

Welsh Housing Quality Standards Compliance Policy

Policy History

Version No	Author	Date	Approved By	Date of Issue	Review Date
1	PJA	17.03.16	Board	17.03.016	17.03.18
2	ST	17.10.19	Board	17.10.19	17.10.20
3	ST	17.10.20	ELT (Minor Changes)	17.10.20	17.10.21
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1.0 Background

Housing is at the heart of our community's wellbeing, and we are committed to delivering high quality, sustainable, energy efficient and affordable homes for our tenants.

Since the establishment of Merthyr Valleys Homes (MVH) in 2009 following the transfer of council housing from Merthyr Tydfil County Borough Council (MTCBC), MVH invested over £65m in our homes within the first 5 years to achieve the promises made to tenants at the point of transfer in relation to the achievement of the Welsh Housing Quality Standard (WHQS).

Welsh Government require all social landlords to produce a WHQS Compliance Policy which contains a brief specification that accurately expresses and clarifies their interpretation of the WHQS guidance issued by Welsh Government in 2008.

The purpose of this policy is to ensure that MVH complies with this requirement of Welsh Government. The policy includes our:

- Approach to developing this Policy and approval process.
- Interpretation of WHQS reflecting our own resources, circumstances and Health & Safety requirements.
- Interpretation and recording of 'acceptable fails'.
- Asset Management Software, data collection methods, data storage and verification of our data.
- Current levels of compliance with the Welsh Housing Quality Standard, our monitoring and reporting.
- Links between Welsh Government reporting, our business plan and Corporate Plan.
- Commitment and plans to accelerate a programme of decarbonisation and our plans to improve energy efficiency and provide affordable warmth.
- Summarised annual financial investment in our homes.
- Interpretation and recording of Community Benefits.
- WHQS Compliance certificate.

Approach to developing this Policy and approval process

This Policy document was drafted in consultation with staff and our Democratic Body Policy Committee in September 2019. The outcome being an agreed approach to, and an interpretation of the WHQS. The document will be publicly available.

	2019											
Development of the WHQS Compliance Policy stages	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Collate all compliance documents and Policy previously agreed and create draft document												
Review with Homes & Places Management Team												
Update Policy following staff input												
Review and seek acceptance of Democratic Body Policy Committee												
Review and seek approval of Executive Management Team, which includes; Chief Executive, Deputy Chief Executive, Director of Homes & Places, Acting Director of Housing & Communities and Company Secretary												
Present to Board and seek approval												
Implement any changes made to the Compliance Policy												

Compliance Policy annually reviewed: We previously agreed with our Policy Committee and Board that we would delay the review of the WHQS compliance policy and continue to work as detailed within the existing policy. This was due to the next iteration of WHQS being published. Welsh Government have now published the new standard, WHQS 2023, we will therefore review and update our Policy within the next 6 months.

Demonstrate our Compliance with the Policy: This is in our Welsh Government annual returns and Dowry monitoring return, which takes place annually during August and November.

Interpretation of WHQS reflecting our own resources, circumstances and Health & Safety requirements

WHQS arose from the National Housing Strategy for Wales 'Better Homes for People in Wales'. The Standard was developed by Welsh Government (WG) to provide a common target standard for the condition of all housing in Wales. Our priority is ensuring all of our homes are compliant with all statutory landlord compliance as well as WHQS.

WHQS states that all households should have the opportunity to live in good quality homes that are:

- 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.
- Located in attractive and safe environments.
- As far as possible suit the specific requirements of the household, (e.g. specific disabilities).

Following on from our achievement of WHQS in 2014 it is important to ensure the standard is maintained and our investment is planned accordingly. The level of actual investment required will vary year on year and consequently detailed programmes of work require adjustment on a yearly basis. This is driven by our 30- year financial Business Plan.

In addition to the above this Policy has been updated to reflect our focus on acceptable fails and our commitment to accelerate our decarbonisation programme.

We will monitor decisions and guidance issued by WG that will impact upon our interpretation and maintenance of WHQS, acting upon such changes within the resources of the approved business plan. We will participate in the review of WHQS with WG which will conclude in 2021/2022 and this Policy will be updated when the new Standard is published.

Interpretation and recording of 'acceptable fails'

WG recognises that the standard cannot always be reached because of issues outside of our control. It therefore introduced the concept of

“Acceptable Fails” into WHQS guidance in order to recognise legitimate areas which would restrict us from reaching the required standard. The dwellings that have elements that are deemed as acceptable fails, e.g. tenant refusal will be improved as properties become vacant or tenants change their minds after previously refusing WHQS works.

We are committed to reducing the number of acceptable fails wherever possible. Action plans are in place to reduce acceptable fails and this is supported by both financial and staff resource. We prioritise our capital programmes of work on acceptable fails each year to work with tenants and support them through the improvements wherever possible.

Where a component does not, or cannot, meet the requirements of WHQS, an acceptable failure reason is recorded against that component on the Asset Management System. A summary of the interpretation including the strategy for reducing the number of acceptable fails is provided below.

It is to be noted that there may be several reasons for an acceptable failure of a particular component, but the main reason will be the one that is recorded, i.e. if the reason for a component being excessive in cost to resolve is fundamentally due to the physical layout of a property, this will be recorded as a physical constraint failure.

When a property becomes vacant, a review of compliance with WHQS and acceptable fails recorded against the property will be carried out to determine if the works should be carried out during the void period or identified to be carried out on occupation of the incoming tenant.

An annual assessment of acceptable fails by reason for each component will be conducted to ensure the levels of acceptable fails are accurate and reducing. During 2019-2020 our Stock Condition surveys targeted the properties with an acceptable fail applied to revisit and prioritise these within future programmes of work. High levels of communication take place with our tenants to manage expectations. In the event of Early Fails they are addressed as required to ensure our Compliance position is maintained.

Cost of Remedy

Where the reason for failure of a particular component is driven by a secondary element within the standard and the level of investment required to address those elements is driving the cost of replacement beyond component budget assumptions,

consideration will be given to postponing the improvement works until investment is required on other primary elements of work on that component. Where other components are being upgraded at the same property, consideration will be given to including the works to the acceptable failure of secondary elements.

We use a Net Present Value (NPV) tool and methodology to assist in determining investment thresholds and adopt a methodical approach where assets or asset groups deviate from the average NPV across the entire stock.

Timing of Remedy

Improvement works are targeted by the component renewal lifecycle. When we validate the programme each year we review each property and also neighbouring properties to align streets where possible, but also ensure that we reduce acceptable fails based on timing of remedy.

We apply a just in time policy of elemental component replacement. This means that although elements may fail current WHQS standards, they will be deemed an acceptable fail due to Timing of Remedy where they have not;

- Reached the end of their lifecycle, or
- Fallen into contractual or statutory disrepair, or
- Caused a Category 1 Hazard

We will not replace components before the end of their useful and/or economic life span to comply with WHQS if they are not causing a category 1 hazard and/or not in statutory disrepair. Instead, we will record these as an acceptable fail for Timing of Remedy and then replace these items at the end of their useful and/or economic life in line with our just in time policy at the point of validation survey.

On occasion we may replace components which are not at the end of their life but where there are compelling Value for Money (VfM) reasons to deliver works within one contracted work package e.g. where we are proposing windows and EWI with associated works it may be more cost effective to include a replacement roof due to the presence of scaffolding even though there may be a number of years life left in the lifecycle of the roof. Consideration will be given to Leaseholders when adopting this approach, and handled in line with our Leasehold obligations.

Tenants' Choice

Where the failure reason is due to choice of the current tenant, i.e. they refused an upgrade or opted to keep their own kitchen for example. We target acceptable fails every year and revisit the tenant's decision. In the event of them agreeing to works, we bring them into the current programme of works to reduce the number of acceptable fails based on tenants' choice.

- We will allow our tenants to choose not to have work carried out unless this

would result in a Category 1 Hazard, or a breach of any other legal obligation or duty of care relevant to the health, the safety and wellbeing of the tenant, other residents in the home or neighbours.

- We will record tenant choice/refusal as an acceptable fail and we will then contact them the next year for consideration in the next programme of work.
- We will record an acceptable fail as tenants' choice based on tenants' own alterations, additions, fixtures and/or fitting that cause non compliance with WHQS, but do not cause a category 1 hazard as defined by HHSRS.

Physical Constraint

In many properties there are physical constraints that mean that meeting the standard on certain components is unreasonable. This can be due to the levels of the garden area restricting the ability to access a level area not less than 10m², or the physical layout of the kitchen area not enabling the installation of a kitchen that meets all of the minimum space and storage requirements. In these situations the designer will make the best use of the space available in consultation with the tenant when carrying out any design work.

Any identified Health & Safety hazards, which are measured against the Housing Health and Safety Rating System (HHSRS), will still be required to be resolved as part of the investment decisions to ensure no unreasonable risks are present, i.e. the primary elements of a particular component.

It is not possible to list all circumstances where there may be physical constraints. However, some common examples are:

- Adequate space for kitchen appliances
- Adequate and convenient cupboard storage.
- A shower as well as a bath.
- 10m² of level area directly accessible from the home.
- Facilities for washing, drying and airing clothes
- Adequacy of internal and external storage
- Special cultural needs of tenants and visitors

Asset Management Software, data collection methods, data storage and verification of our data

MVH uses Keystone Asset Management which is a comprehensive asset management solution. It enables us to accurately collect stock condition data for the analysis and modelling of this data, and the production of a planned programme of works in line with WHQS and our 30 year business plan. MVH engaged with Savills to undertake stock condition surveys on stock transfer in 2009. Each

year we aim to survey 20% of our stock with our internal surveying team to continually cleanse the historic data that we hold with the objective of achieving 100% of our stock within the next 5 years. All data collected is subject to internal verification before being uploaded to Keystone Generic Interface, this analyses the data before the upload takes place as a second line of assurance.

During 2020 – 2021 our ability to complete physical visits for stock condition surveys has been hindered by the impact of COVID-19. The full year programme recommenced in 2021-2022 and will roll into 2022-23. In the absence of physical visits a telephone wellbeing service was introduced. A telephone call was made to every tenant, and a series of questions was covered during that call that will form the basis of the wellbeing service questionnaire. If appropriate additional information was gathered during the phone call that relates to the property profiling information to provide us with additional asset information.

All component improvements and replacements are uploaded to Keystone to ensure the information held on forecast replacement programmes are as accurate as possible.

The Asset and Technical Manager is responsible for the stock condition surveys' programme management. The Operations System officer supported by the administration team is responsible for the administration of the system and auditing the quality of the data entered. In addition, our internal auditors conduct data integrity checks as part of their internal audit programme and an external consultant validates the information we provide to WG on an annual basis.

In line with the requirements of the funders' agreement, an annual desktop stock valuation and a full valuation and independent sample stock condition survey carried out every five years. The purpose of the valuation is to satisfy the funders that the investment being carried out is increasing the overall value of the stock. A full valuation was last completed in August 2021 by Savill's as part of a refinancing exercise.

A data assurance group meet on a monthly basis to review any disparities between systems and to discuss any areas of improvement with all of our data held within our systems.

All of our data is stored in compliance with our ICT and GDPR Policies.

Current levels of compliance with the Welsh Housing Quality Standard, our monitoring and reporting

The WHQS Guidance 2008 has been used as the basis for assessment of compliance with each component and a summary of the latest level of compliance with the standard is shown below¹.

Component	Number Replaced in 2020/21	Total Since transfer	Position as at 31 March 20		Position as at 31 March 21	
			% Meeting Std	Number	% Meeting Std	Number
Roofs	193	2,250	100%	4063	100%	4045
Windows	135	1,838	100%	4063	100%	4045
External Doors	241	3,731	99.88%	4063	98.79%	4045
Kitchens	91	3,305	100%	4063	100%	4045
Bathrooms	63	3,017	100%	4063	100%	4045
Central Heating and boilers	144	3,015	99.21%	4063	99.88%	4045
Electrical rewires	68	3,797	99.98%	4063	98.10%	4045

Links between Welsh Government reporting, our business plan and Corporate Plan

Our Corporate Plan, Gyda'n Gilydd, was approved by Board in October 2019. In turn, our Homes & Places Strategy was approved by our Board in February 2020 and is now in place for the period of 2020 - 2023. It links to the objectives of Gyda'n Gilydd. This policy was accepted by the Democratic Body Policy Committee and approved by Board in October 2019 this update in 2021 included minor changes to update the information to March 2021 and was therefore approved by the Executive Leadership Team in line with our delegated authorities.

The linkage to our Business Plan is as detailed within our Homes & Places Strategy; Our repairs and stock condition data is updated on our database on completion of schemes to ensure we have accurate up to date records and can plan ahead for future component replacement. This data then feeds into the 30 Year Business Plan which includes an analysis of the stock condition. Work requirements are programmed to ensure our properties are well maintained and continually improved. We allocate WG and RICS lifespans to each major component in the property and allocate costs against the replacement of that item, particularly in regard to major component replacement e.g. roofs, kitchens and bathrooms. The 30 year plan is also updated with up to date component replacement costs derived from our tender processes. The data derived from these processes are linked with business planning, and the Homes & Places Strategy.

Reporting to WG is of significant importance and we ensure all of our data is verified and checked before providing information to WG. We report to our Democratic Body and our Board our WHQS position on an annual basis to ensure our ongoing compliance.

Commitment and plans to accelerate a programme of decarbonisation and our plans to improve energy efficiency and provide affordable warmth

We are fully committed to decarbonising our homes and ensuring we provide homes that are energy efficient and provide affordable warmth. We will be focusing on achieving the targets set by WG and are focusing our Homes & Places Strategy in this area.

WG has set ambitious housing targets to achieve net zero carbon by 2050. We will work closely with WG and all external bodies to provide information that aids them to develop a package of support to help MVH take action across our assets that will improve energy efficiency and provide affordable warmth for our tenants.

We conducted a review of our Energy Performance data in 2019 – 2020 to ensure that we have up to date information about the performance of each home. We will then begin to look at a whole house approach to achieve energy efficiency ratings of A. There will be different solutions for different homes and we will need to plan wisely to

ensure that we can deliver energy targets and continue to maintain WHQS compliance. We will prepare programmes of work for future years that focus on achieving the targets set by Welsh Government and we will provide any data that WG require in order to measure progress against targets.

We will research and learn from others about their approaches to decarbonise homes and improve energy efficiency. Our priority will be ensuring that we adopt solutions that are achieving improvements over a sustained period of time and are also providing affordable energy and warmth for our tenants.

During 2020-21 we have joined a consortium of other housing providers and other stakeholders on the Optimised Retrofit Programme (ORP). We have been conducting whole home surveys of our homes, beginning the installation of Intelligent Energy Systems (IES) and continuing with thermal performance improvement works. During 2021-22 we will take the next steps of this project and start introducing Building passports that inform the measures we can complete on our homes to improve their energy performance as well as improve affordability for our tenants.

As well as our existing homes, new homes are being built by MVH. Our approach to all new developments is that they must be low-carbon, energy and water efficient and climate resilient. We will do this by getting the design right from the start as this is more cost effective than retrofitting later.

Summarised annual financial investment in our homes

The 30 year business plan is structured using the outcomes of the stock condition survey carried out by Savills in 2011 and revised annually to reflect the investment carried out and changes in income and spend profiles and the impact of opportunities for grant funded improvements such as additional EWI or New Build. In addition a full valuation was completed by Savill's in August 2021 as part of a refinancing exercise.

The Homes & Places Strategy details the priorities and objectives for the on-going capital investment and improvements across the stock.

The Board are provided with regular themed reports for progress against the objectives within the Homes & Places Strategy and an annual review of progress against the key objectives. The Board also receive quarterly management account reports that detail progress with the planned levels of investment and improvements.

Interpretation and recording of Community Benefits

Procurements over the EU Directive thresholds must comply with the Public Services (Social Value) Act 2012. Spending within these projects presents significant opportunity to contribute towards improving the social, environmental and economic wellbeing of communities that we serve and represent. We will consider how social value can be maximised in the delivery of these, and all other appropriate projects, during the pre-procurement planning phases, taking time to ensure Equality &

Diversity inclusion. Planning will consider the best way to deliver procurement and to ensure that local providers are given every opportunity to help deliver social value to our local communities. It will also enable us to take a flexible approach to social value or benefits from each procurement activity we undertake – as one size does not fit all. We will develop in more detail, with our members, our approach to social value, and will report on this annually within our VfM Statement.

MVH, as a mutual, are fully committed to promoting the idea of Wales as a Co-operative Country based on collaboration and align our social value aspirations to the work commissioned by WG and developed by the i2i project. The Can Do Toolkits revolutionised the way the housing sector used investment to deliver jobs, training and other benefits for local communities. Now there is the introduction of the next generation of a series of Can Do Toolkits which we adopt the most appropriate tool for each procurement exercise we undertake in line with our Procurement Strategy.

We understand our obligation to deliver social value to local communities through procurement activity, and report on social value periodically as required by WG.

WHQS Compliance certificate

Below is our WHQS Compliance certificate.

We report WHQS compliance to new tenants by issuing them with a WHQS compliance certificate, including an indicative future works programme regarding acceptable fails for their home. We will also provide these to our tenants during the course of the stock condition survey programme. We are reviewing this certification in 2021-22 to align with the new requirements of Building passports.

