

Mid-Wales Housing Association - Policy

Title: Welsh Housing Quality Standard Compliance

Policy Statement:

Mid-Wales Housing Association is committed to providing a high standard of accommodation by attaining and maintaining the Welsh Housing Quality Standard through a pragmatic and financially prudent approach. It acknowledges that some of its properties will not attain every aspect of the standard and so the Association will strive to achieve a balance between excellent quality homes without undertaking extensive remodelling or major structural works. The Board of Management undertakes to commit sufficient funds to complete this programme by the due date whilst staying within the constraints of its budgets.

Introduction

“The Minister for Communities and Tackling Poverty has publically stated her support for the Welsh Housing Quality Standard and will be looking for the Welsh Government to ensure that all tenants, without exception, are able to live in homes that meet this minimum Standard. That’s why, without exception, all social landlords must achieve WHQS by 2020 and the Housing (Wales) Act 2014 contains powers for the Welsh Government to take sanctions against those organisations that do not demonstrate full compliance.”

Due to the interpretative nature of the WHQS Guidance, the Welsh Government requires each landlord to produce a WHQS Compliance Policy which contains a brief specification that accurately expresses and clarifies their interpretation of the WHQS Guidance.

To deliver this commitment in the most practical and beneficial way for the Association and its tenants, this policy document will consider and define the Association’s approach to the following:

1. Interpretation of WHQS, reflecting internal resources and circumstances;
2. WHQS progress and reporting;
3. Data collection;
4. Data storage and updating;
5. Current WHQS Compliance position;
6. Interpretation and recording of ‘acceptable fails’;
7. Independent verification;
8. WHQS+ Standard;
9. Summarised annual financial investment in the stock;
10. Link to WG statistical return, Business Plan & Asset Management Strategy;
11. Interpretation and recording of community benefits.

1.0 Interpretation of WHQS

The notional life attributed to each component impacts on the overall projected long term reinvestment liability within the stock. The life cycles used are based upon a mixture of experience, previous advice from SMS Consultancy and the industry norms.

A table of life cycles is built into the IBS database, examples of key component lives and average costs are given below.

Component	Cycle Years	Budget cost
Windows and doors wooden	30	£3,250
Windows and doors UPVC	30	£3,250
Full heating systems	30	£4,300
Boiler	15	£2,300
Bathrooms	30	£2,630
Cloakroom	30	£350
Kitchen units	15	£3,700
Storage heaters	30	£2,000

The costs above are based on November 2015 component replacement costs incurred through the Undod Procurement Consortium. The Association reviews these costs annually and adjusts its budget costs where appropriate and necessary.

Individual replacement cycles may be extended/reduced by no more than five years either way, dependent on condition or budget availability/constraints.

When replacing components every effort is made to ensure compliance with the WHQS; where achieving compliance is not considered reasonably practicable or cost effective, the Association will carry out a full option appraisal of the property to assess future investment requirements in accordance with the criteria set out in our Asset Management Strategy.

2.0 WHQS progress and reporting

The Association's asset management database collates all the WHQS information and automatically produces a status report in a data format required by the Welsh Government for its annual statistical return. This report allows the Association to monitor progress year-on-year and identify components or specific elements failing to meet the standard.

Also, and in accordance with future Welsh Government requirements, as from 1st April 2016, the system will enable officers to produce a WHQS information leaflet. This leaflet, along with an Energy Performance Certificate, (EPC) will be given to residents at the start of their tenancy and summarise the WHQS status of their property. Specifically, it will outline any works required and a proposed timescale for their completion. (*Certificate format is yet to be developed*).

Going forward, the information contained within the annual return to the Welsh Government will be provided to the Association's Board and Tenants' and Residents' Forum on an annual basis in addition to the quarterly updates provided in *Covalent*, its performance monitoring system.

3.0 Data Collection

Over recent years the Association has collected stock condition data, through a variety of methods using a combination of internal and external surveyors. Around 99% of the properties have

received component and WHQS surveys and the remaining 1% (no access issues) will be completed by the end of March 2016. The Association has also completed Energy Performance Certificates (EPCs) on 52% of the stock and extrapolated this information over the remaining properties where it is appropriate to do so.

The current policy is for internal staff to re-survey each property, including communal and external areas, on a rolling six-year cycle (approximately 23 surveys per month). Paper-based survey forms are issued to the relevant officers who carry out on-site surveys to consider compliance against each WHQS element, (primary and secondary) and report any reasons for deviation or failures from the standard. Questions relating to HHSRS are incorporated in the stock condition survey. Where specific concerns are raised the Association's staff will work with the residents, local authorities and other agencies to address these issues at that time.

The survey programme is collated and managed by the New Business Systems Team Leader who also oversees the administrative management of the WHQS module within IBS.

4.0 Data Storage and Updating

In accordance with the Association's approved Asset Management Strategy (September 2014), all stock condition data is now monitored through IBS Insight reporting. This allows full data analysis as required in terms of planned and WHQS programme requirements and associated financial/scenario planning.

The integrated WHQS module within IBS also facilitates accurate element data analysis and transparent annual reporting to the Welsh Government.

Completed surveys are passed to the New Business Systems Team Leader and New Business Team Leader to review consistency of information and to categorise acceptable fails or non-compliant elements. The results are then updated on the IBS system.

Where planned works impact on the energy efficiency of a property, the EPC is renewed following completion of those works to ensure it accurately reflects the benefit of these new components in terms of its energy efficiency rating.

Similarly, where any specific WHQS elements are renewed as part of the annual planned maintenance programme of works, the event is noted and the compliancy status updated on completion of works.

The future planned works are built into the Business Plan – Financial Projections to ensure the Association has the financial resources to fund the component replacements when they are due, thereby ensuring ongoing compliancy with WHQS. This is explained further in section 9.

5.0 Current WHQS Compliance Position

Annually, the Association completes a WHQS return for the Welsh Government which indicates the status of the properties as at 31st March. The changing situation since March 2014 is shown in the table below.

WHQS breakdown	31/03/14	% of total stock (13/14)	31/03/15	% of total stock (14/15)
Total number of assets	1,321		1,348	
Number fully compliant	449	34%	471	35%
Compliant subject to acceptable fails	504	38%	502	37%

Not compliant	368	28%	375	28%
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The number of fully compliant properties has increased over the year by 1% to 35% and when the acceptable fails are included, this figure rises to 72% across the higher stock number. Also, when each property is evaluated against the 46 separate WHQS elements - the Association is still over 96% compliant excluding acceptable fails.

The Association has advised the WG that, where it is practical and cost effective to do so, WHQS works will be completed by 2020. To achieve this, the Association has:

- Reviewed its planned maintenance database and realigned the programme to maximise WHQS component compliance.
- Compiled a costed programme of WHQS works which still fall outside of the core planned programmes of work over the next five years (i.e. due for replacement post cut-off date of August 2020). The additional financial requirement needed to carry out these works totals £637,000 over the next five years.

6.0 Interpretation and recording of ‘acceptable fails’

As noted in the Altair report commissioned by the Welsh Government, some aspects of the criteria for categorising an “acceptable fail” are open to officer interpretation and thus for reasons of consistency and as required by the Welsh Government, the Association has developed the following rationale for categorising such “acceptable fails” as outlined below:

Following a survey each WHQS element is assessed as either “NOT APPLICABLE”, “PASS” or “ACCEPTABLE FAIL”. Acceptable fails are then grouped by one of the following:

- Residents’ Choice;
- Timing of Remedy;
- Cost of Remedy;
- Physical Constraints.

Descriptions and typical examples of these are:

6a. Residents’ Choice

MWHA definition: Where the tenant has specifically requested that the Association does not change, improve or replace an element which is failing WHQS. Examples of this are where a tenant wishes to keep their carpet in a kitchen or bathroom rather than have anti-slip flooring installed or where a resident does not want/refuses to have works carried out.

6b. Timing of Remedy

MWHA definition: Where an element or component fails to meet the standard but is programmed for replacement within the next five years; for example, where no shower is currently installed but the whole bathroom is due to be replaced and is included in the planned maintenance programme in three years’ time.

6c. Cost of Remedy

MWHA definition: Where the cost of works to achieve the standard is deemed to be excessive (in excess of £1,000/unit); examples of this are if there is insufficient space in a kitchen or bathroom without having to significantly remodel or having to extend the property or, the cost of bringing in a gas supply to a property or scheme where there was none previously and there is no grant funding to support such works. As advised by the Welsh Government, the majority of our electrically

heated properties with a SAP rating below 65 should be re-classified as “acceptable fails” under this definition.

6d. Physical Constraints

MWHA definition: Where an element or component fails to achieve the standard due to the limited space within a property or as a result of it being in a conservation area which prevents certain types of component replacements or works. Such examples include the inability to externally clad properties or install upvc windows where SAP scores are below WHQS minimum levels.

6e. The three main areas where the Association’s properties “fail” to meet the standard are due to:

- 492 properties not having a bath and shower installed although almost 27% of these (133) have adapted bathrooms (level access showers) and do not have sufficient space for both items;
- 322 properties requiring kitchen improvements (replacements currently in progress);
- 342 properties have a SAP rating below 65 (of which 140 properties have a sap below 58).

However, in accordance with recent guidance from the Welsh Government, and the “acceptable fails” criteria set out in 6a–d above, the majority of these works should be categorised as acceptable fails under one of the above classifications; this exercise will be completed shortly.

In addition and as part of its approach to meeting WHQS, the Association will record but not include elements defined as “acceptable fails” due to Physical Constraints or Cost of Remedy in future work programmes; nor will these, or Residents’ Choice acceptable fails, be included in the “Expected year of full compliance” contained within the Welsh Government annual WHQS status return going forward. However a statement to this effect will be noted in the comments field on the WHQS Statistical Return.

Acceptable fails due to Residents’ Choice will be reassessed at either the next survey (six years) or the next change of tenancy. Where possible and subject to budget availability, acceptable fail elements due to Residents’ Choice will be improved to meet the standard at a change of tenancy.

Properties with primary elements failing or having “acceptable fails” due to Physical Constraints or Cost of Remedy will be assessed through the Association’s property option appraisal process in accordance with the criteria outlined in our Asset Management Strategy.

The Association will not take any action on properties with fewer than four secondary elements designated as acceptable fail due to Physical Constraints or Cost of Remedy other than to reassess at the next survey or change of tenancy.

7.0 Independent Verification

The Association is confident in the accuracy and consistency of information held in its database. Transparency in the reports produced from the database readily show element status and where appropriate, the proposed year of action. Verification and consistency is maintained by benchmarking the data collected by the in-house surveyors undertaking the condition surveys.

Additional surveys are also undertaken outside of their survey cycle (at void and prior to proposed planned maintenance works), but these are again sense checked by another officer before the results are uploaded onto IBS. Consequently, the likelihood of uploading inaccurate data is minimal.

That said and in accordance with the Association's Asset Management Strategy, we will implement a 10% audit sample survey using an appropriate independent method of verification, such as our internal auditors, every five years, to ensure that accurate and consistent survey data is held.

All Health and Safety testing and inspections are carried out by independent suppliers as are Energy Performance Certificates (EPCs); the documentation is electronically stored and WHQS elements updated accordingly.

A further overview of the process and WHQS status is undertaken as part of the annual budget setting process whereby the following year's improvements are inspected and re-assessed before being included within the budget.

8.0 WHQS+ Standard

At present the Association does not have a formal "WHQS+" Standard but is currently investigating its financial ability to be able to offer some form of enhanced standard in consultation with relevant staff and its Tenants' and Residents' Forum.

9.0 Summarised annual financial investment in the stock

The Association's Business Plan has made provision for an overall spend of £31.4m based on its comprehensive 30 year stock investment plan. This equates to circa £1.1m/annum budget for planned (including cyclical) works and a total predicted spend of £1.871m in 2016/17, if we include responsive and void provisions.

Overall investment per property is as follows:

- Responsive & voids - £571/property/annum;
- Planned (component replacement) & cyclical works = £817/property/annum.

As mentioned in Section 5 above, a further £637,000 investment in our stock is required (circa £127,400 per annum for five years) if we are to complete all outstanding WHQS works (excluding acceptable fails due to physical constraints/cost of remedy) within the next five years.

All replacements components and new properties will, wherever possible, meet or exceed the WHQS requirement and as such will maintain compliance after 2020.

10.0 Link to WG statistical return, Business Plan and Asset Management Strategy

The Association's Business Plan recognises the importance of maintaining its assets and its Asset Management Strategy now reflects the importance and provision given to achieving WHQS by 2020.

Specifically, the strategy indicates the Association's current WHQS position and the approach it will take to achieve the standard with the required timescale. The strategy also identifies a number of areas the Association needed to develop and an action plan with time frames has been agreed with the Association's Board in this respect.

The Association also monitors and reports to Board on all its strategic business risks; the condition of its housing stock is included within the risk portfolio (SR 15/013&014) and is updated on a quarterly basis.

11.0 Interpretation and recording of community benefits

Mid-Wales HA member of the UNDOD Procurement Consortium and has recently renewed its Framework of Contractors (September 2015) and has adopted the i2i toolkit and HACT

methodology as a way to standardising the Consortium's approach to achieving and monitoring community benefit KPIs across the framework.

As set out in the overarching framework agreement, contractors are required to provide the employer with a Key Performance Indicator (KPI) report each month which measures:

- Targeted training: percentage of workforce on the contract that are apprentices, with a target level set at a minimum of 15%;
- Targeted recruitment: percentage of workforce on the contract that are local (defined as living within a 45 mile radius of the site); target levels are set at 80% of workforce being local.

The Welsh Government are currently holding a series of training workshops with a view to assisting RSLs develop their social benefit KPI framework and training targets; the UNDOD Consortium will seek to maximise such benefits coming out of its framework, particularly given the economies of scale and collaborative working involved, in relation to adopting training weeks per £M pound spend and linking it into respective community development strategies.

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