



Llywodraeth Cymru
Welsh Government

Number: WG54274

Welsh Government response to WHQS Pilot Study Lessons Learnt Research: Summary of key findings August 2025 – drafted by Sustenic.

March 2026

Mae'r ddogfen hon ar gael yn Gymraeg hefyd / This document is also available in Welsh
Rydym yn croesawu gohebiaeth a galwadau ffôn yn Gymraeg / We welcome correspondence and telephone calls in Welsh

Context

The Welsh Housing Quality Standard (WHQS) 2023 was implemented in April 2024 and sets challenging decarbonisation targets for all social landlords in Wales to achieve. The Welsh Government (WG) is committed to helping landlords achieve the targets set out in the standard.

Part 3 of WHQS contains decarbonisation targets and appendix 3 of the accompanying guidance outlines a pathway to achieving these targets. A pilot study involving 8 landlords from across north, south and mid Wales took place from September 2023 to November 2024 to test the clarity and substance of the guidance. The 8 landlords, including both Local Authorities (LAs) and Registered Social Landlords (RSLs), worked with external consultants Sustenic to progress their approach to improve affordable warmth and achieve decarbonisation as set out in Part 3 of the standard.

Following the completion of the pilot study, WG tendered on Sell2Wales to seek a consultant to assess the lessons learnt from this exercise. The contract was awarded to Sustenic and the Executive Summary of their findings is published on our website.

The summary report presents the pilot study outcomes and key findings identified by participating landlords. It also highlights some critical issues requiring WG support and suggests a way forward.

A series of recommendations have been considered by WG officials. Some recommendations have been accepted in full, whilst others have either been accepted in part or rejected.

Briefly the areas of concern raised by the report were around:

- Having the right data – collecting it, improving it and maintaining it
- Having sufficient skilled people within LAs and RSLs with the expertise to undertake the work
- Having the right software and management systems – which allow for appropriate data collections, and reporting to WG
- Understanding the targets – particularly the relationship between SAP75 and SAP92
- Knowing that there is long term funding available – landlords expressed a need for certainty of funding to achieve the targets

- Understanding the WG reporting requirements – being able to report efficiently to WG due to the change in reporting requirements

‘Critical areas’

The Lessons Learnt Research identified 5 critical areas that required WG support. Whilst WG acknowledges the challenge to landlords in achieving the standard, it believes the standard is flexible in its approach to allow for these challenges to be overcome. Below are the WG responses to each critical area identified in the report.

1. **Funding Gap** – *‘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.’*
 - a. WG accepts that landlords have a funding gap between current levels of funding and the total estimated funding required to meet the targets for all homes.
 - b. WG officials will use the funding requirements data to develop options for Ministers on future WG funding schemes, in the context of the wider need to decarbonise all housing in Wales and to reduce levels of fuel poverty for households across all tenures.
 - c. WG has been clear that, while government funding will have a part to play, it cannot be the sole source of funding for this work. We will support the sector to explore alternative sources of funding, including private sector investment offers.
 - d. Landlords should (i) continue to improve their stock data so that they can have greater certainty regarding total cost of meeting the standard and (ii) in the short term, develop viable projects to benefit from funding as it becomes available e.g. through Optimised Retrofit Programme (ORP) in-year supplementary funding.

2. *Target Achievement Feasibility* – *‘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.’*

- a. WG accepts the figures quoted in the report. The standard is long-term and there is no fixed deadline associated with achieving SAP 92/ EIR 92. However, the purpose of the standard is to periodically review the availability and efficacy of technologies over time and to plan to achieve the greatest level of energy efficiency in each social home.
- b. The standard requires TEPs to be in place and to be reviewed and updated over time as technology and funding allows for progression towards the targets.

3. *Skills and Resource Constraints* – *‘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.’*

- a. WG accepts that this is a significant challenge to landlords and is working with training providers to increase the number of skilled workers.
- b. WG is reviewing Welsh landlord submissions to ORP to better understand supply and skills development. WG has instigate a working group with WG officials from Residential Decarbonisation Policy and Skills Policy, Qualifications Wales, MEDR (the commission for Tertiary Education and Research) and the four Regional Skills Partnerships to support the funding review of industry sector training in Wales.
- c. WG is liaising closely with some 40 Industry Advisory Bodies that also oversee the maintenance, repairs and improvement measures delivered.
- d. WG has commissioned an external review of the workforce required to deliver retrofit projects now and in the future.

4. Short term vs long term planning tension – ‘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.’

- a. WG is aware of the frustrations around one-year funding settlements, and the call for a longer-term commitment to enable better planning and more strategic delivery programmes.
- b. Whilst we recognise longer funding cycles would strengthen a more integrated approach, it should be noted that WG budgets are dependent on settlements from the UK Government and subject to prioritisation exercise through the Welsh Government’s budgetary processes. Budgets must also be passed with support from a majority of the Senedd.
- c. When developing options for funding residential decarbonisation, including considering a replacement for ORP, WG officials will provide advice on the high-level scheme design including options spanning multiple financial years. It will be for the next government to take the decision on potential future funding schemes.
- d. In the meantime, the ORP promotes and supports long term strategic thinking through its assurance process and advice, which covers elements such as consideration of alternative funding, skills, supply chain, stock modelling and sequential works.

5. Practical Implementation Guidance – ‘Practical Implementation Guidance: Landlords require more detailed step-by-step guides and templates, particularly for DQAs, DQIPs, and transitioning from initial to final TEPs.’

- a. WG agrees that some additional guidance would be helpful, especially around the process of developing TEPs. However, it does not think step by step guides are necessary. Step by step guides and templates can be restrictive and constrain individual practices. WG intends to share good practice by publishing examples and case studies from landlords.

- b. WG run Community of Practice events throughout the year and are open to using these to showcase landlord approaches to developing TEPs and strategic programmes of work across their housing stock.
- c. WG will work with landlords to address data quality issues, as this is an area of concern.

Recommendations from the Report and WG responses

In addition to the 5 critical issues above the report also identifies 11 recommendations. WG responses to these recommendations are listed below. has considered these recommendations and will either accept the recommendation in full or part or will reject the recommendation.

Recommendation	Accept in full/ accept in part/ reject	Reason for response
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.	Accept in part	<p>WG agrees that the guidance can be strengthened and made clearer to help with understanding. This will be published in Summer 2026 subject to agreement of the new government.</p> <p>WG does not feel that step by step guides are necessary nor the reintroduction of provisional TEPs. We will ensure the guidance is clear that a TEP may be reviewed and amended over time as technologies, and their costs, change.</p>
Develop practical implementation tools including templates for Data Quality Assessments (DQAs) and Data Quality Improvement Plans (DQIPs), reporting formats, and sequencing frameworks for TEPs.	Accept in part	WG agrees that further support is required in relation to data quality, which is likely to take the form of workshops and discussions and additional guidance to supplement the Data Collection Chapter within the standard, which

		<p>will be published in summer of 2026 subject to agreement from the new government.</p> <p>WG has also revised the previous Compliance Policies into a Compliance Monitoring Report (CMR) for which there is now a template.</p> <p>WG does not agree that the introduction of templates for DQAs or DQIPs are necessary. Landlords are reminded that The Government Data Quality Framework – GOV.UK, is a link in the standard that provides information in this area</p>
Invest in training and knowledge-sharing and retention initiatives to build analytical capacity.	Accept	<p>WG will continue to work with training providers to increase the capacity of the available workforce.</p> <p>WG officials will review the availability and effectiveness of knowledge-sharing initiatives and work with the sector on options for future support.</p>
Develop case studies of best practice to demonstrate effective approaches to key challenges.	Accept	WG agrees that case studies are useful and will publish case studies in the form of presentations from WG / Landlord workshops alongside the guidance contained in the standard.
Create a knowledge-sharing platform where best practices, case studies, and lessons learned can be shared among landlords.	Accept	A number of platforms already exist to share best practice, including the Zero Carbon Hwb https://zerocarbonhwb.cymru/ WG officials will review the Hwb alongside other knowledge-sharing initiatives and work with the sector on options for future support.

<p>Engage with software providers to improve integration capabilities and develop tools specifically designed to support WHQS compliance.</p>	<p>Accept in part</p>	<p>Choice of software is for the landlords and WG needs to be careful to ensure that the market remains flexible and open to innovation.</p> <p>WG will consider annual meetings with key Asset Management software suppliers to discuss support for WHQS compliance. Community Housing Cymru and the Welsh Local Government Association will be invited.</p>
<p>Provide clarity on initial reporting expectations for Spring 2025, acknowledging the varying stages of landlord preparedness.</p>	<p>Accept</p>	<p>WG were clear that we understood landlords were at varying stages of preparedness ahead of collecting data in May 2025 to represent the stock as of 31 March 2025. However, we asked landlords to provide as comprehensive a set of data as they were able to, and that we would take time to review and quality check the data following submission.</p> <p>This first data collection exercise has demonstrated the scale of the challenge and WG has been working with sector collectively, and on an individual landlord basis, to increase understanding and improve consistency of reporting. This work will continue.</p>
<p>Facilitate WHQS textual (as opposed to spreadsheet based) reporting through additional standardised templates and training.</p>	<p>Accept</p>	<p>WG has reviewed the Compliance Policies and has introduced a Compliance Monitoring Report (CMR) to allow contextual information to be provided. A template has been circulated to all landlords. In addition, landlords can now provide a narrative to accompany their data collection statistics.</p>
<p>Review funding models considering the substantial investment requirements identified through the pilot.</p>	<p>Accept in part</p>	<p>WG officials are undertaking a review of the effort required to deliver decarbonisation across all tenures,</p>

		<p>and the accompanying resource requirements including funding.</p> <p>WG have made it clear that, whilst government funding has a role to play, the sector should explore a range of alternative funding sources to bridge the gap.</p>
<p>Provide clarification on targets and how they relate to each other, particularly the relationship between SAP 75 and SAP 92 requirements.</p>	<p>Accept</p>	<p>WG has introduced a new assessment code to allow for greater flexibility between SAP 75 and SAP 92. This has been communicated with landlords through a workshop and in an Immediate Changes document that was sent out in October.</p>
<p>Consider a phased implementation approach that recognises the significant challenges identified in achieving full compliance.</p>	<p>Reject</p>	<p>WG's position is that flexibility already exists within the standard.</p> <p>The approach set out in WHQS Part 3 allows landlords to strategically align their capital programmes with the standard. The reporting codes against Part 3 can be used to record this. Landlords can plan for a phased implementation that is bespoke to their housing and their funding availability.</p>

Action Required

This document is for information only.

Contact details

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