

PAC(4) 24-12 – Paper 2

Welsh Government Response to the Public Accounts Committee Report; Progress in delivering the Welsh Housing Quality Standard

October 2012

Recommendation 1: We recommend that the Welsh Government publicly sets out – utilising the regulatory framework and following consultation with the WLGA and other relevant bodies – how it will:

- Identify and promote good practice in engaging tenants; and
- Challenge landlords that are not performing well in such

Response: Accept

The Welsh Government is about to commission an evaluation of the WHQS which will report in 2013. The identification of specific examples of good practice on tenant engagement will form part of it. This will feed into work currently being undertaken by the Chartered Institute of Housing Cymru and Welsh Tenants Federation to develop and promote good practice in tenant engagement for social landlords. *Focus on Delivery* is due to be completed in Spring 2013. The results of the evaluation and the joint project will form the basis for a consultation with landlords, WLGA, CHC and other relevant bodies with a view to implementation of guidance promoting good practice by March 2014.

A Registered Social Landlord (RSL)'s performance in engaging tenants including on WHQS service is assessed against key outcomes in the Welsh Government's Regulatory Framework for Housing Associations Registered in Wales. Local authorities retaining their housing stock have agreed on a formal but voluntary basis to report against delivery outcomes for tenants similar to that of housing associations. This work is already underway and where landlords are not performing well, they will be subject to regulatory intervention.

Recommendation 2: We recommend that the Welsh Government enables the introduction of independent, external verification of landlords' reported compliance with the WHQS

Recommendation 3: We recommend that the Welsh Government ensures that any external verification of landlords' compliance with the WHQS includes consideration of landlords' interpretation of acceptable fail criteria

Combined Response to 2 & 3: Accept in principle

Some landlords already secure independent validation of their progress in meeting the Standard, however the 'accept in principle' response reflects a concern that smaller landlords may find it difficult to implement this on cost grounds. We will work with the sector to identify potential costs and take a decision on how to proceed by 31 March 2013.

The planned evaluation of WHQS referred to above will include random independent sampling of properties and draw on data and information from the independent verifications already carried out. The researchers will report their findings including feedback on the rigour and usefulness of the independent verification process, including any lessons learned. In discussion with RSLs, local authorities, Community Housing Cymru (CHC) and Welsh Local Government Association (WLGA) we can then decide how to move forward.

A new WHQS monitoring regime introduced in 2010 was made more robust this year, and sought to improve and clarify how acceptable fails are recorded. The 2012 survey results were published on 15 October and information is now available from landlords on the number of 'acceptable fails' and the reasons for them. The Welsh Government is looking at the returns to see for example whether further work is needed either with the sector as a whole or with individual landlords. This will be decided by December 2012.

Recommendation 4: We recommend that the Welsh Government places a requirement on landlords to demonstrate that they have gone through process of identifying and prioritising wider environmental improvements to the immediate surrounding area of a property

Response: Accept

The current work being undertaken by the Tenant Participation Advisory Service (TPAS) to produce guidance and hold seminars on the environmental standard requirements is very welcome and builds on their work *Guidance on the Interpretation of the WHQS Environmental Standard* published in 2008. The Welsh Government will reinforce this work by issuing guidance to landlords by 31 March 2013, requiring them to demonstrate that they have gone through an appropriate process in their business plans.

Recommendation 5: We recommend that the Welsh Government sets out a clear intended timetable for its negotiations with HM Treasury on reforming the HRA system. As part of this, the Welsh Government should also clarify how and when other appropriate organisations may be engaged in taking forward reform of the HRA system.

Response: Accept in principle

The Welsh Government is very keen to exit from the current HRA system. The Minister for Housing, Regeneration and Heritage has already said that ideally he would like to see an end to the transfer of revenues by 31 March 2013 but we have no control over HM Treasury's decision making processes and despite our commitment to the timetable, it is important to recognise that this could undermine our ability to fulfil the Minister's wishes. We are continuing to negotiate with HM Treasury to meet this deadline. Once an agreement has been reached, the Welsh Government will publish a timetable to demonstrate how this can be achieved and how and when other organisations will be engaged.

Recommendation 6: We recommend that the Welsh Government produces guidance for landlords on how to maximise the potential benefits of making refurbishments to properties to meet the WHQS.

Response: Accept

The role of Value Wales is to provide support and guidance to the public sector on maximising the benefits of its investment. Housing expenditure is a core part of that. The Value Wales guide – *Community Benefits - Delivering Maximum Value for the Welsh Pound* published in 2010 - offers advice on the different approaches procurers are encouraged to take to deliver added value by the inclusion of community benefits in their procurement activities. This guide provides specific advice to landlords with direct links to the Housing *Can Do Toolkits*, including technical guidance and model material. The advice is further supported by the work of Inform to Involve (i2i) who offer targeted, direct support to landlords including through joint seminars and bespoke advice to individual organisations..

The Value Wales Guide is due for updating and we will look at how this can be improved to ensure the Committee's recommendation is fully implemented. If separate guidance is needed we will produce it in conjunction with Value Wales and CIH Cymru. The revised guide is due in January 2013.

Recommendation 7: We recommend that the Welsh Government develops guidance on how landlords can effectively communicate with tenants including:

- **Informing tenants of compliance/non-compliance with the WHQS;**
- **Appropriate language to communicate the concept of an 'acceptable fail'**

Response: Accept in principle

This recommendation is related to action required under Recommendation 1. The Welsh Government is fully supportive of the principle of landlords communicating effectively with tenants and has stated earlier in this response its intention to commission an evaluation of WHQS which will include looking for examples of good practice in tenant engagement.

Good practice in terms of informing tenants of compliance or non-compliance with the WHQS and using appropriate language around 'acceptable fails', is something that will be specifically explored in the research. This will help to inform the guidance (see response to Recommendation 1) currently being developed by CIH Cymru and Welsh Tenants for implementation by March 2014.

Recommendation 8: We recommend that the Welsh Government develops guidance to ensure landlords' data collection highlights the reasons for acceptable fail classifications.

Response: Accept

The WHQS data collection system introduced in 2010 and made more robust for 2012, now includes a requirement on landlords to report the numbers of properties that have achieved WHQS but also include at least one component that is classified as an acceptable fail. The latest data published on 15 October indicates that there is significant variation between landlords in numbers of properties containing components classified as an acceptable fail. We will urgently undertake sample visits to landlords to establish how acceptable fails are being interpreted on the ground and then issue appropriate guidance in consultation with landlords.

The data collection planned for 2013 will be enhanced to record the number of WHQS compliant properties with acceptable fails by main reason (i.e. cost of remedy; timing of remedy; residents' choice; physical constraint).

Recommendation 9: We recommend that the Welsh Government assesses – in discussion with landlords – the cost implications and practicality of landlords being required to update individual tenants on the compliance of their home with the WHQS

Response: Accept

The evaluation of WHQS will be looking for good practice on tenant engagement and will establish the costs and issues associated with an individual approach. This issue will be incorporated into the implementation of guidance promoting good practice by March 2014.

Recommendation 10: We recommend that the Welsh Government ensures that external validation of landlords' compliance with the WHQS also takes health and safety into full consideration.

Response: Accept

The evaluation of the WHQS – which will report in 2013 - will look for evidence that Health and Safety requirements are being complied with.

Recommendation 11: We recommend that the Welsh Government provides the Public Accounts Committee with an update on progress against the Auditor General's recommendations before the end of December 2012, including how it is taking forward wider lessons learnt from the report.

Response: Accept

Welsh Government will report progress as requested.