by more accurately matching the home to their specific needs, and in doing so, reduce the number of refusals.

During the past few years, the Capital Works Team have completed a major data cleansing exercise of all asset and component data. This has resulted in our overall WHQS compliancy figure increasing as below:

Year	Compliancy rate %
2017	0.3
2018	27.9
2019	63.15
2020	78.1
2021	100
2022	100
2023	100

Our internal work streams (kitchens & bathrooms) continue to have the highest number of tenant refusals or no access (**Acceptable Fails**). Welsh Government classes any property subject to an Acceptable Fail as compliant in terms of achieving the WHQS.

The Capital Works Team have allowed for a **20%** Acceptable Fail within each component scenario within the Capital Programme.

Acceptable fail properties will be addressed in future years and be introduced back into the Capital Programme at the earliest opportunity.

1.04

The main WHQS contracts of the capital programme were re-procured in 2020, to ensure the Council would remain compliant with the existing WHQS requirements. A new procurement exercise will be carried out in 2023/24.

	<p>Due to the COVID-19 pandemic, and following government guidance, the Council were instructed to delay all WHQS work contracts in 2020 resulting in delays and works needing to be rescheduled.</p> <p>Those delays were due to a number of reasons including, but not limited to, resource and material availability.</p> <p>The Council are still experiencing delays due to the extended impacts of the pandemic but can work more flexibly now the COVID working restrictions have been lifted.</p> <p>In order for the Council to remain compliant and safely implement WHQS works to Council properties, the Capital Works Team need to ensure the criteria set out below and considerations are continually met:</p> <ul style="list-style-type: none"> <li>• Split work streams where feasible into smaller work bubbles</li> <li>• Carefully plan works to Sheltered stock due to vulnerability and risk</li> <li>• Carefully plan materials and deliveries to site (minimising travel where possible)</li> <li>• Constant review of guidance and work</li> <li>• Zero snags to minimise travel and visits to tenants' homes</li> </ul>
1.05	<p>The Welsh Audit Office (WAO) report (2017/2018) - Flintshire County Council followed a review focussing on the experience of council tenants in the degree of choice experienced within the delivery of WHQS both before, during, and after the work was commissioned. It also reviewed how tenants had been consulted on the future plans of the council to achieve WHQS by the deadline.</p> <p>From the audit and final report, the Council received no recommendations.</p> <p>Following the audit, the team have built upon the positive report and the achievement of WHQS compliance in December 2021 and continued the Council capital investment programme into the maintenance phase, targeting those properties that will fall out of compliance if the works are not completed in a reasonable timeframe.</p>
1.06	<p>Internal Audit Review (2018/2019) - our Internal Audit Team also completed an audit of the WHQS programme and delivery of the works. The final version of the audit report along with its recommendations have all been agreed, accepted, and implemented within the agreed timescales.</p>
1.07	<p>The team have set a new target level of 96% for our annual WHQS Tenant Satisfaction Surveys. Our intervention level is set at 94%.</p> <p><b>Last year's satisfaction result on the Capital Works Team was finalised at <u>96%</u></b></p>

<b>2.00</b>	<b>RESOURCE IMPLICATIONS</b>
2.01	<p><b>Staff</b> - There are concerns staff retention may be difficult to maintain. Given that the construction industry is an ever-changing sector, staff may seek opportunities elsewhere i.e., new build, private sector etc. There has also been a significant change in expectations and behaviour, because of the pandemic. Staff wish to work more flexibly and are reviewing the industry they work in and if it is right for them.</p> <p>The Capital Works Team have made adjustments to the team's structure to incorporate a degree of resilience, succession planning and robustness to the delivery model and departments risk register.</p>
2.02	<p><b>Budgets</b> – When developing our delivery programme, budget estimates were made for the required upgrade works to our existing properties with contingency sums included for unforeseen work such as structural repairs etc.</p> <p>Further works have been undertaken with colleagues in Finance and we have begun forecasting our budget requirements for the next tranche of works. Material costs have increased significantly, and availability is low.</p>
2.03	<p><b>Procurement</b> – Procuring the various WHQS works can be challenging. The Council must ensure all contracts are measured, not only by cost but by quality. Quality forms an important part of the assessment process where the Capital Works Team interviews all contractors and assesses Quality Submission Papers before any contracts are awarded. The team have been able to secure further efficiencies by merging some contracts so that internal and external resources can be shared.</p> <p>There is a risk that many contractors are opting for new build contracts rather than refurbishment contracts. Engaging with our supply chain early and sharing our Capital Investment Programme aspirations with our Contract Framework Partners assists us to procure longer term contracts and therefore reduces risk of inflated costs based on long term contract arrangements.</p> <p>As the Capital Works team has procured certain contracts through the Procure Plus consortium, it has been shielded from certain uplifts in costs and are supported by Procure Plus with any disputes.</p>

<b>3.00</b>	<b>IMPACT ASSESSMENT AND RISK MANAGEMENT</b>
3.01	<p>The Welsh Government has committed to achieving a carbon neutral public sector by 2033 and to coordinating action to help other areas of the economy to make a decisive shift away from fossil fuels. The Environment (Wales) Act 2016 requires the Welsh Government to reduce emissions of greenhouse gases (GHGs) in Wales by at least 80% by the year 2050, with a system of interim emissions targets and carbon budgets.</p>

	<p>The Welsh housing stock is older than the UK housing stock, with only a smaller proportion built in recent years.</p> <p>Approximately:</p> <ul style="list-style-type: none"> <li>• <b>32%</b> of the Welsh housing stock was built before 1919, when there were no construction standards in terms of thermal performance.</li> <li>• <b>10%</b> of Welsh homes were built in the last 18 years, during which time performance requirements have changed dramatically.</li> <li>• <b>0.1%</b> levels of demolition.</li> </ul> <p>A further priority has been to maintain, sustain and build on the improvements delivered through the WHQS programme, particularly to improve the energy efficiency of our homes. We aim to continue to improve our asset base, while developing an understanding of what measures can be implemented to ensure our current assets achieve a high energy rating.</p> <p>As a Council, we will be required to ensure our homes meet the highest possible thermal efficiency and energy performance (EPC level A). Currently as part of the existing WHQS requirements, our properties must meet a minimum of SAP 65 (EPC level D).</p> <p>Discussions with Welsh Government are continuing, but there will be a requirement to procure and deliver a large retrofit programme comprising of:</p> <ul style="list-style-type: none"> <li>• Internal &amp; external wall insulation</li> <li>• Floor insulation</li> <li>• Air Source &amp; Ground Source Heating Systems</li> <li>• Solar photovoltaic panels</li> <li>• Solar thermal panels</li> <li>• Triple glazing</li> <li>• Heat recovery units</li> <li>• Improved ventilation systems such as positive input ventilation</li> <li>• Improved heating controls such as intelligent heating programmers</li> <li>• LED lighting</li> </ul> <p>Over the next 12 months the Housing Assets Service will be focusing on finalising plans as part of the wider asset management and decarbonisation programme for members to consider which shall encapsulate the investment challenges and options for consideration.</p>
3.02	<p>Everyone accepts that living in a quality home brings benefits to both the physical and mental wellbeing of those who live in them.</p> <p>The purpose of the Welsh Housing Quality Standards 2023 (WHQS2023) is to improve the quality of social homes in Wales. All social homes in Wales are required to meet and maintain the standard.</p> <p>Over the last two decades the Council has invested millions of pounds to significantly improve and maintain the quality of its homes across the</p>

	<p>county and WHQS2023 will replace the existing WHQS Standard that the Council are currently working to.</p> <p>The existing standard requires updating to reflect changes to how people live, work and feel about their homes, and to start decarbonising the Welsh social housing stock at scale.</p> <p>Parts of the existing WHQS standard remain unchanged but some elements have been modified to reflect updated legal requirements. Some parts are new such as increased requirement for floor coverings, consideration of biodiversity and water poverty have also been included.</p> <p>The existing WHQS contained energy efficiency (affordable warmth) requirements, but these have been boosted significantly to reflect decarbonisation ambitions and to minimise energy bills for tenants.</p> <p>Welsh Government wants to continue to drive up the standard of existing social housing, and WHQS2023 is a demanding standard which all social landlords in Wales will be legally obliged to meet.</p> <p>The Council have been in discussions with Welsh Government and have fed back on key areas of the new standards. Consultation on the standards has now ended and we are in the process of awaiting further feedback, leading to the implementation of WHQS 2023 later this year.</p>
3.03	<p>Through our existing contracts, the Council has overachieved targets set by Welsh Government with regards to the use of local labour and apprenticeships. The Council are required to submit multiple returns for each contract which covers the following measures:</p> <ul style="list-style-type: none"> <li>• Contract Value <ul style="list-style-type: none"> <li>○ Percentage spent in Wales</li> <li>○ Percentage spent locally (Flintshire)</li> <li>○ Percentage spent on local labour</li> <li>○ Percentage spent with local material suppliers</li> <li>○ Percentage of invoices paid on time to all</li> </ul> </li> <li>• Labour total <ul style="list-style-type: none"> <li>○ Percentage of labour/staff live in Wales</li> <li>○ Percentage of labour/staff who live locally</li> <li>○ Percentage of labour/staff previously unemployed</li> <li>○ Percentage of labour/staff retained</li> </ul> </li> <li>• Resources, Community Benefits &amp; Education <ul style="list-style-type: none"> <li>○ Energy usage and Waste Tonnage</li> <li>○ Percentage of waste diverted from landfill</li> <li>○ Travelling - CO emissions</li> <li>○ Value of Cash or Sponsorship to Local businesses/charities</li> <li>○ Value of free labour in cost &amp; hours</li> </ul> </li> <li>• Training <ul style="list-style-type: none"> <li>○ Number of apprenticeships created</li> <li>○ Number of apprenticeships that secure full time employment</li> <li>○ Number of weeks allocated to work experience placements</li> </ul> </li> </ul>

	<p>With regards to the main measures above, the Council have overachieved and continue to deliver the following averages:</p> <p>Percentage spent locally - 83%  Percentage of local labour - 77%  Percentage of waste diverted from landfill - 97%  Number of apprenticeships - 15 per annum delivered against a target of 6.</p> <p>Each contractor procured must complete a detailed report each quarter, detailing each person employed within the contract (name, home address, position, employment dates etc.) with each report audited by Welsh Government.</p> <p>Each contractor has their own targets to achieve in addition to the Councils, with each having an excellent relationship with the local colleges and local supply chain and is managed at Contractor Progress meetings.</p> <p>This is a critical part of the performance management process and forms part of any contact extensions and work allocation.</p>
--	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<b>4.00</b>	<b>CONSULTATIONS REQUIRED/CARRIED OUT</b>
4.01	<p>Prior to the Capital Investment Programme commencing, the team held Member workshops, where most Members attended and were actively involved in the design and delivery of the current Capital Programme.</p> <p>We also held Tenant Federation workshops where we engaged with the federation with regards to what priority and which order the works should be completed, along with holding tenant consultation workshops in our FCC Connects Centres and community centres engaging with our tenants and discussing the Capital Programme along with ascertaining what order tenants would prefer to have components of their home upgraded first.</p> <p>Moving forwards, and as part of the next phase of the Capital Programme and decarbonisation retrofit programme, the Capital Works Team will again be consulting with Members, tenants and tenant groups to ensure that each is engaged with and to ensure their preferences and any concerns with regards to this next phase are considered and implemented as we have previously.</p>
4.02	<p>In addition to the work detailed within this report, there is a wider issue that needs to be considered around the potential to undertake regeneration schemes on some of our estates rather than continue to commit funding to assets that will be expensive to continue to maintain and run, have high numbers of voids and which are expensive to heat and run for the tenant.</p> <p>This will also include a significant focus on tenant 'behaviour change'; which will be a key factor in reaching targets and lowering tenant's energy bills and will run parallel to any Decarbonisation work.</p>



	Consultations will need to be held with members and tenants as the Council progresses with its investment plans and this will be completed prior to any works being procured and delivered.
--	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

<b>5.00</b>	<b>APPENDICES</b>
5.01	None.

<b>6.00</b>	<b>LIST OF ACCESSIBLE BACKGROUND DOCUMENTS</b>
6.01	<a href="https://www.flintshire.gov.uk/en/Resident/Housing/Welsh-Housing-Quality-Standard-WHQS.aspx">https://www.flintshire.gov.uk/en/Resident/Housing/Welsh-Housing-Quality-Standard-WHQS.aspx</a>
6.02	<a href="https://gov.wales/decarbonisation-homes-wales-advisory-group#content">https://gov.wales/decarbonisation-homes-wales-advisory-group#content</a>
6.03	<a href="https://gov.wales/sites/default/files/statistics-and-research/2021-06/welsh-housing-quality-standard-summative-evaluation.pdf">https://gov.wales/sites/default/files/statistics-and-research/2021-06/welsh-housing-quality-standard-summative-evaluation.pdf</a>

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

<b>8.00</b>	<b>GLOSSARY OF TERMS</b>
8.01	<p><b>Capital Programme:</b> The Council's financial plan covering capital schemes and expenditure proposals for the current year and a number of future years. It also includes estimates of the capital resources available to finance the programme.</p> <p><b>The Welsh Housing Quality Standard (WHQS):</b> is a national standard of quality for homes. This is set by the Welsh Government. It means that all tenants in Wales should have the opportunity to live in good quality homes which meet the requirements of that household.</p> <p><b>Acceptable Fail:</b> Welsh Government understand that some homes cannot receive the WHQS works due to 4 reasons, listed below:</p> <ol style="list-style-type: none"> <li>1. Works are physically impossible to complete</li> <li>2. It is not cost effective to do the works</li> <li>3. Timing (works due in near future already)</li> <li>4. Tenant refuses the improvements</li> </ol> <p><b>Wales Audit Office:</b> works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales</p>

know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes.

**Financial Year:** the period of 12 months commencing on 1 April.

**Budget:** a statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.

**PDA Solution:** Mobile handheld device used for capturing stock data directly linked to our asset database.

**Contract Framework:** A Contract Framework is an agreement between one or more contracting authorities and one or more economic operators. These frameworks have Contractors, Consultants and Suppliers that have been successful in joining the specific work categories. The Council often uses these frameworks to procure works that have already gone through a tender process in line with OJEU and can be utilised to procure works or services.

They are often the most economic advantage in terms of value for money and local training provision.

**HRA:** The Housing Revenue Account.

**Open Housing System:** An electronic database system which is used by the Housing Assets Team where its assets are recorded along with tenant details, components, works tickets and tenant requests for works or inspections and other services.

**Components:** A part or element such as an asset's amenities (Kitchen Bathroom, Boiler, Roof, Windows, Doors etc.).

**RAMS:** Risk and Method Statements used in construction works to enable a Contractor to safely plan and identify how any risks will be mitigated or complied with.

**PPE:** Personal Protective Equipment.

**Decarbonisation:** Referring in this instance to Welsh Governments requirement for all Local Authorities in Wales to reduce its Carbon emissions and usage.

**EPC:** Energy Performance Certificate.

**SAP:** Standard Assessment Procedure.