



## CAERPHILLY HOMES TASK GROUP – 20TH SEPTEMBER 2018

**SUBJECT: WHQS – ACCEPTABLE FAILS UPDATE**

**REPORT BY: INTERIM CHIEF EXECUTIVE**

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### **1. PURPOSE OF REPORT**

- 1.1 To provide members with information on the application and volume of Welsh Housing Quality Standard (WHQS) elements classified as “Acceptable Fails”, and
- 1.2 To also explain the process for managing incidences of No Access on the programme for the surveying of properties and the completion of works on site, prior to presentation to the Policy and Resources Scrutiny Committee and Audit Committee.

### **2. SUMMARY**

- 2.1 The WHQS is intended to ensure that all local authority and housing association homes are improved and maintained to achieve specified standards.
- 2.2 The WHQS guidance document also recognises that it may not be possible to bring all elements within a property up to the required standard. Such elements can be recorded as “acceptable fails”. This report provides details on the individual classification of acceptable fails and volumes of those for both internal and external elements.
- 2.3 Whilst the Council’s main WHQS programme commenced following the ballot on housing stock transfer in 2012, a number of properties benefitted from improvements prior to this date which met the standard. In addition, elements have also been renewed outside of the main WHQS programme by our Housing Repairs Operations team, either as a response repair or when a property became void. Any elements which met the standard separately to the main programme, therefore will be reassessed and if still in a satisfactory condition, are classed as “previously achieved”, and recorded as being compliant.
- 2.4 This report provides members with clarification on the Council’s application of previously achieved and acceptable fail elements and the impact they are having on the programme, the report also confirms the process followed where access cannot be obtained into properties.

### **3. LINKS TO STRATEGY**

- 3.1 The delivery of the Welsh Housing Quality Standard (WHQS) programme is coterminous with the aims of the Wellbeing of Future Generations (Wales) Act 2015 which requires public bodies to work towards a shared vision comprising 7 goals and adopt 5 “Ways of Working”. The 7 goals and the 5 Ways of Working will underpin the delivery of the programme and include planning and acting for the long term, integration, involvement, collaboration and prevention.

- 3.2 The Welsh Housing Quality Standard (WHQS) is intended to ensure that all local authority and housing association homes are improved and maintained to achieve specified standards. It is a Welsh Government requirement that the WHQS is achieved by 2020. The WHQS identifies 7 specific aims (Welsh Assembly) Government – Revised Guidance for Social Landlords – July 2008.
- 3.3 The Caerphilly Delivers - Single Integrated Plan 2013-2017 had a priority to “improve standards of housing and communities, giving appropriate access to services across the County Borough”.
- 3.4 Caerphilly County Borough Council 2013/17 Corporate Priorities included: CP7 - Invest in our Council homes and their communities to transform lives.
- 3.5 Caerphilly County Borough Council’s Well-being Objectives in 2017/18 included: WBO5 – Investment in Council homes to transform lives and communities.

#### **4. THE REPORT**

- 4.1 The Council has a housing stock of 10,775 properties and is investing approximately £220m in bringing homes up to the Welsh Housing Quality Standard by 2020. At the end of July 2018 77% of properties were compliant in relation to internal works and 53% compliant for external works. Overall 41% of properties are WHQS compliant.
- 4.2 The delivery of the programme is following the WHQS revised guidance document (2008) issued by Welsh Government. Whilst the aim of WG is to bring all social homes in Wales up to the specified standard, the guidance document recognises that this may not be possible for all elements of work in all properties.

##### **Acceptable Fails**

- 4.3 Section 8 assessment of the guidance document sets out the use of “acceptable fail” criteria for individual elements of work within the standard. Furthermore, it states that an “acceptable fail” is only possible on individual elements and not the dwelling as a whole. In reality it is extremely unlikely that a whole property would be classed as an acceptable fail, as each property would be expected to receive an element of internal or external work.
- 4.4 An acceptable fail may only be used in one or a combination of the following:-
  - a) Cost of remedy
  - b) Timing of remedy
  - c) Residents choice
  - d) Physical constraint

##### **Cost and Timing of Remedy**

- 4.5 The landlord may deem it necessary to consider the cost effectiveness of some works such as undertaking structural changes to the property in order to enlarge living spaces/kitchen, or major civil engineering works to create the required level access areas to gardens. Due to the extent of work required, consideration may also be given to delaying the work for a more suitable time to undertake major improvements, e.g. when the property becomes void. The tenant’s circumstances will also be taken into account, e.g. where a tenant has significant health issues, the work may be delayed by mutual agreement.

##### **Residents Choice**

- 4.6 From the outset of the programme, tenant’s choice was a key factor for its successful delivery. Therefore, as part of this choice, if a tenant did not wish to have an element of work undertaken which did not compromise their health and safety, this would be recorded as an acceptable fail. In line with the guidance document, any element of work not carried out due to resident’s choice, would be addressed if/when the property became void.

## **Physical Constraint**

- 4.7 Due to the age, layout and location of some of the Council's housing stock, the standard may be unable to be fully met due to physical constraints e.g. the kitchen may be too small to achieve the required storage capacity, a garden may not lend itself to providing the required level amenity area due to its topography.
- 4.8 The Council is required to report on acceptable fails to WG on an annual basis and also submit its WHQS Compliance Policy which is reviewed on an annual basis. The Compliance Policy sets out how Caerphilly Homes is interpreting and applying the WHQS standard to ensure the principles of the guidance document are being adhered to.
- 4.9 It needs to be acknowledged, however, that whilst an element may be classified as an acceptable fail, a property may still have benefitted from other component improvements which were completed to the required standard. Also, even though an element may be classified as an acceptable fail, partial works or a complete renewal may have been carried out, but the standard may not have been achievable, e.g. a property may have benefitted from a complete new kitchen, but it may not achieve the required storage capacity.
- 4.10 Appendix 1 provides a detailed breakdown of the number of acceptable fails, recorded since the commencement of the programme. The information and process for recording acceptable fails will also be reviewed independently by our Internal Audit Service this financial year as a means of validating the data. Clearly the situation is constantly changing as we progress with the delivery of the programme and also as a result of tenants' circumstances and properties becoming void. The number of acceptable fails recorded for external works is lower than internals due to less properties having been completed and also as a result of such works not being affected by the 'resident choice' classification.

## **Previously Achieved**

- 4.11 Prior to the commencement of the main WHQS programme in 2014 a significant number of improvements were undertaken to properties which were to the WHQS standard by the Planned Maintenance scheme. Such works included bathrooms, kitchens, heating, electrical rewires, roofing, doors and windows, etc. In addition, individual elements/components are being renewed outside of the main programme by HRO either as a response repair or when the property becomes void.
- 4.12 These individual elements/components are being reassessed as part of our main programme, and this has determined that some meet the standard with no work being required. These elements are recorded as previously achieved and contribute to our overall compliance reports.
- 4.13 There are also instances where an element/component is in good condition, but may fall short of meeting the standard. This can be rectified by carrying out partial works, e.g. rather than fit a full heating system, a boiler only may be required. Also a kitchen may be in good condition but may fall short of meeting the standard due to the lack of storage capacity. This may be overcome by fitting the required number of additional kitchen units. Where such works are undertaken, these are recorded as physically completed properties and not "previously achieved" and also contribute towards our overall compliance.
- 4.14 Appendix 2 provides information on the numbers and types of work items which have been classed as "previously achieved", which is based on properties surveyed to date and information currently recorded within our asset management database.

## **No Access**

- 4.15 It is important that all attempts at gaining access to properties is undertaken to ensure the required works are completed in order that the maximum amount of properties meet the requirements of the WHQS. In the process of arranging for the WHQS works, tenants will receive a combination of various officer visits, e.g. TLO, Building Surveyor, Heating Surveyor, Electrical Surveyor, as well as letters and text messages.

- 4.16 Tenants have the choice to opt out of the improvement programme in relation to improvements to their kitchens, bathroom and heating system where these elements will be treated as an acceptable fail. However there is no option of refusing to upgrade the electrical installation within the property on the basis of health and safety. Access to every property is therefore essential to undertake a survey to establish if electrical works are required even though it is recognised that the majority of tenants allow access.
- 4.17 There are two stages of the Electrical No Access procedure, the first stage is for the surveying of the property and the second stage is for the completion of works on site. Both stages were initially reviewed in March 2018, were implemented in July 2018, and now incorporate a recharge for a missed appointment along with the issuing of a Notice Seeking Possession (NOSP) for any non compliance (See Appendix 3 No Access Procedure). At the time of writing this report there are approximately 390 properties being dealt with through the Electrical No Access procedure which equates to approximately four percent of the housing stock.

## 5. WELL-BEING OF FUTURE GENERATIONS

- 5.1 The delivery of the WHQS improvement programme is coterminous with the aims of the Wellbeing of Future Generations (Wales) act 2015, in particular the 5 ways of working:-
- **Long Term:** the report includes continued investment and performance to achieve WHQS by 2020. This investment provides long term improvements to the property, community and to the tenants' health and wellbeing.
  - **Integration:** The programme looks to integrate property and environmental improvements that will benefit and transform lives and communities throughout the county borough. It further brings together a variety of stakeholders to deliver long term sustainable benefits for lives and communities.
  - **Involvement:** Tenants and local residents are being consulted on the proposed property improvements and environmental works along with various initiatives that are part of the WHQS programme delivery.
  - **Collaboration:** The programme delivery is focused on internal collaboration, wider partnership arrangements with suppliers and contractors, joint working with the community and various other groups. The delivery of community benefits and tenant engagement by all involved with the WHQS programme is a key focus and is clearly demonstrable within its delivery.
  - **Prevention:** The works to improve lives and communities will help tackle local unemployment. It will further improve the look and feel of the environment and help prevent anti-social behaviour. Improving standards and quality, will aid future programmed maintenance and potentially reduce reactive maintenance schedules.

## 6. EQUALITIES IMPLICATIONS

- 6.1 An Equalities Impact Assessment is not required as the report is for information.

## 7. FINANCIAL IMPLICATIONS

- 7.1 The total expenditure on the WHQS capital programme for 2017/18 was £42.2m, of which £18m related to internal works and £17.5m related to external works, the remainder of the spend was in relation to fees, large scale voids, adaptations and garages. £32.1m of this spend was funded from the HRA as a revenue contribution. A further £7.3m was funded from Welsh Government in the annual Major Repairs Allowance (MRA), and £2.7m was received in environmental grants from Arbed and VVP.

- 7.2 Whilst forecasting future costs, historical information on previously achieved, partial works, and refusals are incorporated within the average cost for each internal element. These costs are fed into the business plan that is submitted to WG annually.
- 7.3 There has been no borrowing undertaken for the WHQS programme to date.
- 7.4 The 2017/18 HRA business plan was approved by WG in May 2017 as part of the annual MRA application, which evidences that the WHQS programme is financially viable and borrowing will not be required until 2018/19. As an update the 2018/19 business plan has also been submitted and approved by WG in July 2018 with a proposed programme of some £55.8m

## **8. PERSONNEL IMPLICATIONS**

- 8.1 The timetable pressure is increasing and there has to be the capacity within the staff resources to cope with the volume of work. Staff movement and recruitment difficulties remain a risk to the programme and have continued to be an issue during 2017/18.
- 8.2 Continued close management and monitoring of performance of the programme is essential to ensure that its delivery is not compromised in any way. The workload for the in-house team is increasing due to the sheltered housing schemes commencing and there is the possibility of them undertaking some of the work previously planned for Contract Services. Additional resources will be required to ensure performance in achieving the objective is maintained.

## **9. CONSULTATIONS**

- 9.1 All responses from consultations have been incorporated in the report

## **10. RECOMMENDATIONS**

- 10.1 Members are asked to note the content of the report, prior to presentation to the Policy and Resources Scrutiny Committee.

## **11. REASONS FOR THE RECOMMENDATIONS**

- 11.1 To advise Members of the application and volume of WHQS elements classified as “acceptable fails” or “previously achieved” along with explaining the process for managing No Access on the programme.

## **12. STATUTORY POWER**

- 12.1 Housing Acts 1985, 1996, 2004, Local Government Measures 2009 and the Well-being of Future Generations (Wales) Act 2015.

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Ros Roberts	- Performance Manager
Ian Raymond	- Performance Management Officer
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Background Papers:

Welsh Housing Quality Standard (WHQS)

WHQS Compliance Policy

Appendices:

Appendix 1 – Acceptable Fails Data

Appendix 2 – Previously Achieved Data

Appendix 3 - Electrical No Access Procedure