



Llywodraeth Cymru
Welsh Government

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Welsh Housing Quality Standard 2023: integrated impact assessment

An integrated impact assessment (IIA) on the impact of the
Welsh Housing Quality Standard 2023.

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What action is the Welsh Government considering and why?

Background

All existing social homes must meet the Welsh Quality Housing Standard (WHQS). This is a legal requirement of social landlords in Wales. The purpose of WHQS is to improve the quality of social homes in Wales.

The Welsh Government continues to drive up the standard of existing Welsh social housing by setting a demanding Welsh Housing Quality Standard (WHQS) which all social landlords in Wales are obliged to meet.

WHQS is a tenant focused standard, designed to upgrade assets and address higher quality housing, improving people's health, wellbeing and educational outcomes. WHQS also sets out standards relating to decarbonisation to support carbon reduction from the Welsh housing stock to contribute towards governmental climate goals.

The current WHQS has been extant since 2002 and in that time has seen 100% of social homes meet the standard as of 31 March 2022. The standard has now been refreshed to reflect modern expectations of housing, further upgrade assets and embrace the decarbonisation of Wales housing stock, which is necessary in order to meet climate ambitions.

Further, the [Independent Review of Affordable Housing Supply \(2019\)](#) made 22 key recommendations including that "LSVTs and LAs should be required to demonstrate an accelerated programme of decarbonisation of existing homes in return for an ongoing commitment to dowry and MRA".

Welsh Government have since published a new standard called "The Welsh Housing Quality Standard 2023" in response to recommendations from the

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Independent Review of Affordable Housing Supply, which addresses this recommendation.

In preparing the new standard, consideration was given to the application of the five ways of working in the **Well-being of Future Generations (Wales) Act 2015** as follows.

Long term

The Welsh Government Future Trends Report 2021 identifies key future social, economic, environmental and cultural trends for Wales. The proposed new standard will have an effect on most of the six themes of the report.

The population growth in Wales is projected to increase over the next 20 years putting increased demands on the existing housing stock. WHQS 1 programme lasted 18 years and in July 2021, the impact of WHQS was independently evaluated in the **Summative evaluation of the Welsh Housing Quality Standard**. The findings highlighted the importance of the taking the long view and setting policies to upgrade housing stock that allowed long term investment by landlords.

The report noted that the Welsh standard was the most demanding of all the UK existing social homes standards, and compliance levels with the standard are the highest across the 4 home nations. It noted the positive impact the WHQS has had on wider health and education outcomes, as well as relieving poverty amongst some of the most vulnerable communities in Wales. The independent report also made recommendations to raise the bar on the standard, by exploring the role of flooring, broadband, active travel features and recycling. The new standard addresses these concerns.

The impacts of the Covid crisis have placed more emphasis on the importance of space standards for home working and associated family needs, as well as

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safe outdoor space. Refurbishing homes to ensure long term demand for social homes, by ensuring they meet modern lifestyle expectations is key.

Prevention

It is widely recognised that the provision of good quality housing will have a positive effect on the health and well-being of people living in their homes. The new WHQS builds on work undertaken on the previous standard focusing on:

- Raising the standard of building safety following the Grenfell tragedy, ensuring homes and communal areas meet modern safety standards.
- Living safely in homes by increasing the requirement of the HHSRS scheme to the highest band (band J) to reduce slips trips and falls, will improve tenants' safety in their home.
- Creating safety for residents in their own homes, with the new standard insisting on the secure by design accreditation – designing out crime, making homes more secure and creating safe places to live.

The new standard looks to mitigate environmental impact through the reduction of carbon emissions from homes.

Integration

Decarbonising housing in Wales remains a key policy for Welsh Government, and the WHQS 2023 will enable other outcomes by integrating across governmental policy areas. Net Zero Wales commitments ensure that investment in housing provides support to the Welsh economy in terms of maintaining and supporting jobs in the construction industry and also the supply chain. This contributes to the “tackling poverty” agenda in terms of providing employment and training opportunities. The procurement of contracts enables the benefits of our investment to remain in Wales and be maximised in our

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communities. Jobs created by housing development should provide employment for many of those who are unemployed in the construction workforce making a significant positive impact on their mental and physical well-being (the health impacts of unemployment being well documented), reducing benefit expenditure, help to tackle homelessness and boosts opportunities for apprenticeships and training.

The new standard underpins the key Welsh Government commitment to **decarbonise housing in Wales** to meet legally binding **climate targets in 2050**, whilst ensuring households can afford to heat their homes and be lifted out of fuel poverty. The new standard has been drafted in the spirit of **Prosperity for All: economic action plan**, taking due regard of the national strategy and to the commitments of “Taking Wales Forward” setting out a platform for delivery of high quality, energy efficient homes for the future.

Collaboration and Involvement

In 2020, a series of focus groups with social landlords were held to gather views and experiences of WHQS. In 2021, an independent tenant survey was undertaken asking them for their feedback on the impact of the standard on their homes and lives.

An independent summative evaluation was commissioned in July 2021, which reviewed the impact of the first WHQS and made recommendations for the revised version. This research involved collaborating with both social landlords and tenants.

The system of Major Repairs Allowance (MRA) and Dowry funding was scrutinised by the Independent Affordable Housing Supply Review panel who published their final report in 2019. The panel involved a cross-section of stakeholders who made several recommendations for the new standard.

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RH Environmental Limited was commissioned in 2021 to provide independent technical advice relating to the new standard, and their work involved engagement with social landlord technical teams to produce a new draft standard.

The first cut of the new standard was tested amongst the WHQS task and finish group comprising Public Health Wales, Community Housing Cymru (CHC), Welsh Local Government Association (WLGA), Tenant Participatory Advisory Service (TPAS) and the Future Generations Commissioner's office.

The same first cut was tested with a range of senior managers internally at Welsh Government, as well as social landlord practitioners and CEOs of Housing Associations across Wales.

A formal consultation for WHQS was conducted in 2022. It is essential that future collaboration and engagement with stakeholders continues as we move forward into the implementation stage of the new standard. We will continue to work closely with stakeholders including social landlords and tenants to understand the potential barriers to implementation and to see how they meet the new standard in the future.

Impact

Housing is the cornerstone of people's lives, and high-quality social homes have an impact on households and communities greater than just the investment in homes. In summary, better housing has positive outcomes for health and education as well as jobs and employment opportunities and other public and third sector organisations.

The first housing quality standard for existing homes had been achieved by social landlords after being in place for 18 years. Expectations of homes have changed, not least because of the global pandemic which has changed the way

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people live work and feel about their home. Rising energy prices fuelled by events on the world stage, also mean affordable warmth is upper most in the minds of households. The new WHQS is designed to mitigate the impact of these global events. Part 3 has a clear steer on the standard required for decarbonising homes and providing warm homes that are affordable to heat.

There was widespread support for the provision of a revised WHQS within the Social Housing sector.

A key recommendation of the Independent Review of Affordable Housing Supply is that Welsh Government should set a long-term goal to have the same standard for all homes irrespective of tenure. In time, it is anticipated that the WHQS will apply to other types and tenures of housing, and this will be kept under regular review.

Costs and Savings

This new long-term standard is bold and ambitious and comes with the expectation that social landlords should work towards meeting all elements of the new standard – to reflect modern expectations of homes, and to address carbon emissions in line with the Welsh Government's **Net Zero Strategy**. There needs to be an acceptance that the costs of home refurbishment are unlikely to reduce, as the role housing plays in people's lives increases. It is anticipated that there will be significant costs to ensure that the current social housing stock meets this new standard. The Welsh Government will work with the sector to identify sources of finance to help achieve this.

Long-term budget allocation to meet the standard has been in place for Large Scale Voluntary Transfers (LSVTs) and Local Authorities (LAs), and this generally represents c35% of the programme costs with landlords funding the remaining c65% from their own funding arrangements.

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A funding review will be undertaken once the new standard has been published. Future funding arrangements are still to be determined; but, in the meantime the Optimised Retrofit Programme has committed £250m over this term of government in order to explore retrofitting homes to low carbon standards, in line with Part 3: the affordable warmth and minimal environmental impact targets as part of the WHQS 2023.

With the acknowledgment that although there are higher costs to improve the quality of housing; this in turn could bring about possible cost-savings e.g. Landlords will be providing tenants with homes that are cheaper to heat allowing them to maintain a comfortable temperature that does not degrade the internal fabric of the house (i.e. preventing mould and damp issues). This may provide tenants with additional budget and potentially reducing the likelihood of going into rent arrears, which should help cashflow with social landlords to further improve the quality and the fabric of the buildings. Therefore, potentially reducing ongoing maintenance costs further down the line.

In the short term, the costs of retrofitting homes in new low carbon ways will potentially increase cost per home as Welsh supply chains grow and adapt to opportunities of a green economic recovery from the pandemic. Higher costs in return for higher standards have always been anticipated and factored into programmes for government.

Mechanism

No new legislation is proposed. WHQS is a legally binding standard.

The Welsh Ministers have set the standards to be met by Registered Social Landlords (The Regulatory Standards) under section 33A of the Housing Act 1996 (the 1996 Act). All RSLs must comply with WHQS 2023, rules and guidance. The rules set out are pursuant to s33A (2A) of the 1996 Act and guidance is issued under s33B (1) (a) and (b).

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Local Authorities must comply with the standard pursuant to section 111 of the Housing (Wales) Act 2014 (the 2014 Act). All Local Housing Authorities in Wales must comply with WHQS2023, rules and guidance. The rules set out are pursuant to s111 (3) (a) and (b) of the 2014 Act.

In October 2023, Julie James, the then Minister for Climate Change, launched the new **Welsh Housing Quality Standard**, which came into force April 2024.

Conclusion

How have people most likely to be affected by the proposal been involved in developing it?

The development of the WHQS 2023 has evolved since the full **consultation in May 2022** and has included significant consultation with stakeholders up to the publication of the new standard in April 2024.

We are satisfied that the proposals are in keeping with the Well-being of Future Generations (Wales) Act 2015 and Welsh Government's commitments to involving people, including parents representing children, people with protected characteristics and all other people that may potentially be affected by the proposals.

What are the most significant impacts, positive and negative?

The WHQS 2023 has replaced the first WHQS published in 2002. Requirements expect high quality homes - social homes must be safe, in good state of repair, support comfort and well-being, as well as being energy efficient and low carbon.

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The new standard underpins the key Welsh Government commitment to decarbonise homes this government term, by ensuring high quality low carbon social homes, before expanding decarbonisation to other tenures. The new standard was developed in the spirit of “Prosperity for All”, taking due regard of the national strategy and to the commitments of “Taking Wales Forward” setting out a platform for delivery of good quality homes for the future.

In light of the impacts identified, how will the proposal:

- maximise contribution to our well-being objectives and the seven well-being goals; and/or,
- avoid, reduce, or mitigate any negative impacts?

There is concern about the carbon footprint of Wales housing stock as the 1.4million homes are responsible for c25% of carbon emissions annually. The new WHQS will help to address these concerns. The pandemic has also underlined features of homes which lead to social inequality and injustice, such as poor broadband availability limiting working at home jobs or limiting educational opportunities for home learning.

At its heart, the WHQS is an anti-poverty policy – using the upgrade of physical assets to improve the lives of tenants through the mandatory provision of flooring, affordable heating, as well as ensuring that there are no barriers to digital connectivity and promoting safety for residents in their own homes.

How will the impact of the proposal be monitored and evaluated as it progresses and when it concludes?

The new standard will be regularly reviewed as necessitated by changes in policy, notably the new Socio-economic Duty and to take account of feedback from housing quality reviews of grant funded projects. The next proposed review date will be in 2027 relating to affordable warmth and environmental

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elements, to reflect changes to a fast paced, dynamic decarbonisation operating environment. Officials will have rigorous oversight of the programme, with monitoring capacity in the team being increased.

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