



# WHQS *plus*

## maximising benefits across Wales

A REPORT BY





# Foreword

This report has two main purposes; firstly, it maps out the WHQS investment and opportunities for collaboration across the ten local authorities and transfer RSLs in North, Mid and West Wales not covered in the original *WHQS plus* report launched earlier in 2008; secondly, it draws together the key issues from the earlier report and maps out the way forward for *WHQS plus* for all 22 local authority areas in Wales.

The phrase *WHQS plus* is now widely recognised. Put simply it means capturing housing investment to deliver long term local jobs and regeneration and promoting community ownership of housing. The fact that this 'joins up' the housing and regeneration agendas was underlined when the original report was launched jointly by Welsh Assembly Government Deputy Minister for Regeneration Leighton Andrews AM, and the Deputy Minister for Housing, Jocelyn Davies AM.

The drivers behind *WHQS plus* have intensified in recent months; the need to maximise community regeneration benefits has become more pressing on the back of the economic downturn; the desire to *hardwire* in jobs and training for local people has been given fresh impetus through the massive investment programmes of the next wave of stock transfer RSLs together with a number of retention authorities; the character and direction of social housing, including issues of community regeneration and the nature of RSLs in the future have emerged as key issues from the *Essex Review* of affordable housing.

WHQS investment will happen – indeed is happening – at a much faster rate. With this will come all the opportunities of *WHQS plus*. Realising those opportunities is not a given and the choice is fairly stark; we can use the investment simply to improve the quality of our housing stock and run the risk of having to revisit the issue of sustaining many communities a few years down the line; or we can see WHQS as a bridge that leads to wider regeneration and a key factor in creating a vibrant, long term future for communities.

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i2i – inform to involve

November 2008

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# INTRODUCTION

## The Welsh Housing Quality Standard

The Welsh Assembly Government requires local authorities and registered social landlords RSLs to bring their housing stock up to the Welsh Housing Quality Standard (WHQS) by 2012 and maintain it thereafter.

The original *WHQS plus* report published in March 2008 pointed out that long term underinvestment in council housing in Wales meant that around £3 billion was needed to achieve the standard in all council and stock transfer properties by 2012 with an additional £4 billion required to maintain the standard over 30 years.

## *WHQS plus*

The concept of *WHQS plus* has been developed by **i2i** and endorsed by Ministers, RSLs, local authorities and contractors. Put simply it is based on getting the maximum added value from WHQS investment in terms of:

- community control and ownership of housing
- *local local* jobs and regeneration – that is, at a community level

There is growing support, for *WHQS plus* based on the experiences of transfer and traditional RSLs and a number of retention authorities that securing such benefits does not conflict with delivering high quality, good value improvements; indeed a *WHQS plus* approach will help develop sustainable communities and enhance the long term assets of community owned housing organisations

*WHQS plus* should be seen as part of a wider ambition to maximise the sustainable regeneration benefits that improving the quality of housing and building new homes and communities could bring. It chimes in with a number of Assembly Government themes and initiatives. *One Wales: a progressive agenda for the government of Wales* sets out the central aim of improving the quality of life of people, especially the most vulnerable and disadvantaged. A specific *One Wales* ambition is to achieve an 80% working age employment rate. In relation to housing there is an aspiration that:

*'Everyone has a right to an affordable home whether as part owner or tenant. A stock of good quality affordable homes is the foundation of thriving local communities'*

The worklessness agenda and the proposed reform of welfare benefits will also have an impact. There will be specified opportunities to develop 'made in Wales' approaches which reflect cultural and political differences by for example an enhanced role for the third sector including social enterprises.

The opportunities to utilise European funding is also opening up. The recently announce £16 million convergence funding for the Heads of the Valleys City Strategy pathfinder could potentially help more than 10,000 people. Targeting those who are unemployed or economically inactive, the pathfinder will help individuals gain new skills and qualifications whilst getting advice and removing their barriers to work. In addition, the initiative will assist employers in the area to identify employment opportunities for local people and benefit from a free recruitment service. There are clear opportunities to link this into the *WHQS plus* and wider housing and regeneration activities of local authorities and RSLs

In addition, Community Housing Cymru (CHC) is currently identifying opportunities across the social housing sector in Wales to maximise opportunities for regeneration through EU convergence and competitiveness funding. The social housing sector is well placed to address key regeneration priorities in the following key areas:

1. learning, skills, employment and enterprise
2. physical improvement of communities
3. developing community property assets
4. eradicating fuel poverty and reducing the carbon footprint of existing and new buildings;

Through this project CHC will:

- identify a portfolio of projects for the social housing sector under the four key themes
- provide the sector with improved skills and knowledge of how to access external funding
- provide key recommendations for coordination of projects

Communities First is moving to a more outcomes focused programme including the setting up of the *outcomes fund* which is structured in a way that ensures local partnerships can access resources to deliver the changes that local people want for their areas. This is a real opportunity to put into practice community involvement with the WHQS process as highlighted in the *More than Bricks and Mortar* report and guide. Communities First Partnerships should seize this opportunity to work with partners drawn from the various sectors in particular RSLs. Linking WHQS and wider housing investment into the outcomes fund could bring benefits to communities in terms of the creation of jobs and in particular social enterprises.

Drawing together the *Value Wales* step by step guide into using community benefits and the growing experience of organisations in the field, **i2i** recently published the Can Do toolkit on targeted recruitment and training, a suite of practical resources to help organisations hardwire social gains into procurement and programme delivery as core requirements. Although the initial focus has been on *WHQS plus*, the approach outlined in the toolkit can be extended to other public, private and third sector procurement

## This report

This second *WHQS plus* report has a number of aims;

- Part 1 – provides details of WHQS Requirements in the ten North, Mid and West Wales local authority areas not covered by the original report
- Part 2 – identifies the key issues that emerged during the project
- Part 3 – maps out some ideas on the way forward across the ten authorities and the rest of Wales

# PART 1 – WHQS REQUIREMENTS IN NORTH, MID AND WEST WALES

## The current situation

The WHQS investment programmes of ten local authority areas where considered in drawing up this report:

Gwynedd	Ynys Mon
Conwy	Denbighshire
Flintshire	Wrexham
Powys	Ceredigion
Carmarthenshire	Pembrokeshire

Two authorities Conwy and Ceredigion have so far decided to transfer their housing to a new RSL.

Gwynedd County Council purposes to ballot tenants an transfer in early 2009. Six authorities – Ynys Mon, Denbighshire, Flintshire, Powys, Pembrokeshire and Carmarthenshire are either proposing to retain their housing stock or are considering options.

The current profile of council housing / former council housing across the ten authority areas is:

Landlord	Number	Stock
local authority	7	<b>42,109</b>
transfer RSL	2	6,167
committed to ballot	1	<b>6,262</b>
<b>Total</b>	<b>10</b>	<b>54,538</b>

## Size of the North, Mid & West Wales WHQS programme

The following projections are based on a number of assumptions valid at the time of publication. Year 1 of the WHQS programme is 2009/2010. A variety of factors will affect the rate and the scale of investment, most significantly whether local authorities are able to secure resources themselves to deliver WHQS or if not whether they transfer the housing stock to an RSL.

WHQS investment in North, Mid & West Wales	Maximum	Minimum	Variation
By 2013/14 (5 years)	<b>£650m</b>	<b>£534m</b>	<b>£116m</b>
By 2018/19 (10 years)	<b>£1000m</b>	<b>£716m</b>	<b>£284m</b>

The WHQS capital programme between 2009/10 and 2013/14 for the council and transfer RSL properties across the ten local authority areas will range between £534m and £650m.

Capital Investment for three organisations transferring or proposing to transfer their stock is planned to increase by an average four times over the next 5 years. The remaining seven authorities combined will maintain spend at current levels if no further transfers occur.

To reach and maintain WHQS over the next 10 years will require:

- up to £70m on non-traditional house types
- up to £64m on environmental works

Costs will depend on the procurement and investment decisions of each authority and transfer RSL. For example whether they procure collaboratively via consortia or procurement clubs or whether programmes are delivered 'whole house' or on an elemental basis.

Recent trends in the wider economy, specifically the downturn in the construction industry and the 'credit crunch' will inevitably have an impact on *WHQS plus*. On the down side:

- the fall in wider construction activity may mean workers displaced from the sector will be available to undertake WHQS work and consequently there might be less opportunities for local economically inactive people
- RSLs are already having to pay considerably more to borrow to support their investment programmes, which could restrict the room for manoeuvre within their business plans

On the other hand:

- RSLs have 30 year business plans and will need to plan for the long term by for example providing apprenticeships that will deliver skilled workers when conditions in the construction industry pick up
- Whilst borrowing costs in the short term may rise, RSLs are likely to broker shorter term loans so that when market conditions change they can reap the benefit

## WHQS programme elements

Across the ten local authorities surveyed unprecedented volumes of the individual elements of the WHQS programme will be required over the next 10 years including:

Element	Years 1 - 5
kitchens	28,790
bathrooms	22,502
re-wiring	25,491
heating systems	22,095
boilers	14,092
windows (houses)	10,026
doors (houses)	15,534
external walls	4,065
roofs	5,776

Over 53% of all *kitchens* and *bathrooms* will have to be replaced if WHQS is to be achieved reflecting a lack of investment over a number of years. The value of this element of the investment programme alone is in the region of £155 million over 5 years.

To comply with WHQS all *kitchens* should be generally no more than 15 years old and in a good state of repair and all *bathrooms* no more than 25 years old. Maintaining these aspects therefore becomes a rolling programme with levels of required future investment in excess of current spend.

The value of the *boiler* and *heating system* replacement programme will be in the region of £87m over 5 years, peaking between years 4 and 5 (2012 to 2014) and then returning to less than year 1 levels by year 7 (2015/16).

The investment backlog in electrical *re-wiring* means that programmed spend will need to increase by more than 300% between year 1 (2009/10) and 4 (2012/13) and continue at these levels until year 6 (2014/15).

More than 75% of dwellings have *windows* that satisfy WHQS and the majority of those failing will be replaced between 2009 – 2014. Almost 30% of dwellings will need new *doors* in the same period.

Over the 10 year period from 2009-2019 approximately 25% of *roofs* will need to be replaced and almost 20% of dwellings will require remedial work to *external walls* in the same period. There will also be long term business and employment opportunities as well as the possibility of improving energy efficiency and installing micro-renewable technology in commercially viable volumes.

At least £49m has been identified for *environmental works* as part of the WHQS programme between 2009-14 and an additional £15 million over the following five years, with the possibility of accessing external funding to boost this figure. This includes improving path gates, fencing and car parking. These aspects of WHQS offer opportunities for local communities to engage in the planning and delivery of improvements. From experience, this will extend beyond the immediate curtilage of properties to the wider community and extend to play areas, green spaces and community arts activities and each could offer local employment and social enterprise opportunities.

Spend over 10 years on *non-traditional properties* could be in excess of £70m, ranging from £20,000 to £50,000 per unit (inclusive of other WHQS work such as kitchen and bathroom replacements) and significantly above the average for all properties of around £15,000. Analysis of individual investment profiles confirms that most organisations will not start significant work in this area until 2011 and that wider issues such as estate re-modelling may well have an impact. There are opportunities for cross organisation collaboration in planning and delivering programmes.

## Capacity to Deliver WHQS

The rise in spend and activity will mean a significant increase in demand for labour and materials, particularly from year 2 (2010/11).

External pressures on capacity are likely to come from other major construction projects such as the decommissioning of Trawsfynydd and Wylfa A and the possible development of Wylfa B as well as hospital and school build programmes and increased new build activity to deliver Assembly Government commitments on affordable housing.

However the WHQS programme is delivered – through the local authorities and transfer RSLs themselves, large managing contractors or SME suppliers – an increase in trained and skilled operatives will be needed.

The specialist nature of much of the work for example, internal modernisation to tenanted properties, refurbishing non-traditional house types will also present challenges in terms of recruiting and training skilled workers.

It is also important to stress that, based on experience elsewhere, that there will be an increase in demand for a whole range of non-construction jobs including senior managers and professionals, housing managers, tenant liaison officers and community development specialists.

To minimise the risk of competing for resources, greater sharing of forward programmes is needed. *Value Wales* have mapped wider public sector projects in Wales including timescales and size.

# PART 2 – KEY ISSUES

## Securing Commitment

Collaborative working in general and specifically the *WHQS plus* agenda needs top level buy-in from Ministers, senior Assembly Government officials across key departments and at the highest level within transfer RSLs and local authorities

The Assembly Government will need to ensure that:

- Ministerial level support for *WHQS plus* and the wider housing and regeneration continues, particularly through the Deputy Ministers for Housing, Regeneration and Skills.
- Officials from the various departments and directorates work collaboratively on programmes and initiatives to deliver including DESH (housing), DCELLS (skills) and DE&T (regeneration).

Whether transfer takes place or not, local authorities as strategic enablers will need to ensure that they have a strong corporate commitment to housing and that it is effectively integrated with areas such as regeneration. Where transfer takes place, long term strategic relationships with the new RSLs should be established as they will not only be the major provider of social housing but will also be able to deliver community regeneration through their investment programmes. RSLs themselves could reap particular benefits through closer collaborative working between transfer boards, chief executives and senior managers as well as at other levels.

## Maximising Value for Money

The estimated spend of up to £1 billion of WHQS work over the next 10 years provides a major opportunity to obtain considerable economies of scale through high volume purchasing and collaborative procurement. Savills experience elsewhere in the UK suggests potential cost differences between low and high volume procurement of up to 15%. Allowing for the wide geographical spread of the stock which will impact on the ability to maximise efficiencies, anticipated benefits would most likely be less than this but could still amount to potential savings in the region of £50m to £80m against business plans across the whole of the ten authority areas over 10 years, based on the experience of previous WHQS tenders.

Such savings would allow additional investment in the *WHQS plus* agenda, bringing environmental, economic and social benefits and thereby contributing to the long term sustainability of communities.

## Building the Skills of the Organisation

A key challenge for new transfer organisations will be to effectively manage and deliver WHQS and wider regeneration by:

- developing client side skills to lead major programmes and manage contractors, suppliers and consultants effectively;
- providing training and development support for councillors / boards, staff, tenants and other stakeholders;
- collaborating with other organisations in procurement, common services and sharing good practice;
- in the case of transfer RSLs, managing the transition from social housing landlords to community regeneration organisations.

Organisations should work with professional institutions, local authorities, education providers and sector skills councils to raise the profile of housing and regeneration occupations and develop training and development support programmes. The proposed *National Centre of Excellence in Regeneration* could offer particular opportunities to meet the development needs of organisations at various levels.

Given the problems organisations are facing in recruiting senior managers and professionals, particular emphasis should be put on developing 'home-grown' talent through:

- high quality specialist programmes in leadership, change management, procurement and regeneration;
- graduate recruitment and 'fast-track' development schemes
- promoting a Champion role within organisations to liaise between procurement, asset management and community regeneration
- secondment and exchange programmes;
- cross organisational networks and working groups;
- long term strategic partnerships with professional organisations and other support providers.

## Targeted Recruitment and Training (TR&T)

TR&T is the key to successfully tackling economic inactivity through WHQS investment. The emphasis is on ensuring that 'new entrant' training and employment opportunities are provided as a core requirement of any contracts. Clients such as local authorities and RSLs have the legal power to make this a requirement and this is often underlined in the regeneration and community development statements found in constitutions and corporate strategies.

Community Mutuals are particularly well suited to delivering TR&T and wider social inclusion as their model rules state:

- ownership of the RSL rests with tenants
- tenants are empowered to become involved in the regeneration and development of their communities
- there should be an opportunity to 'evolve and adapt' the RSL to meet changing community needs

As well as community mutuals, a number of retention authorities, non-mutual stock transfer organisations and traditional RSLs are including social inclusion and specifically TR&T within their procurement and programme delivery practices. Full details of the Can Do Toolkit including a number of such good practice examples can be found at [www.whq.org.uk/i2i/about\\_resources](http://www.whq.org.uk/i2i/about_resources)

In relation to the 10 local authority areas that are the focus of this report, Table 2 estimates the range of jobs by trade needed to deliver the main elements of WHQS in the ten authority areas covered in this report. In practice the requirement will be determined by factors including the rate and extent of stock transfer and investment decisions made by individual organisations.

Trades / Category	Total
carpenter	203
plumber	144
gas engineer	59
electrician	173
tiler	35
plasterer	86
decorator	99
roofer	59
bricklayer	63
multi-skilled	407
general operative	295
<b>sub total</b>	<b>1623</b>
management and supervisory	335
<b>grand total</b>	<b>1958</b>

The total *additional* requirement to deliver the programme in full over the next 4 years (when WHQS investment reaches a peak) across all ten authority areas is in the region of 1860 people. This assessment allows for a 12.5% churn rate (equating to 800 jobs) but also takes into account the estimated 1000 people already employed on WHQS work. By year 8 (2016/17) resource requirements are broadly similar to the current position. A key challenge will therefore be to build local capacity through new and existing SMEs and social enterprises to take on construction and related projects once the main WHQS programme has been delivered.

The nature of the WHQS works means there is likely to be a move toward *multi-skilling* i.e. workers with basic competence in a number of skilled areas. This category is the largest with an estimated 400 additional workers required 295 of the workforce have been classified as general operatives and ground-workers. This will include:

- general building maintenance operatives and labourers
- waste management workers
- demolition workers
- scaffolders
- drivers and plant / machinery operators
- landscape workers

It is important to take a long term and holistic view of the labour market given the long term nature of the WHQS programme and the wider regeneration ambitions of transfer RSLs. Initial skilled vacancies are likely to be filled by already qualified workers but there are clear opportunities to take on apprentices and trainees from the outset and thereby meet medium to longer term demands.

Apprentices and trainees will be directly employed by the local authority / transfer RSL through their DLOs, or taken on by major contractors and SMEs

Consistent with *One Wales* objectives and the wider and emerging agenda on worklessness, the large general operative and multi-skilled requirements offers particular opportunities for economically inactive people. To engage people and

sustain them in employment will require mentoring and other support services and this will involve local authorities and transfer RSLs working with a range of organisations providing support for the young unemployed, people from minority ethnic backgrounds, those with mental health problems, learning disabilities and ex-offenders

The Department for Children, Education, Lifelong Learning and Skills (DCELLS) is working with *Jobmatch* and *i2i* on a proposal to set up a WHQS Skills project to tailor training and support to the needs of what is in effect a major new sector – housing led regeneration.

Specific training opportunities are likely to emerge in areas such as micro-renewable technology and non-traditional housing improvement programmes.

## Capacity of the Housing and Regeneration Sectors

The housing and regeneration sector in Wales, despite a recent surge in activity on WHQS, is nowhere near as well developed as in other parts of the UK, particularly in terms of major contractors. There is however significant and growing interest from major UK companies in undertaking WHQS work.

The proportion of work programmes delivered by direct labour organisations (DLOs), contractors or SMEs will vary greatly depending on strategic decisions taken by local authorities and transfer RSL boards. From experience, local authorities as well as transfer RSLs largely rely on DLOs to deliver repairs and maintenance programmes and this is likely to continue during and after the WHQS programme.

Experience from elsewhere in Wales confirms that contractors will directly employ senior and specialist staff but will also be looking to employ significant numbers of local people and use local SMEs as sub-contractors to deliver the programme. Contractors are also becoming increasingly familiar with delivering the added value aspects of programmes including WHQS plus.

SMEs and social enterprises sectors will have a crucial role in delivery either by directly tendering with local authorities and transfer RSLs or as part of a supply chain led by a main contractor or DLO. This responsibility lies directly with the RSL or local authority to engage with support organisations such as Construct Wales and Contract Shop to support SMEs to get ready for contracts. There is also a need for clients to become more SME friendly throughout their procurement processes by e.g. standardising contract documents such as PQQs or introducing financial bands for tenders.

Most SMES in Wales typically employ less than five people. Experience to date has confirmed that whilst there are a number of successful SMEs delivering WHQS and similar programmes, there is a widespread lack of awareness and readiness to take WHQS opportunities generally within the sector. Particular emphasis needs to be given to:

- supporting clients to adopt SME friendly procurement and business support practices;
- 'SME proofing' procurement by simplifying and standardising specifications, tenders and selection processes;
- securing resources for specific WHQS support packages for SMEs;
- packaging work into financial bands to capture SMEs in lower financial ranges and reduce competition with major contractors.

## Sharing Good Practice

Many of the processes associated with designing and delivering WHQS programmes will be common across authorities and transfer RSLs. An open and collaborative approach can:

- deliver significant savings can be made by jointly commissioning services;
- help build up good practice and consistent standards and approaches which can lead to further efficiencies and improvements.

Collaborative approaches can encompass the entire procurement and programme delivery processes including:

- adopting clear **Policies** for the activity;
- developing the **Business Case** including creating a **Budget** for the actual procurement;
- preparing the **OJEU Contract Notice**;
- drawing up the **Pre-qualification Questionnaire (PQQ)**;
- producing the **Specification**, and the **Invitation to Tender** including involving potential contractors;
- developing an **Award Process** where the social issues are core requirements;
- implementing the contract and applying **Contract Conditions and Monitoring**.

## Community Ownership and Control

The issue of community ownership, not least through the stock transfer process, has risen up the housing agenda and is likely to have a wider impact on how the RSL sector defines itself, particularly in terms of governance and accountability. Local authorities and their tenants are increasingly more attracted to the idea that any new social landlords are clearly owned by and accountable to the community. The expectation that RSLs will play a more important role in community regeneration is likely to be critical in determining whether the rhetoric of community accountability translates into measurable outcomes.

A number of transfer RSLs are community housing mutuals whilst others either have options to become mutuals or have many of the attributes of mutualism such as community accountability and a commitment to *WHQS plus*.

Other opportunities exist to identify and share good practice in

- tenant and resident participation
- engaging economically inactive people
- involving people with specific support needs
- estate remodelling programmes, including mixed tenure developments and group improvement schemes
- engaging leaseholders and private sector tenants in former council properties
- training staff in community development / tenant participation practices

## Sustainability

Sustainable development in terms of energy efficiency, the use of renewable energy sources, waste management, and the drive towards zero carbon practices will have an increasing impact on housing and regeneration including WHQS.

WHQS represents a huge opportunity for low-carbon refurbishment that cannot be missed. There are issues around cost, skills to deliver and supply chains that are geared up to work on this agenda but it is important that social landlords are given guidance on how to deal with sustainable refurbishment in the most effective way. This may include:

- a national strategy for zero carbon on existing stock;
- code rating for existing homes in Wales;
- setting up a knowledge transfer service to ensure that good practice is disseminated between key partners.

Given the long term nature of WHQS investment there are also clear opportunities to incrementally improve performance in this area including collaboration on:

- waste management;
- recycling;

- dealing with hazardous materials such as asbestos;
- sharing good environmental and energy efficiency practices;
- research and pilot projects;
- identifying and developing supply chains on renewable energy;
- feasibility studies on micro-renewables;
- planning for medium to longer term increased standards and expectations in relation to climate change and the zero carbon agenda.

## Collaboration in Practice

Local authorities will either continue to own and manage their housing stock or it will be transferred to new RSLs. Either way they retain responsibility for strategic housing issues and new and existing RSLs will have key roles in delivering wider housing obligations. There could be mutual benefit in collaborating on:

- local and regional housing strategies;
- developing new social / affordable housing;
- homelessness, housing advice and supporting people services.
- common services such as ICT and human resources

Transfer RSLs in particular are likely to become major regeneration players in their local areas for at least 30 years and possibly beyond for a number of reasons:

- they are likely to have a wider regeneration remit;
- they will gain experience through delivering *WHQS plus*;
- the long term viability of the organisation will depend on delivering sustainable community regeneration;
- there are major opportunities around private sector regeneration;
- the ambition to develop new affordable housing;
- the increasing application of community benefit approaches including targeted recruitment and training;
- the development of major community owned assets.

# PART 3 – A WAY FORWARD ACROSS WALES

## Challenges and Opportunities

It is still common for the press and media to talk of the 'problem' of council housing. Yet over at least 60 years local authority housing has played a vitally important part in the lives of hundreds of thousands of people in Wales and it continues to do so. Support for council housing among politicians and tenants remains as strong here as anywhere else in the UK.

The requirement for all local authority and RSL to ensure their housing reached WHQS by 2012 and to maintain it over 30 years was first laid down in the national housing strategy *Better Homes for People in Wales in 2002*. Until recently there was little thirst for stock transfer as a means of improving stock condition and local and national politicians made a number of unsuccessful attempts to persuade UK Government to either relax the borrowing rules to allow councils to invest or to provide direct public funding to improve homes.

There has been a sea change in relation to WHQS over the past three years for a number of reasons: *firstly*, the hopes of persuading the UK Government to either provide more funds to councils or allow them to borrow have been successively dashed; *secondly* the shortfall between what councils had available and the resources needed reached staggering amounts. If the shortfall of £284 million identified in this report is added to that for the other 12 local authority areas, then at least £762 million has yet to be secured and doing so will depend largely on future stock transfers. *thirdly* the emergence of new RSL models has helped convince council and tenants that transfer landlords can have a high degree of community ownership and control; *fourthly*, a number of local authorities have developed innovative ways of securing investment and retaining their stock; *finally* the positive impact of stock transfer investment programmes for tenants which could not have been delivered had the council retained ownership.

The original *WHQS plus* report concluded that there were significant opportunities emerging to reap long term benefits for local communities by harnessing the potential of WHQS investment. Whilst those opportunities undoubtedly still exist it is important to recognise that there have been a number of changes, particularly in the economic environment that may impact on the *WHQS plus* agenda. Such changes may have a positive, neutral or negative effect and they include:

- the slow down in the world economy and the impact this is having on national economies and sectors, particularly construction;
- the global credit crunch and the specific impact on RSLs and their borrowing;
- the fact that *WHQS plus* has become an accepted – and expected – feature of how housing investment programmes are developed and delivered;
- the need to effectively monitor and measure both WHQS and *WHQS plus* outcomes;
- the impact that the Essex Review on affordable housing has already had in relation to the future roles in housing and regeneration of RSLs and local authorities;
- the quickening pace of the zero carbon / renewables agenda and the increasing on skills and resources needed to deliver.

## Action

Both the initial report and the current one focus not simply on the opportunities that housing investment offers, but also the challenges we face if we are not to waste this once in a generation chance. The final task of this work is to focus on a series of main recommendations needed to deliver.

# Welsh Assembly Government

**Cabinet:** The *WHQS plus* approach should be endorsed at cabinet level, building on the collaborative development of the concept by the Deputy Ministers for Housing and Regeneration and officials. This should include:

- incorporating a targeted recruitment and training (TR&T) approach to all public sector procurement and requiring it as a grant condition for funded bodies as part of wider objectives and programmes to promote sustainable development and combat economic inactivity;
- promoting community ownership of housing and other assets as a distinct 'made in Wales' approach.

**Housing:** There are opportunities to incorporate *WHQS plus* approach into the major changes either underway or planned for the housing directorate including:

- developing a new national housing strategy and integrating this with other areas of business, particularly regeneration and skills;
- developing a consistent and practical framework for measuring progress on achieving *WHQS plus*;
- reviewing the regulation of RSLs and developing effective measurement of regeneration and community ownership and requiring collaborative procurement.

**Housing and Regeneration:** Building on the experience of joint working to:

- formalise strategic links at a Ministerial level to include a housing regeneration forum;
- exploring opportunities to link housing funding streams with Assembly regeneration funding by for example, offering 'top-up' regeneration grants for RSLs who deliver *WHQS plus* and similar outcomes;
- further developing joint links with the Deputy Minister for Skills;
- further consideration on how to develop collaboration with other departments and directorates.

## Social landlords

**National:** The Welsh Local Government Association and Community Housing Cymru should:

- promote the *WHQS plus* approach with retained authorities and the RSL sector including community ownership of housing, collaboration in procurement and targeted recruitment and training;
- promote the strengthening of the strategic housing role and the development of local cross sector partnerships;

**Local and regional:** Individual local authorities and RSLs should:

- collaborate with neighbouring authorities in procurement and developing good practice;
- promote collaboration between local housing authorities and the RSL sector.

## Assembly sponsored organisations and national bodies

The approach outlined in the toolkit needs to be endorsed and adopted by Assembly Government departments and sponsored bodies including:

- Value Wales
- Construct Wales
- Contract Shop
- Constructing Excellence in Wales
- Construction Skills Wales

There is also a need to identify SME support services that can be coordinated by support agencies and joint accreditation schemes for local SMEs.

## The private and third sectors

Partner organisations from all sectors should be encouraged to adopt a *WHQS plus* approach. This could include:

- working together to share good practice on issues such as design, procurement, value for money and project management;
- working with the Assembly Government to support high quality development and collaboration;
- adopting the approach set out in the Can Do Toolkit;
- working with the Assembly, The RSL sector and support agencies to become more 'SME friendly';
- working with Value Wales on removing barriers to procurement collaboration.

## Collaborative working development projects

To take the *WHQS plus* agenda forward, there are a number projects that could be developed that could demonstrate in a practical way the potential benefits of collaborative working.

### **Non traditional housing.**

There is considerable support for research, design and programme delivery collaboration across organisations. A project could:

- establish a steering group of RSLs and authorities to explore collaborative options;
- commissioning a research to scope out in detail the size of potential programmes and design and delivery solutions;
- carry out feasibility study into establishing a jointly owned community interest company to support collaborative working.

### **Supply Chain development in rural areas**

The second *WHQS plus* report has identified specific support for a project to develop local supply chains around a number of hubs. This project could entail:

- establishing project groups around 'hubs' in North West North East, Mid and West Wales;
- developing partnerships with support organisations including Construct Wales, Contract Shop and Community Enterprise Wales;
- Drawing up detailed project proposals to develop local supply chains through engagement with local SMEs and social enterprises.

# ACKNOWLEDGEMENTS

i2i & Savills would like to thank the following stakeholders for their time and enthusiasm to produce this report:

- The ten local authorities from North, West and Mid Wales
- Local RSLs and housing consortia
- Construct Wales, Contract Shop and Construction Skills Wales

# REFERENCES

- *WHQS Plus: maximising the benefits of housing investment (2008) Savills / i2i (2008)*
- *Affordable Housing Task & Finish Group: report to the Deputy Minister of housing. Welsh Assembly Government (2008)*
- *The Can Do Toolkit: targetted recruitment and training for social landlords. i2i (2008)*
- *More than Bricks and Mortar. Communities First Support Network (2008)*
- *Centre for Regeneration Excellence in Wales: a proposal for the Deputy Minister for Regeneration. Welsh Assembly Government (2008)*

# ANNEX – GOOD PRACTICE EXAMPLES

## Carmarthenshire

To progress construction training in Carmarthenshire, Carmarthenshire County Council has teamed up with Coleg Sir Gâr and the Carmarthenshire Construction Training Association Ltd (CCTAL) to employ apprentices through the shared apprenticeship scheme.

All apprentices are hosted by Coleg Sir Gâr where they are placed to develop a core skill. On top of the core skill that the apprentice will be developing, Coleg Sir Gâr have included 'additionalities' within these modules to better suit the requirements of WHQS so, for example, an apprentice undertaking a course in bricklaying will be able to complement this with additional modules in plastering. The college is hoping that these 'additionalities' will develop a multi-skilled apprentice that will be able to play a key role in delivering WHQS in Carmarthenshire.

## RCT Homes

RCT Homes sees itself as a major local social enterprise. In line with the vision of its communities and tenants, RCT Homes is seeking to create a sustainable legacy of increased employment and higher levels of skill and training within the expanded workforce. Through hard-wiring community benefits throughout the whole supply chain, RCT Homes created the following opportunities:

- RCT Homes has created 53 new jobs
- Contractors creating 59 new employment opportunities
- Suppliers creating 61 new employment and training opportunities
- One new manufacturing facility to be opened in Rhondda Cynon Taff
- One new regional office to be opened in Rhondda Cynon Taff
- Two new branch offices to be opened in Rhondda Cynon Taff
- Expansion of one local branch office

## Bron Afon Community Housing

Bron Afon has let the first £25 million of contracts for WHQS work to small and medium sized local businesses ensuring space for business growth within the region, as well as developing proposals for 3 additional social enterprises in the area which will create additional jobs. Other opportunities include:

- 36 new jobs have been created with at least another 12 to be advertised in the next few weeks;
- Local SME contractors will provide 12 local training places and apprenticeships leading to permanent jobs in gas plumbing and general trades
- As a training agency, Bron Afon has 57 apprentices and are about to recruit another 10. A further 3 local young trainees will be securing more training places leading to permanent jobs;
- Bron Afon's contract work has secured jobs for people formerly employed by Remploy in Trefforest who would have become redundant;
- 8 of Bron Afon's contractors will provide financial support for local charities – they have so far donated £800 for use with community activities.

## ANNEX 2: Sustainability – a good practice example

Cymdeithas Tai Eryri has included several actions to mitigate climate change within its current corporate plan. Included has been the development of 4 ecohouses in Bangor, built to achieve Code Level 4 of the Code for Sustainable Homes. Much of the association's existing stock is older "hard to heat" properties, scattered across a rural area where there is no mains network gas supply. During 2008 and in partnership with the Building Research Establishment (BRE), the association has identified a number of different property types (e.g terraces, flats, individual properties) so that pilot "retrofit" projects can be undertaken to assess the effectiveness of different technologies and heating systems. These developments will then inform future refurbishment programmes across the rest of the stock.