

Public Accounts Committee

PAC(4) 05-12 - Paper 1

**Evidence Paper to the Public Accounts Committee (20 March 2012)
on the Wales Audit Office Report into the Welsh Housing Quality
Standard**

Introduction

1. As part of the first national housing strategy for Wales, in April 2002, the Welsh Government introduced the Welsh Housing Quality Standard (WHQS) as a standard for all social housing to achieve by 2012.

2. WHQS expects all social housing to be:

- In a good state of repair
- Safe and secure
- Adequately heated, fuel efficient and well insulated
- Contain up-to-date kitchens and bathrooms
- Well managed (for rented housing)
- Located in attractive and safe environments
- Suited to the specific needs of the household (as far as possible)

3. The Welsh Government welcomes the Auditor General's report on WHQS published in January 2012. The Report highlights that there has been a substantial improvement to the quality of social housing in Wales as a result the introduction of the standard, but it also makes clear that the original aims of the WHQS are far from being met.

4. In advance of the Government's formal response to the Report this evidence paper sets out action currently in hand to strengthen the system and which is tackling some of the shortcomings identified by the Wales Audit Office.

Auditor General's Findings

5. The Report's recommendations cover in five broad categories:

i) General lessons for policy development, monitoring and evaluation for Welsh Government

ii) Monitoring and reporting compliance with the WHQS

iii) Promoting and evaluating the achievement of wider benefits from WHQS-related work

iv) Possible changes to the WHQS

v) Identifying solutions for homes not anticipated to meet the WHQS by March 2017

i) General lessons for policy development, monitoring and evaluation

6. The Report concludes that the manner in which the WHQS system was originally established highlights lessons for policy development more generally. We will be considering the detailed recommendations as part of the work now underway across government to develop policy more effectively. The recently adopted Delivering Results principles require policy developers to build business cases at various stages of policy development and implementation which understand the 'fit' of the policy with the widest set of policy aims, the 'impact' of the policy and the 'costs', both for Welsh Government and for delivery partners. The principles are now the standard operating practice of the Welsh Government. Proper application of the principles would address the relevant recommendations of the WAO report.

ii) Monitoring and reporting compliance with the WHQS

7. As the Report indicates a number of steps have been taken to improve monitoring against the WHQS and this work continues today. From 2005 monitoring of WHQS was through individual local authority housing revenue account business plans from local authorities. A steering group was set up in 2009 to progress a more detailed collection of data and a pilot monitoring exercise covering local authorities and housing associations was carried out in 2010 and published in March 2011.

8. In 2012 the Welsh Government is introducing a new more robust monitoring regime to gather detailed information on landlords' progress in meeting WHQS. The intention is that this data will be published as official government statistics. That requires us to improve the rigour and consistency of our analysis in line with the standards imposed by the Government Statistical Service. A task and finish group has already been set up by Welsh Government to include

representatives of landlords to take forward this new monitoring regime.

9. One of the issues being addressed through this work is a proposal to improve the mechanisms by which landlords can be held accountable for recording and reporting separately on numbers of 'acceptable fails'. As the Report makes clear there are cases where upgrading is undesirable or unviable, sometimes due to the physical limitations of the dwellings or the wishes of tenants.

iii) Promoting and evaluating the achievement of wider benefits from WHQS-related work

10. The Welsh Government is continuing to work with landlords to maximise the social and economic benefits associated with housing improvement programmes and will be looking at ways of improving the promotion and capture of wider benefits from the remaining WHQS-related work.

11. It remains essential that housing providers should maximise their engagement in social procurement given their significant capital expenditure and associated regeneration opportunities. i2i has played a major role in taking forward this agenda to date through its development of the 'Can Do' Toolkit and through extensive support work across the housing sector. There is scope for i2i to play an even more extensive role in future as the Welsh Government responds to the challenge of embedding community benefits across other spending programmes. This work is being pursued jointly with Value Wales.

iv) Possible changes to the WHQS

12. The prospect of changes to WHQS was raised in 2008 by the review of affordable housing in Wales and in the 2010 housing strategy 'Improving Lives and Communities'. The Welsh Government recognises that there are many organisations that will take an interest in how this matter is pursued. Ministers believe that the Auditor General's report highlights the benefits that can be derived from a standard of this nature. It also makes clear the practical and financial consequences that flow from any lack of clarity with either the standards themselves or the way in which they are interpreted. It will be important that the messages contained in this Report are fully digested and understood before any decision is taken on whether changes should be introduced. The Welsh Government remains as committed as ever to delivering against the Standard and to maximising the impact that housing improvement investment can have on the quality of people's lives.

Av) Identifying solutions for homes not anticipated to meet the WHQS by March 2017

13. The report identifies that some landlords will not be meeting the 2012 target date for meeting the WHQS. The Welsh Government is working with these landlords to improve progress and recognises that there is a need to take stock of the situation in those authorities where tenants have voted against stock transfer. We will also be working with housing associations through the new Regulatory Framework to agree acceptable delivery outcomes in respect of WHQS.

14. The discussions that Welsh Government is having with the UK Government about the possibility of a revised financial settlement for the Housing Revenue Account Subsidy System (HRAS) are relevant to our further work in this area. These discussions are still in their early stages but we hope that they will be able to feed into our formal response to the Report and assist landlords to overcome barriers in delivering WHQS.

15. The forthcoming White Paper due to be published in May will also consider WHQS.

16. Although much has been done to improve our social housing in Wales, progress in meeting WHQS is still too slow. The Welsh Government remains committed to learning the lessons of the development of WHQS to date as we seek to further improve the quality of our social housing in future.