

COMMUNITY AND ENTERPRISE OVERVIEW AND SCRUTINY COMMITTEE

Date of Meeting	Wednesday 6 November 2019
Report Subject	Welsh Housing Quality Standard (WHQS) Capital Programme – Delivery Review Update
Cabinet Member	Cabinet Member for Housing
Report Author	Chief Officer (Housing and Assets)
Type of Report	Operational

EXECUTIVE SUMMARY

The purpose of this report is to provide an update on the delivery of the Welsh Housing Quality Standards (WHQS) the council is delivering through its Capital Investment Programme.

The report focuses on achievements to date and maps the journey thus far.

The WHQS Programme of Works has reached the fifth year (2019-2020) of the six year Capital Programme. The report focuses on what has been delivered to date and what is left to be completed before the 2020 deadline.

RECOMMENDATIONS

1	Scrutiny to continue to support the Capital Investment Programme in its final two years of major investment, and where possible, prioritise any requirements/ support to enable the Programme to successfully meet the December 2020 deadline.
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REPORT DETAILS

1.00	EXPLAINING THE WELSH HOUSING QUALITY STANDARD
1.01	<p>The Welsh Housing Quality Standard (WHQS) is a national standard of quality for homes. This is set by the Welsh Government.</p> <p>It means that all tenants in Wales should have the opportunity to live in good quality homes which meet the requirements of that household. The Capital Works Team is responsible for delivering Internal & External upgrades to all Council owned properties, complying with the WHQS by the year 2020.</p>
1.02	<p>The Capital Works Team were tasked with delivering a major investment programme for its council owned properties and have implemented the Capital Investment Programme by:</p> <ul style="list-style-type: none">• Agreeing the 2020 Business Plan with Welsh Government.• Completing an independent Stock Condition Survey.• Consulting with Members and holding Member Workshops in 2014• Conducting Tenant Federation Workshops.• Conducting Tenant Consultation Workshops in our FCC Connects Centres.• Sending over 7200 Tenant Questionnaires asking for feedback and comments on the proposed Capital Programme.• Determining the various workstreams and the New District Areas for Project Delivery as a result of consultation feedback.• Packaging the workstreams into Years based upon Manageable Numbers & Geographical Locations.• Tendering each workstream separately.• Completing over 50 interviews with Contractors utilising Tenants & Volunteers.• Awarding the contracts, commencing and managing the works onsite.
1.03	<p>The WHQS 2020 Programme has been created to ensure all Flintshire County Council properties will comply with the WHQS by the year 2020 as required by Welsh Government.</p> <p>Each year the Capital Works Team are required to report progress to the Housing Asset Management Team, Housing Board Members and also Welsh Government.</p> <p>Our annual returns to Welsh Government track our progress in terms of how many components are WHQS compliant and how many properties achieve the WHQS status overall.</p>

	<p>For several years the Capital Works Team have been attempting to fully implement the Housing Assets software system with a view to procuring a more robust and consistent approach to data collection and contract management. There have been many barriers along the way, but finally a solution has been procured and we are in the final phases of testing and implementation.</p> <p>From the hard work completed earlier in 2018 and also again this year in anticipation of the Welsh Government returns, we have completed a major data cleansing exercise of all asset and component data. This has resulted in our overall compliancy figure increasing from <u>0.3%</u> in 2017 to <u>27.9%</u> in 2018 and <u>63.15%</u> in 2019 respectfully.</p> <p>From our 7,200 Housing Stock, we are currently reporting:</p> <ul style="list-style-type: none"> • WHQS Compliant Kitchens: <u>100%</u> • WHQS Compliant Bathrooms: <u>100%</u> • WHQS Compliant Roofing & Associated Components: <u>76%</u> • WHQS Compliant Windows / Doors: <u>82%</u> • WHQS Customer Satisfaction Average: <u>96%</u> <p>The Capital Works Team has now completed the Internal Work Streams (Kitchens & Bathrooms) and as a result the remaining properties are proving to either be 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.</p> <p>The Capital Works Team have allowed for a <u>20%</u> Acceptable Fail scenario within the Capital Programme.</p> <p>We are currently reporting at <u>29%</u> as our highest Acceptable Fail component (Bathrooms). This will be addressed during the final two years of the Capital Programme through the Internal Mop-Up Contract, where we will target those tenants that have either refused access or refused the works.</p>
1.04	<p>The Capital Works Team have now procured all of the main WHQS Contracts moving into Year 5 (2019-20) of the Capital Programme and are continuing with the good work delivered last year. We are currently on track with regards to the number of components installed and are now looking at implementing our PDA Solution sometime in Q4 of this financial year which should bring further efficiencies and be a more effective approach to ascertaining our asset information, stock condition and data collection.</p>
1.05	<p>WAO Report (2017/2018) - Flintshire County Council had received notification from the Welsh Audit Office that they proposed to undertake a review.</p> <p>The review focused 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 have been consulted on the future plans of the council to achieve WHQS by 2020.</p>

	<p>From the audit and final report, the Council received no recommendations and the below comment was passed to the Council.</p> <p><i>“Overall, we found that the Council is making good progress towards achieving the Welsh Housing Quality Standard and most Council tenants are satisfied with the quality of the service and their homes.”</i></p>
1.06	<p>Internal Audit Review (2018/2019) - Our Internal Audit Team were scheduled to review the Capital Works Team prior and in preparation for the WAO visit. We have received the final version of the audit report along with its recommendations to which we have replied to. The Audit took place in late Quarter 3 of December 2018.</p> <p>Audit Objective: To evaluate the adequacy of the arrangements in place to deliver the WHQS, obtain assurance that the identified risks are being managed appropriately and to deliver the objectives of the service.</p> <p>Scope of review: The audit will review and consider the adequacy and effectiveness of the operating controls in relation to WHQS and focus will be placed upon:</p> <p><i>The project management of the WHQS.</i> <i>The business planning arrangements in place.</i></p> <p>Rating:- Amber Green – Reasonable</p> <p><i>Amber - 3 Recommendations</i> <i>Green - 4 Recommendations</i></p> <p>Audit Recommendations:</p> <p>All audit recommendations have been answered with an agreed and accepted approach. Deadlines for each recommendation with agreed actions have now been set and are being adhered to.</p>
1.07	<p>In addition to the work detailed within this report, there is a wider issue that needs to be considered around the potential to regenerate some of our housing assets, purely on the basis of the ongoing cost effectiveness of the WHQS programme when reviewed against the types of assets, and if it would remain viable to invest in the assets rather than regenerate a whole estate, like the Flint Town model.</p>
1.08	<p>The Capital Works Team have set a new target level of 95% for our annual WHQS Tenant Satisfaction Surveys.</p> <p>Each Contractor is scored from 10 Questions, which maps the tenant’s journey through the upgrade works and scores key elements which allows us to identify any weaknesses or risks and to action accordingly.</p> <p>Each FCC Tenant Liaison Officer (TLO) completes the Tenant Satisfaction Survey face to face and asks for honest feedback that can help the team and service to improve moving forwards. Some tenants prefer to complete the Survey in their own time and can return it via Free Post or can have it collected.</p>

	<p>This important part of the process enables the team to gather Key Performance Data that is used to correctly measure the Contractors Customer Focus onsite.</p> <p>Year 4 (2018-2019) finalised at <u>95.8%</u> which is one of the highest scores to date.</p>
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2.00	RESOURCE IMPLICATIONS
2.01	<p>Staff - There are always concerns that staff retention may be difficult to maintain. Given that the Construction Industry is an ever changing sector, staff may seek opportunities elsewhere i.e. New Build, Private Sector etc.</p> <p>It's important that the Council implements a succession plan within its existing structures, where possible, that ensures its employees have the opportunity to progress within the business and that the knowledge acquired and overall investment within those employees, are as far as practically possible, is retained.</p> <p>We must also ensure that we invest in our training, support and working environment so staff feel valued and secure.</p> <p>The Capital Works Team has made some adjustments to the teams structure to incorporate a degree of the above and have also looked ahead to post 2020 where the works could be delivered more efficiently and effectively. Rather than working towards a strict deadline and whilst also procuring, managing and delivering a large investment programme to elevate our properties to the set WHQS criteria; the focus will switch towards a more linear approach with regards to refurbishing our properties and maintaining the WHQS to all Council owned properties.</p>
2.02	<p>Budgets - When creating our delivery programme, budget estimates were made for the required upgrade works to our existing properties. These estimates were made with certain contingencies for any unforeseen works such as Structural Repairs etc.</p> <p>When working on new build properties there is a degree of certainty with regards to condition and the materials utilised during the construction process etc. as everything is an absolute measure.</p> <p>When working on properties over 60, 70 & 80 years of age, there is a higher degree of uncertainty when it comes to the condition and the materials that may have or may not have been used at the time of construction phase. This could or could not include the use of asbestos or substandard working practices and other materials i.e. substandard copper.</p> <p>The Capital Budgets were based on an independent stock condition survey. Prior to works commencing onsite, the Capital Works Team complete scoping surveys to validate the stock condition data is consistent with the original survey.</p>

	It's important to note that as costs fluctuate and the Construction Industry advances in terms of New Build etc. costs for materials and labour will also increase, as demand will dictate where the labour resource is needed and where the resource prefers to be situated i.e. New Build or Refurbishment contracts.
2.03	Procurement – Procuring the various WHQS works can be challenging. The Council must ensure that 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 its Contractors and assesses Quality Submission Papers before any contracts are awarded. The Capital Works Team have been able to secure further efficiencies by merging some contracts together so that internal and external resources can be shared. There is a risk that many Contractors are opting for New Build contracts rather than Refurbishment contracts. It is important that the Capital Works Team engages with its supply chain as early as possible so that future orders and plans for works can be shared.

3.00	IMPACT ASSESSMENT AND RISK MANAGEMENT
3.01	<p>The quality and availability of Contractors and Tradesman who are open and willing to work within tenant properties as opposed to New Build Contracts continues to be challenging to procure.</p> <p>Engaging with our supply chain early on 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 longer contract arrangements.</p> <p>The longer term arrangements makes the Council an attractive client to work for and with.</p>

4.00	CONSULTATIONS REQUIRED/CARRIED OUT
4.01	<p>Prior to the Capital Investment Programme commencing, the team held Member Workshops in 2014 where the majority of Members attended and were actively involved in the design and delivery of the 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 discussing the potential to merge certain workstreams, i.e. Internal Works were prioritised first with both the Kitchen and Bathroom Upgrade works merging into one workstream.</p> <p>We also held 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>We also sent over 7200 Tenant Questionnaires asking for feedback and comments on the proposed Capital Programme.</p> <p>We initially completed circa 50 interviews with Contractors utilising Tenants & Volunteers. This has increased year on year when new contracts are awarded.</p>
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5.00	APPENDICES
5.01	<p>Appendix 1 - WHQS Consultation Document</p> <p>Appendix 2 - WHQS Delivery District Areas</p> <p>Appendix 3 - WAO Final Audit Report</p> <p>Appendix 4 - WAO Reply Letter to Draft Report</p> <p>Appendix 5 - Internal Audit Final Report</p> <p>Appendix 6 - WHQS Post Works Questionnaire</p>

6.00	LIST OF ACCESSIBLE BACKGROUND DOCUMENTS
6.01	<p>https://www.flintshire.gov.uk/en/Resident/Housing/Welsh-Housing-Quality-Standard-WHQS.aspx</p>

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

8.00	GLOSSARY OF TERMS
8.01	<p>Capital Programme: 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>
8.02	<p>The Welsh Housing Quality Standard (WHQS): is a national standard of quality for homes. This is set by the Welsh Government. It means that all tenants in Wales should have the opportunity to live in good quality homes which meet the requirements of that household.</p>
8.03	<p>Acceptable Fail: Welsh Government understand that some homes cannot receive the WHQS works due to 4 reasons, listed below:</p> <ol style="list-style-type: none"> 1. Works are physically impossible carry out, 2. It is not cost effective to do the works, 3. Timing (works due in near future already) 4. Tenant refuses the improvements.

	These are called 'Acceptable Fails' and the Welsh Government will accept that 20% of our properties will be in this group.
8.04	Wales Audit Office: works to support the Auditor General as the public sector watchdog for Wales. They aim to ensure that the people of Wales know whether public money is being managed wisely and that public bodies in Wales understand how to improve outcomes.
8.05	Financial Year: the period of 12 months commencing on 1 April
8.06	Budget: a statement expressing the Council's policies and service levels in financial terms for a particular financial year. In its broadest sense it includes both the revenue budget and capital programme and any authorised amendments to them.
8.07	PDA Solution: Mobile hand held device used for capturing stock data directly linked to our asset database.
8.08	<p>Contract Framework:</p> <p>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.</p> <p>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.</p> <p>They are often the most economic advantage in terms of value for money and local training provision.</p>