



WALES AUDIT OFFICE
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Wales Audit Office / Swyddfa Archwilio Cymru

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National Assembly for Wales
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Dear Chair

PROGRESS IN DELIVERING THE WELSH HOUSING QUALITY STANDARD (WHQS)

On 9 November 2012, I wrote to you regarding the Welsh Government's response to the Committee's September 2012 report on *Progress in Delivering the Welsh Housing Quality Standard*. In that letter, I noted that there were a number of matters arising from the response that the Committee might have wished to pursue with the Welsh Government. However, I also indicated that there was merit in awaiting the promised Welsh Government response to the recommendations in my own January 2012 report on this topic. The [then] Minister for Housing, Regeneration and Heritage wrote to you on 24 January 2013 with an update on action in response to the recommendations in my report. While that response addresses some of the issues covered by my previous advice, it also raises some fresh queries.

In light of these outstanding issues, and with the original deadline for achieving the WHQS having now passed, the Committee might consider devoting a small amount of its time before the end of the summer term to take further evidence from the Welsh Government on this topic, rather than embarking on a further exchange of correspondence. Returning to this matter later this term could be timely because, based on the information provided in the responses, some key developments should be well advanced, if not complete, including:

- The collection of data on compliance with the WHQS as at 31 March 2013, giving the Committee an opportunity to consider the effectiveness of measures to improve data quality.
- The proposed WHQS evaluation exercise.
- The work of the Ministerial Task Force that has been established to address progress in achieving the WHQS for particular social landlords.



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- Negotiations with HM Treasury regarding reform of the Housing Revenue Account Subsidy (HRAS) system in Wales. We understand that the Welsh Government has now decided to continue with its existing rent policy for 2013-14 with a view to tying in rent reform with reform of the HRAS system.
- Work to identify wider requirements for data on housing condition across Wales.
- The production of updated guidance on the environmental standard requirements of the WHQS.

A further evidence session would also provide the Committee with an opportunity to explore with the Welsh Government some issues relating to its response to the recommendations in my report, including:

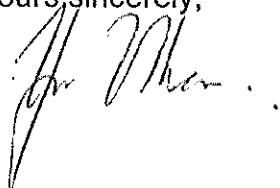
- Practical examples of how the Welsh Government has applied the general lessons for policy development, monitoring and evaluation.
- The timescales for certain actions. For example, why it is likely to take some two years since the publication of my report to complete discussions with landlords on the practicalities of consolidating various data returns (recommendation 3c), or why my recommendation (3b) about examining progress against previous commitments related to achieving the WHQS could not already have been discharged as part of business planning processes in 2012-13.
- The resource constraints that appear to have further delayed the response to recommendations arising from the previous Ministerial Task and Finish Group on housing and regeneration sustainable community investment, and any wider implications arising from these resource constraints for other areas of housing policy. In his letter to the Committee in July 2012, the Accounting Officer acknowledged that the recommendations had not been addressed as quickly as the Welsh Government would have liked.
- How, beyond the deployment of the Value Wales community benefits measurement tool for contracts with a value greater than £2 million, the Welsh Government has clarified its expectations of all social housing landlords regarding data collection on the overall value for money and wider benefits achieved from WHQS-related expenditure. The community benefits methodology is unlikely to capture evidence in relation to all of the potential wider benefits highlighted in my report, such as improved health, improved security and a reduced fear of crime, and in terms of tackling fuel poverty. When the Accounting Officer wrote to the Committee in July 2012, he indicated that the Inform to Involve project was developing a framework to sit behind use of the community benefits tool, and which would capture the wider benefits achieved outside of procurement, but there is no further update on the development of that framework in the Welsh Government responses to the Committee's and my own recommendations.

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- Whether the Welsh Government has seen any significant changes in landlords' business planning assumptions regarding their future WHQS-related expenditure as a consequence of some of the uncertainties highlighted in my report, including changes to housing benefit. In his letter to the Committee in July 2012, the Accounting Officer acknowledged that the Welsh Government was concerned about the potential impact of housing benefit changes on the future revenue flows of social landlords and that a steering group was being established to address the issues raised by these changes.

I trust that this further advice is helpful to the Committee. The Committee clerks may also wish to confirm whether any of the other National Assembly committees have plans to look at issues related to the delivery of the WHQS in the near future.

Yours sincerely,



HUW VAUGHAN THOMAS
AUDITOR GENERAL FOR WALES