

CYNGOR SIR POWYS COUNTY COUNCIL

CABINET

7th November 2017

**REPORT AUTHOR: County Councillor Jonathan Wilkinson
Portfolio Holder for Property, Buildings and Housing**

SUBJECT: Welsh Housing Quality Standards Programme

REPORT FOR: Decision

1. Summary

- 1.1 This report seeks to inform Cabinet about progress of the Welsh Housing Quality Standard (WHQS) programme, and proposes a revised timetable for the programme's completion.

2 Background

- 2.1 The current WHQS Policy / programme was agreed by the cabinet on 22 March 2016. Its main aim is that:

"The Council ensures its housing stock complies with the minimum requirements to achieve WHQS as described in The Welsh Housing Quality Standard, Revised Guidance for Social Landlords on Interpretation and Achievement of the Welsh Housing Quality Standard, July 2008.

- 2.2 The programmes objectives are to:

- Achieve and maintain regulatory compliance, and act in accordance with best practice and relevant policy, legislation
- Ensure that dwellings are of good quality, suitable for the needs of existing and future residents, and have improved energy ratings
- To maximise the impact of housing expenditure on the economy of Powys
- To ensure that housing contributes to the delivery of stronger communities in Powys

- 2.3 The Welsh Government have clearly set out that

"The Welsh Housing Quality Standard requires all social landlords to improve their housing stock to an acceptable level by 2020"

Powys Council resolved to achieve this deadline early by March 2018. However, a number of factors has impacted on this, as set out in this paper.

- 2.4 Powys aims to improve and maintain its housing stock to at least Welsh Housing Quality Standard (WHQS). Its policy sets out its interpretation of the WHQS standards, and where this will be exceeded. The requirements are to;
- replace components such as kitchens, bathrooms, windows, roofs and wiring
 - re-render or externally insulating external walls
 - replacing heating systems on a like for like basis

In addition, Powys are offering a choice of heating systems to include renewable energy in the form of air source heat pumps in off gas areas, and adding full redecoration of kitchens and bathrooms following work.

- 2.5 A key policy driver is the Well Being and Future Generations Act 2015. Powys Well Being Assessment highlights a need for accommodation that is fit for purpose for older and disabled persons. The WHQS policy therefore focuses on works to allow residents to live independent lives for longer. It should be noted;
- Welsh Government population projections indicate that the age group 65 and older in Powys will increase from 33,600 in 2014 to 47,400 in 2039.
 - In 2039 it is projected that 39% of all residents in Powys belongs to this age group.

- 2.6 A number of pilot projects have been completed and evaluated with tenants, housing staff, occupational therapists and county councillors. These include creating level access, visibility improvements to assist with sight loss and dementia, and security works, and creation of scooter stores.

- 2.7 Many of the contracts have now been let for the Welsh Housing Quality Standard but there still remains other contracts to be awarded which has meant a change in the programme. The value of the programme requires that contracts have to be awarded in accordance with Public Contracts Regulations 2015 which can extend the period for procurement.

- 2.8 There have been a number of issues faced over the last 9 months:
- The contract for heating had to be terminated, due to significant underperformance of the contractor. A process to retender this contract is ongoing and will be advertised imminently.
 - The re-procurement of certain WHQS component replacement contracts was delayed due to a small number of contractors interpreting the pricing schedules differently. Clarified schedules were issued for re pricing, and a re-evaluation exercise undertaken.
 - The contract for roofing (in the North) is not yet able to be awarded until issues raised by an unsuccessful tenderer have been resolved.

However this will not preclude the Council from procuring and undertaking interim works in the meantime, though the Council are expecting that these issues will be concluded very shortly

- The tender process for the windows lot was suspended, as an excessive number of tender enquiries, presented a high commercial risk of claims had the contract proceeded. This will be reissued imminently
- A new Dynamic Procurement System is being used for the undertaking of estate and general works on sites which will provide a number of opportunities for local contractors to be part of the process and to bid as works are offered.

2.9 The WHQS contracts for kitchens, bathrooms, electrical re-wiring, external walls and roofing north were awarded in June, three months behind programme.

2.10 The WHQS contracts for heating and windows are programmed to be awarded in December and January respectively. This assumes no challenges are received by unsuccessful suppliers, a risk that is being mitigated by applying learning points from the previous procurement exercises.

2.11 Powys HRA 30-year Business Plan has been produced in accordance with the model supplied by the Welsh Assembly Government. Since 2013, £47.4m has been spent on WHQS works. In total over 11,000 components have been replaced as shown in Table 1 below.

Bathrooms	2453
Kitchens	2223
Heating systems	1604
Installation of doors in properties	1205
Roofing	1028
Installation of new windows in properties	879
External Wall Insulation	866
Rewiring	655
Replacing rendering	189

The remaining expenditure needed to achieve and maintain the WHQS standard is £15.2m this year, and £8.75m next year. In the forthcoming budget round, some re-profiling of those amounts will be made to reflect the cash flows and resource capacity of the WHQS contractors.

2.12 Additionally, in the first five years of the business plan we will spend:

- £18.4m on reconfiguring our housing stock and
- a further £13.8m on the acquisition and development of new homes owned and managed within the HRA.

The procurement events described above have not impacted on these projects.

- 2.13 The Council assumes that Major Repair Allowance will continue to be paid at the current rate of £3.7m.
- 2.14 Over the last four years 97% of expenditure on the WHQS programme (£19.2m) was with welsh based contractors. Following the recent tender exercise, a planned 100% of expenditure (£15.7m) will be with welsh based contractors in Wales, including £6.4m (40%) being spent with companies from Powys.
- 2.15 All WHQS contractors will be required to provide community benefits, and complete the Welsh Governments Community Benefit toolkit. Over the past four years some key benefits have been:
 - £3.8m – Contribution to SME's in Wales
 - £176k - Cash donation, or labour, goods and services in kind
 - 47 – Unemployed persons recruited
 - 15 – Apprenticeships created
 - 15 – Work Experience/Internships
- 2.16 Cabinet in December 2012 established a target of achieving the WHQS by the end of March 2018, across the HRA housing stock. As a result of the recent delays in procuring new framework contracts, this target date is unlikely to be achieved, but the WHQS will be achieved by the end of 2018 (2 years in advance of the Welsh Government target). It is proposed that the Cabinet approves this revised target timescale for the achievement of the WHQS.

3 Corporate Improvement Plan

- 3.1 The vision and priorities of the new cabinet are to support our residents and communities and to develop a vibrant economy and these are reflected in the objectives set in the Local Housing Strategy and the Housing Revenue Account business plan.
- 3.2 The Housing Service has to date played a key role in contributing to the Public Service Boards Well-being assessment in preparation for the production of the Local Well-being Plan, as required by the Well-being of Future Generations Act 2015. The Housing Service considers that it has a key role to play in improving the well-being of a significant part of the population of Powys, either directly as a landlord and provider of a wide range of housing service or in partnership with a wide range of other public and third sector agencies.
- 3.3 In addition the Housing Service recognises the contribution that it makes to the local economy through its procurement of services from external contractors. The Housing Service is committed to ensuring that Powys based SME's are able to compete on a level playing field during the procurement process, with larger, national contractors.

4 Options Considered/Available

- 4.1 Powys County Council has 2 options available.
1. Continue with an approach to meet the WHQS standard for all stock ahead of the Welsh Government Deadline of 2020.
 2. Revert to the 2020 deadline.

5. Preferred Choice and Reasons

- 5.1 Option 1 is the preferred choice as it demonstrates leadership from the Council to continue its ambitious approach, and there is less impact in re-profiling the HRA Business Plan. This option will also lessen the impact on residents waiting for improvements.

6. Sustainability and Environmental Issues/Equalities/Crime and Disorder/Welsh Language/Other Policies etc

- 6.1 We require our suppliers and contractors to embrace sustainability through the application of contract award criteria which takes into account not only financial factors but also whole life cost, the associated risk, measures of success and implications for society, the economy and the environment.

7 Children and Young People's Impact Statement - Safeguarding and Wellbeing

- 7.1 With over £6.4m of future investment in WHQS works being made directly to Powys companies, and further support to local SME's by Welsh contractors, the programme will increase employment in the county, having a beneficial impact on families and creating employment opportunities for young people.

8 Local Member(s)

- 8.1 The proposal will affect all members.

9 Other Front Line Services

- 9.1 Not applicable

10 Support Services (Legal, Finance, HR, ICT, BPU)

- 10.1 Finance – The Capital and Financial Planning Accountant confirms that the funding for the WHQS work is in the Capital Programme. The current 2017/18 budget is to be reviewed in October, following the delay in appointing contractors. It is anticipated that some of the budget will need to be rolled forward to 2018/19. The details will be included in a future Capital Outturn Report for approval.
- 10.2 Legal – “The Professional Lead - Legal supports the recommendation in this report and confirms that the legal services will support this department as and when required.

11 Local Service Board/Partnerships/Stakeholders etc

- 11.1 This is largely a Housing Management matter, though to maintain support to Well Being, we have continued to replace or improve heating systems where there has been breakdowns or medical need, until such time as a new contractor(s) have been identified to install replacement heating systems.

12 Communications

- 12.1 Once the revised programme deadline has been approved by council, it is proposed that the adoption of the programme is disseminated to members, and published on the Powys website.
- 12.2 There has been consultation with the Chair of the Tenants Liaison Forum at HRA Project Board. Details of the revised programme will be agreed with the Tenant Liaison Forum, the WHQS Sub Group and will be published in the tenants’ newsletter which is sent to every tenants’ home.

13 Statutory Officers

- 13.1 The Solicitor to the Council (Monitoring Officer) has commented as follows: “I note the legal comment and have nothing to add to the report”.
- 13.2 The Strategic Director Resources (Section 151 Officer) notes the content of the report.

14 Members’ Interests

- 14.1 The Monitoring Officer is not aware of any specific interests that may arise in relation to this report. If Members have an interest, they should

declare it at the start of the meeting and complete the relevant notification form.

Recommendation:	Reason for Recommendation:
That Cabinet approves the extension of the WHQS deadline until December 2018.	To: <ul style="list-style-type: none"> • Mitigate the impact of procurement delays • Maintain leadership ambition to meet WHQS standard early • Minimise the impact to residents awaiting essential improvements

Relevant Policy (ies):	Powys County Council Housing Services Welsh Housing Quality Standard (WHQS) Compliance Policy		
Within Policy:	Y	Within Budget:	Y

Relevant Local Member(s):	All Members
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Person(s) To Implement Decision:	Head of Housing
Date By When Decision To Be Implemented:	1st December 2017

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