



Title WHQS Pilot Study Lessons
Learnt Research:
Summary of Key Findings

Report number	2402.DG.0047-01
Version	Summary Version
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Prepared for	Welsh Government
Date	20 th August 2025

Executive summary

This report presents key findings from the Welsh Housing Quality Standard (WHQS) Pilot Study, which examined social housing landlords' experiences implementing requirements of the new WHQS standard to improve affordable warmth and achieve decarbonisation. The study revealed significant challenges for landlords in developing Whole Stock Assessments (WSAs) and Target Energy Pathways (TEPs) as outlined in the WHQS 2023 guidance.

The study was carried out across 8 landlords drawn from north, south and mid-Wales and included council landlords and housing associations. The housing associations included those managing primarily transferred stock and those who had developed and or acquired their own stock.

Data quality emerged as a fundamental issue, with approximately 30% of housing stock lacking direct EPC data. No landlords had conducted formal, written Data Quality Assessments (DQAs), with most relying on informal verbal evaluations. The integration of energy data with asset management systems presented technical challenges for all participants, complicating assessment efforts.

The development of TEPs requires the connection of separate software systems to enable efficient data flow and communication. This process of software integration proved more complex than anticipated. While energy modelling software successfully identified improvement measures, landlords struggled with implementation planning, particularly regarding the sequencing of measures and integration with existing capital programmes which required integration of separate software systems. Most analytical work was outsourced due to limited in-house expertise, with landlords typically employing only one staff member with relevant skills.

The development of implementable TEPs showed them to be expensive. Completed pilots identified average per-dwelling costs of £25,000-£30,000, far exceeding current funding levels. Only 28-45% of dwellings could achieve SAP 92 using current measures, highlighting substantial technical limitations.

None of the pilot landlords had reached the formal "Sequencing" stage as described in the WHQS guidance, with limited progress on identifying and addressing barriers. Landlords found it challenging to think beyond short-term, funding-driven programmes to develop comprehensive, long-term plans. While most expressed willingness to submit dwelling-level data by March 2025, there was significant uncertainty about reporting formats and expectations.

A key observation throughout this study has been the significant gap between theoretical requirements outlined in the guidance and the practical realities faced by landlords. This report aims to bridge this gap by providing evidence-based recommendations that can inform Welsh Government policy and support mechanisms moving forward. These recommendations include enhancing the WHQS guidance with templates, step-by-step

guides, and clarification of key concepts. Critical areas requiring attention include standardising data quality processes, building analytical capacity, improving software integration, developing clear sequencing frameworks, and reviewing funding models to align with the substantial investment requirements identified. With appropriate guidance, support, and resources, landlords can develop comprehensive approaches to improving affordable warmth and achieve decarbonisation, but the scale of the challenge should not be underestimated.

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1 Summary, Conclusions and Way Forward

1.1 Summary of Pilot Study Outcomes

The WHQS Pilot Study has provided invaluable insights into the practical challenges faced by social housing landlords in Wales as they work toward decarbonisation targets. The study has demonstrated that while the current guidance provides a useful framework, significant enhancements are needed to support effective implementation.

1.2 Summary of key findings

1. The guidance principles are sound but require practical enhancement. The approach outlined in Appendix 3 is fundamentally appropriate, but landlords need more detailed, step-by-step guidance on implementation.
2. Data quality remains a fundamental challenge. Without formal Data Quality Assessments and Improvement Plans, landlords risk developing TEPs based on incomplete or inaccurate information. Software integration and related data management is more complex than anticipated. The interaction between asset management systems and energy modelling software (and the landlords' internal data) presents significant technical challenges.
3. Analytical capabilities are a critical limiting factor. The complexity of developing and sequencing TEPs for every dwelling in a housing stock requires specialist skills that most landlords currently lack internally.
4. The transition from initial to final TEPs requires clearer processes. Landlords need more detailed guidance on integrating theoretical improvement measures with practical constraints including those of a financial or technical nature
5. Resource and funding gaps are substantial. The scale of investment required to achieve targets far exceeds current funding levels, creating significant planning challenges. More guidance on how these challenges should be addressed when developing TEPs is needed.
6. Reporting readiness varies significantly. While most landlords intend to submit dwelling-level data by Spring 2025, the quality and completeness of this data will vary considerably.

1.3 Critical Issues Requiring Welsh Government Support

1. Funding Gap Reality: The pilot has revealed average per-dwelling costs of £25,000-£30,000 to achieve targets, creating an annual funding requirement significantly higher than current levels. Landlords need clarity on how this information will inform future funding strategies.
2. Target Achievement Feasibility: Only 28-45% of dwellings could achieve SAP 92 in completed pilots. This suggests significant technical limitations that must be addressed through policy or alternative compliance routes.

3. Skills and Resource Constraints: A national shortage of retrofit assessors, coordinators, and data analysts is undermining delivery capacity. Strategic workforce development is needed alongside technical guidance.
4. Short-Term vs. Long-Term Planning Tension: Current ORP funding drives short-term thinking, diverting resources from strategic planning. A more integrated approach to funding and compliance is needed.
5. Practical Implementation Guidance: Landlords require more detailed step-by-step guides and templates, particularly for DQAs, DQIPs, and transitioning from initial to final TEPs.

1.4 Way Forward

Based on the findings of this study, we recommend the following way forward for Welsh Government:

1. Enhance the guidance document with the specific recommendations outlined in this report, particularly focusing on templates, step-by-step guides, and clarification of key concepts most notably TEPs and consider the reintroduction of the concept of Provisional TEPs.
2. Develop practical implementation tools including templates for DQAs and DQIPs, reporting formats, and sequencing frameworks for TEPs.
3. Invest in training and knowledge-sharing and retention initiatives to build analytical capacity.
4. Develop case studies of best practice to demonstrate effective approaches to key challenges.
5. Create a knowledge-sharing platform where best practices, case studies, and lessons learned can be shared among landlords.
6. Engage with software providers to improve integration capabilities and develop tools specifically designed to support WHQS compliance.
7. Provide clarity on initial reporting expectations for Spring 2025, acknowledging the varying stages of landlord preparedness.
8. Facilitate WHQS textual (as opposed to spreadsheet based) reporting through additional standardised templates and training.
9. Review funding models considering the substantial investment requirements identified through the pilot.
10. Provide clarification on targets and how they relate to each other, particularly the relationship between SAP 75 and SAP 92 requirements.
11. Consider a phased implementation approach that recognises the significant challenges identified in achieving full compliance.

The pilot study has demonstrated that with appropriate guidance, support, and resources, landlords can develop comprehensive approaches to decarbonisation. However, the scale of the challenge should not be underestimated, particularly in terms of funding requirements and technical constraints.

