



National Assembly for Wales' Public Accounts Committee: inquiry around Wales Audit Office Report on 'Progress in delivering the Welsh Housing Quality Standards'

Community Housing Cymru written statement

Community Housing Cymru (CHC) is the representative body for housing associations and community mutuals in Wales. Our members provide approximately 153,300 homes across Wales and invest heavily in housing-led regeneration and social care. In 2010/11, our members directly employed 6,500 people and spent over £800m in the Welsh economy. In July 2010, CHC formed a group structure with Care & Repair Cymru and the Centre for Regeneration Excellence Wales to jointly champion not-for-profit housing, care and regeneration.

Community Housing Cymru welcomes this opportunity to comment on the National Assembly for Wales' Public Accounts Committee inquiry into the Wales Audit Office Report on 'Progress in delivering the Welsh Housing Quality Standards'. Following the Welsh Government's monitoring exercise in March 2011 of the performance of housing associations and local authorities in working towards the Welsh Housing Quality Standard (WHQS) for their existing homes, CHC are delighted with the progress that our members are making.

CHC believe that the report is further evidence that the housing association sector is delivering housing and regeneration solutions to local communities and it shows the integral role that traditional HA's and large scale voluntary transfers play in contributing towards social, environmental and economic regeneration. RSLs are investing in communities, generating local training and job opportunities, delivering broader community regeneration, reducing fuel poverty for some of the hardest to reach people and reduced carbon emissions and energy bills.

Figures from the Welsh Economic Research Unit demonstrate that Welsh housing associations are an important agent in supporting housing-led regeneration. Housing associations are about much more than bricks and mortar and are having a greater impact on the Welsh economy than ever before. In 2010/11, they spent an estimated £802m, up 16% from the previous year, with 80% of that money retained in Wales. There has been a great deal of activity related to achieving the WHQS and the amount spent regenerating Welsh communities reached £424m in 2010/11 including £235.8m on maintenance, repair and upgrading homes, and £162m on brown field construction.

As mature social businesses, CHC believes that our members have the ability and also a responsibility to assist Welsh communities to emerge from austerity. We know that more can be done and there are also lessons to be learnt in ensuring that all tenants have good quality homes which also lead to better health outcomes and better job opportunities. Every tenant has the right to live in a home that is warm and secure in an attractive and safe environment.

Recommendations within the WAO report

CHC broadly welcomes the recommendations within the Welsh Audit Office report, although it is noted that many of the recommendations relate to the Welsh Government for response. Please see below for a summary of key issues in relation to each of the 5 general recommendations.

General lessons for policy development, monitoring and evaluation

There are significant challenges for the sector as funding moves away from grants and our sector faces significant reductions in social housing grant for new build and the impacts, for example, of welfare reform. This has obvious impacts on the financial capability of HA'S to deliver. It was clear from the work undertaken as part of the Essex Review that collectively the HA sector has the capacity to support additional borrowing to fund affordable housing. At a time when private investment is scarce and public purse strings are being continually stretched, Welsh housing associations increased their investment by an estimated 15% last year. Housing Associations can ensure that public subsidies are used to lever additional private sector investment. The key issue, however, was the lack of income to repay that additional borrowing. The rent setting policy for social housing rents in Wales has evolved over a number of years and CHC believes that any rent setting policy needs to drive quality and housing supply to ensure transparency and provide reassurance for tenants that landlords are sustainable. This will also incentivise better housing standards in times of austerity.

Monitoring and reporting compliance with the WHQS

Since the Welsh Governments monitoring exercise in March 2011, CHC has been working with partners within the WHQS Task and Finish Sub monitoring Group in developing future data collection arrangements. The group has developed a new annual monitoring form for assessing compliance against the WHQS and the form will be issued in early July 2012 and RSL's have already been asked to take a snap shot of their compliance and position at 31 March 2012.

Significant strides have already been made in picking up many of the recommendations in the annual return, including the introduction of annual monitoring of landlords' compliance with the WHQS from 31 March 2012 onwards. This includes the redesign of the monitoring return in order to measure the proportion of homes where whole-house or elemental compliance with the WHQS is due, at least in part, to acceptable fails. There has been an acknowledgement that while it was important to collect data on specific elemental failure it was also important to quantify the actual numbers of dwellings that included acceptable fails for the headline statistics. It was clear that the understanding of acceptable fails differed across the sector and it has been agreed that the "acceptable fail" element should be redrafted to reflect this.

Housing associations and community mutuels are regulated by the Welsh Assembly Government under the new Regulatory Framework for Housing Associations in Wales. The new regulatory framework offers a risk-based, proportionate approach to the regulation of housing associations in Wales. It is based on a relationship management model which provides sufficient flexibility to enable housing associations to improve services to tenants and grow as social businesses. Despite resources becoming scarce, it is essential that the regulatory system in Wales continues to focus on outcomes, remains flexible, is risk-based and reinforces good governance. Any monitoring or verifying of attainment towards meeting the standard must be kept within the existing regulatory framework.

Registered Social Landlords across Wales are obliged to collect information on their housing stock for a variety of reasons, for regulatory or other requirements. For example to gain Energy Performance Certificates on newly emptied properties, stock condition surveys, to plan future maintenance work and to access external funding. Developing an effective knowledge of your housing stock is one of the many key elements to ensuring the sustainability of RSLs, their properties and the communities they serve. The new regulatory framework focuses on delivery outcomes which are achieved through robust stock condition survey activities.

In September 2011, the Welsh Government requested an update from all landlords to establish their latest projected timescale for achieving full WHQS compliance.

The Welsh Government has already published a new timetable for their Housing Data Collections for 2012-13 due to reflect new requirements such as the introduction of a new data collection covering the Welsh Housing Quality Standard (and current resource within WG.) As noted earlier, the WHQS sub group has already developed a new annual monitoring form for assessing compliance against the WHQS. We broadly welcome the recommendation for all landlords to report to individual tenants whether their home is deemed to comply with the WHQS, although there will be practicalities in this approach and these need to be assessed appropriately.

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

There is now a consistent approach to delivering regeneration benefits from procurement across the whole housing sector including housing consortia, RSLs, stock transfers and local authorities through the use of the Can Do Toolkit principles (a toolkit designed to support social landlords in Wales to include 'targeted recruitment and training' requirements in contracts), where our members can negotiate the provision of jobs for local people.

Many achievements have been secured by gaining added value through procurement. The sector has also shown that this current economic climate accentuates how crucial it is that we use procurement as a vehicle to deliver wider value for money. A report published by i2i showed that the housing sector had created 1,183 job and training opportunities using the can do toolkit approach.¹

Housing associations already have proven experience in combining investment in energy saving measures with job creation through the Welsh Government-funded Arbed scheme. The majority of the works in the Arbed scheme had been commissioned and managed by housing associations which achieved significant regeneration outcomes by the use of binding social inclusion clauses in procurement contracts. RSL's took advantage of cost savings and economies of scale offered by ARBED schemes to realign / bring forward their budgets for maintenance, housing renewal and neighbourhood support. They also levered in additional investment from energy companies through alignment with UK government energy efficiency programmes in order to widen the benefits of investment

CHC is committed to assessing these wider benefits when developing a clear framework for assessing value for money from landlords' expenditure on WHQS.

¹ <http://www.whq.org.uk/docs/i2i/english/aboutDocE34.pdf>

Possible changes to the WHQS

Despite the current intention not to introduce any changes to the minimum requirements of the WHQS (particularly in respect to fuel poverty, health and climate change) due to existing funding and work commitments, the sector is committed to reducing carbon emissions and improving energy efficiency and have significantly raised, primarily through their own resources, the average energy performance of their stock in the last ten years going beyond the requirement for a SAP rating of 65 under the WHQS. Social landlords are extremely well placed to instigate energy efficiency improvements as part of area based programmes (ARBED and CESP for example). Furthermore, the sector has been very active installing a range of renewable technologies, including the installation of around 3,000 solar PV installations. This has made use of the feed in tariff financial instrument before the sudden reduction in the tariff and RSL's are installing renewable energy through a range of other programmes including the renewable heat incentive to deliver these social, economic and environmental benefits. The sector is committed to this agenda and is aiming to deliver these benefits through future programmes including ARBED phase 2 and the green deal and Energy Company obligation.

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

For those homes not anticipated to meet the WHQS by the specified date, CHC would be happy to work in identifying solutions to target these properties. Some tenants continue to live in poor quality homes and there are some homes which will never be capable of meeting the standard without the application of the acceptable fail principle.

CHC members are committed to improving standards and believe that the WAO report demonstrates that the RSL model works and is a significant exemplar of social enterprise success in delivering better public services in Wales.

Community Housing Cymru

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