

active **response**

turning problems into solutions

No: 2 – Keeping WHQS investment ‘local’



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Welcome to **active response** a series of briefings from **i2i** – inform to involve.

i2i is an Assembly Government supported project that works with tenants, staff and councilors in the Heads of the Valleys area to achieve WHQS - the Welsh Housing Quality Standard. We also aim to share our work with local authorities, RSLs (registered social landlords) and their tenants throughout Wales.

active response aims to take topical WHQS issues for local authority tenants, staff and councillors, identify problems and propose solutions. The views expressed are not necessarily those of **i2i**.

active response 2 - keeping WHQS investment local

active response 2 focuses on capturing the lessons of keeping housing investment local by drawing on the experiences of a range of ‘experts’ involved in delivering WHQS on a day to day basis. WHQS will be the largest investment that Wales has seen for many years; it will also take place in some of Wales’ most disadvantaged communities.

This briefing sets out how to ensure that WHQS investment creates local opportunities for local people, and how clients and contractors can maximise the benefits from this investment. Although many of the issues that follow were raised specifically in relation to stock transfer, we hope they will be usefully considered in other situations involving clients and contractors in delivering housing investment programmes

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1. Keeping WHQS investment local – key issues

1. Keeping WHQS investment local – key issues

the need for certainty

“The only way a contractor will give you certainty is if you give them certainty”

Contractor

Although the investment opportunity through WHQS is the largest that Wales has seen in decades, there are some concerns from contractors, clients and other key stakeholders around the certainty of profits, contracts and work.

In order to ensure contractor commitment, clients need to make WHQS investment ‘*more contractor friendly*’. Investment programmes in Wales will stretch across at least 30 years, and this should be signalled to contractors as early as possible in the process.

In some areas, contractors have been engaged from a very early stage in, for example, assisting the client to assemble work packages in order to increase the attractiveness of these programmes. In order to deliver successfully, the first certainty that contractors say they will need is the security of profit. After this, they can focus on the added value that can be delivered.

Both clients and contractors agreed that the competitive nature of the construction and regeneration market today meant that contractors had to deliver maximum added value if they were to win contracts in Wales.

1. Keeping WHQS investment local – key issues

SMEs will also need certainty from main contractors. Common concerns included

- problems caused by delayed payments that effect cash flow
- fears of main contractors 'poaching' their staff

Contractors have little experience of working with social enterprises and it is therefore critical that the contractor has certainty of what this sector has to offer. There is also a need for the bodies that represent social enterprises to raise awareness and offer support to bring them to the forefront in the delivery of WHQS.

'Certainty is a product of a well organised client'

Consultant

Action Points

To help build certainty, **the client** needs to:

- outline a realistic spending programme for the first 5 years
- provide a continuity of contracts
- breakdown the investment packages to suit both main contractors and also smaller, local businesses
- determine the supply chain before going to tender, both in terms of labour and supplies

To assist SMEs and social enterprises, **clients and contractors** should:

- ensure prompt and regular payments to all sub contractors by clients or main contractors
- work with SMEs and social enterprises to develop and retain their own workforce through targeted training and partnership working

1. Keeping WHQS investment local – key issues

the 21st Century Client

Stock transfer can pose many challenges for staff who are moving from a local authority to a new RSL. Functions such as procurement, regeneration, and asset management will become much more important and the new organisation is likely to be far more business focused than the local authority. Although such changes can be challenging there are also opportunities presented to create an attractive environment for staff:

- the new organisation may be more innovative and more rewarding to work for;
- new relationships could develop with a wider range of partners – contractors, SMEs and community groups;
- and most importantly, for the first time in many years front line workers may be able to say 'yes' to tenants who want repairs and maintenance carried out in their homes;

Contractors want a well organised client who is committed to the new culture. There needs to be corporate buy-in from the client throughout the organisation from senior managers to front-line staff - particularly from those with responsibilities for procurement.

There are a series of issues that need to be considered around culture change as organisations gear up to deliver WHQS. This will involve identifying:

- whether the client has the relevant internal skills to organise its procurement and asset management strategies;
- ways to share information from chief executive level to front line staff; and
- the type of training needed to fill this skills gap and putting an appropriate training programme into place.

*'What we need is 21st century intelligent clients
– not ones stuck in the 1970s'*

Consultant

1. Keeping WHQS investment local – key issues

One of the most significant changes that transfer RSLs have to grapple with is the transition from the culture of a local authority housing department to that of a major regeneration agency. Many organisations are starting to embrace the WHQS plus agenda promoted by **i2i** – getting the maximum benefit from WHQS investment in terms of local jobs, regeneration and community involvement.

There is often a massive gap between clients and contractors in terms of their respective understanding of and commitment to delivering community benefits. Although the client needs to be geared up to acknowledge how contractors operate; and contractors too need to understand that community regeneration is not 'woolly' or 'fluffy' but based on a desire to maximise the wider benefits of housing investment. As a consequence, both client and contractor have many cultural issues to tackle in order to work effectively in partnership.

When awarding contracts, the client needs to ensure that its message to contractors is consistent. Many stakeholders are concerned about the communication between chief executives and procurement departments. Chief executive may be responsible for a range of corporate priorities (achieving quality, community regeneration) whilst procurement staff may focus on achieving the lowest price.

It is highly important that the client communicates its priorities with the contractor and subsequently works with the contractor to build in these priorities from a very early stage. The client will also need to ensure that tenants and communities are involved in this.

In order to get the best from its partners, it is vital that clients take an active interest in the relationships between local businesses and major contractors, rather than simply standing aside.

It is important that in Wales we learn the lessons from England's Decent Homes programme. There, some programmes have taken an 'elemental' approach to improving tenants' homes, largely because the process has been procurement driven. Yet this approach goes against what many tenants want as it can involve a succession of five or six 'improvements' to their homes and repeated disruption and inconvenience.

1. Keeping WHQS investment local – key issues

Action Points

In order to develop 21st century clients, the **Assembly Government** needs to:

- help develop capacity within the RSL and local authority sectors to build a 'good practice client' and promote it throughout Wales

RSLs and local authorities need to:

- ensure that culture change programmes are in place pre transfer;
- improve communication between chief executive priorities and procurement departments;
- develop their own capacity through training schemes, if possible in collaboration with others.

places not dwellings

Local regeneration promoted through WHQS plus should be seen not as bolt-on but as an essential ingredient in improving people's lives and communities.

'local regeneration has to be incorporated into the DNA of transfer – it should be built in not bolted on'

Contractor

There is a concern that some contractors want to dismiss social inclusion as an integral part of WHQS. In addition many clients and their partners fail to calculate the cost of works e.g. making the site safe, working during the evenings, developing complaints systems. There is therefore a need for clients and major contractors to understand the communities that they work in and take this on board when costing the programme. Early and on going engagement with local people and local service providers will be essential.

1. Keeping WHQS investment local – key issues

'if you are tenant focused, the whole house approach is the only way to deliver WHQS'

Consultant

Community benefits are fast becoming a key corporate driver for many clients in the process of achieving WHQS. These elements need to be hard wired into contracts at the outset. If clients make community benefit and social responsibility a core delivery requirement at the front end, it will compel contractors to include this in their planning and costings.

Action Points –

In order to improve places, the **Assembly Government** should:

- promote the WHQS plus approach to improving RSL and local authority housing;
- open up a wider assessment of external works that need to be carried out
- ensure that clients and contractors have access to good practice advice and support
- clarify the interpretation of WHQS

RSLs and local authorities need to:

- accurately plan for and cost external works programmes pre transfer
- hardwire into business plans WHQS plus objectives and targets

1. Keeping WHQS investment local – key issues

wider asset management

'Stock transfer organisations are asset managers'

RSL Director

Right to Buy's (RTBs) are a huge issue for transfer RSLs. RTBs impact in a number of ways.

For example:

- projected sale levels may be critically important to business plans;
- dealing with houses bought under the RTB can have an effect on improvement programmes costs.

A number of ideas can be considered around RTB including:

- negotiating contracts to take in to account of RTBs
- developing buy-back schemes
- approach lenders to develop a lending scheme for RTBs
- RTBs to receive property improvements funded through a charge on the property which can be clawed back when sold
- include liaison with RTB residents within client and contractor tenant liaison activities

Action Points

The **Assembly Government** needs to:

- provide guidance to RSLs and local authorities on asset management as an integral part of achieving and maintaining
- develop guidance and support on RTB and WHQS business plans

RSLs and **local authorities** need to give thought to:

- community land and property trusts
- asset gifting
- diversifying the DLO

1. Keeping WHQS investment local – key issues

the WHQS legacy

'what will the world look like on WHQS D Day plus 1 – this is the key to sustainability and the WHQS legacy'

RSL Director

A 30 year investment programme must aim high. It should be effective in delivering much more than improvements to the dwelling and the external environment. The legacy should be community regeneration and that requires strategically joining up investment to deliver for the communities of Wales. Investment programmes are not just about the money but about building a process and the the capacity to sustain regeneration into the future.

There will be a big role for the Assembly Government in linking up all the added value or WHQS *plus* deliverables in terms of training, job opportunities and regeneration so that it is seen as a long term programme of improvement to people's lives, not just the dwelling. In order to build a lasting legacy, contractors would also like to see long term contracts awarded to build in certainty.

Action Points

The **Assembly Government** needs to:

- set out what happens after the WHQS has been achieved
- consider developing a broader, community standard that follows WHQS

RSLs and local authorities should:

- seek to develop long term relationships with contractors through partnering
- embrace WHQS *plus* and wider regeneration as fundamental objectives for the organisation

2. Further Information

2. Further information

Contact Us

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Acknowledgements

The following have given their advice and time freely in the production of this briefing:

Barbara Castle
Elwyn James
Nigel Draper
Barrie Williams
Bill Coghill
Tony Mckernan
John Wilcox
Elin Jones
Keith Edwards

