



Excellence in management and partnership

How councils can put the ALMO advantage to work in the new regulatory environment

Introduction

ALMOs are a unique part of the local authority landscape. Since their inception in 2002 ALMOs have delivered a range of services which support the strategic objectives of councils. They sit within the local authority family as a hub of housing management, regeneration and new-build expertise, delivering operational excellence, resident engagement and good governance. They are important anchor organisations in communities, and are underpinned by robust governance structures.

This report reviews the range of models of management, partnership and assurance that have evolved between ALMOs and their parent councils. Some ALMOs have developed considerable independence from their local authority while others have a much shorter arms-length relationship. ALMO remits are also hugely varied, ranging from a tight focus on housing management to encompassing wraparound services that support their local authority's much wider strategic outcomes; from sitting in group structures to delivering on their own property portfolios.

This is why this report offers context rather than prescription. It is designed to capture the key elements of best practice and inform conversations between local authorities and ALMOs about how they can meet the challenges of post-pandemic recovery and, at the same time, be confident that their services comply with the provisions of the Social Housing White Paper and the new regulatory environment.

Who is this report for?

This report is relevant to every level of housing management. It is for local authority senior officers and politicians, their clienting teams and ALMO board members, executive managers and staff. It will also be useful for sector partners who want to understand the ALMO model better.

It offers a toolkit – a 34-point checklist that covers nine key compliance issues: council/ ALMO relationship; resident voice; complaints; performance; independent assurance; audit; governance; risk; and health & safety/building safety.

The toolkit is firmly based on evidence from the frontline of council-owned social housing management. It is therefore useful for all councils with their own housing, whether they manage their stock through an ALMO or in-house. This is because the toolkit's primary focus is good governance, tenant engagement and preparing for new regulation.

The ALMO model

ALMOs have an in-built culture of promoting the voice of residents. They have a strong track record of using this input to shape and scrutinise services, engage and enable residents as critical friends, and allocate them roles in governance structures, including at board level. It cannot be overstated how important this foundation is for responding to the core aims of the Social Housing White Paper.

The ALMO model demands more levels of scrutiny than in-house council housing departments generally have. Robust governance requirements include the oversight of a board whose membership is often equally split between councillors, residents and independents.

Residents bring experience, perspective and scrutiny; independents provide subject-specific experience in areas such as finance, risk and audit, governance and housing management; councillors maintain links to the local authority's strategic priorities and contribute their own knowledge of their wards and communities. Well-managed and transparent boards can give both the council and the regulator a greater level of assurance about stock management and housing-related services.



Coming changes

The Social Housing White Paper resets the relationship between social housing tenants and their landlords. The Regulator of Social Housing and the new Building Safety Regulator will hold a local authority directly to account for the impact on tenants of how their homes are managed.

Councils whose housing is managed by an ALMO already have a well-established management team that focuses on operational excellence and resident engagement. The ALMO model itself gives an additional layer of governance to provide further assurance, through its independent board.

The key change is that, in future, a local authority must have evidence to show the Regulator that tenants are heard and their homes are well run. A named individual within in the local authority will be responsible to the Regulator for this, and a second named person will be responsible to the new Building Safety Regulator. These individuals need to be fully integrated into the assurance structures so that they can confidently and quickly produce proof of good systems and governance either of these regulators ask for.

Other coming changes include:

- ◆ Introduction of tenant satisfaction measures (TSMs) to monitor performance, and – to come – a risk-based inspection regime and reformed consumer standards;
- ◆ A strengthened and more proactive Housing Ombudsman whose role supports the work of the Regulator of Social Housing;
- ◆ A new building safety law, currently progressing through Parliament.

- ◆ Other initiatives promised by the Social Housing White Paper including work on Decent Homes, electrical safety testing, anti-social behaviour and professionalisation of roles in housing management.

The Regulator of Social Housing is clear that it will set the outcomes it expects to see and will expect landlords to develop the framework and systems that will deliver those outcomes.

- ◆ Councils must be able to demonstrate that these frameworks and systems exist and are effective.
- ◆ RSH is also clear that regulation will be proportionate, risk-based, assurance-based and outcome-focused.
- ◆ Most importantly, the voice of the resident will be paramount. Landlords must be able to show that they listen to residents when they design, monitor and evaluate their services.

Recent comments from the Regulator strongly suggest that councils with a well-run ALMO may be better prepared to meet the new requirements than many of those with in-house services, not least because resident voice sits at the heart of the ALMO model. They are likely to already have solid evidence of good governance and assurance, scrutiny, involvement of residents and resident satisfaction. Nevertheless, the coming changes are an excellent opportunity for all parties to review and assess housing management systems and culture against the new regulatory demands.

Monitoring performance

A balance should be struck between the ALMO's work as delivery partner and the local authority's need for assurance. Given constraints on resources everywhere, the aim should be to avoid duplicating the ALMO's own data gathering and performance monitoring work.

The imminent arrival of a new regulatory regime offers an excellent opportunity to review performance monitoring and assurance systems. Openness and transparency are key; as are well-resourced clienting teams that can both support and challenge the ALMO. The council's senior managers must be fully engaged and informed because these responsibilities cannot be delegated. At all levels and in each organisation, the comprehensive checklist offered by this report's toolkit will be an invaluable resource for this work – and is easily adapted to local circumstances.

The resident voice

Consultation

The Regulator of Social Housing will demand evidence of resident consultation in all aspects of housing management work: deciding and setting standards, developing strategy, scrutinising policies, procedures and practices, and reviewing performance and satisfaction. Compliance should be straightforward for councils with ALMOs since tenant involvement is built into the model. Meaningful resident engagement should run through systems, processes and culture, and resident feedback must be heard in the right places.

Governance

Robust processes should feed information from all tenant engagement into governance. Equally, boards and councils will want to actively reassure themselves that tenants are being listened to through measures such as bringing residents into boards, scrutiny panels and other governance structures, or asking tenants' panels to review reports and decisions. A joined-up approach can also feed into improved services and processes, better value for money, and the development of new services to meet newly identified community needs.

Transparency

Openness and transparency are a key part of this; annual reviews, scrutiny reports and other documents should be freely published and available online and

in print; meetings should be open and accessible.

The case studies in this report illustrate the wide and creative methods ALMOs have developed over the years to communicate the all-important "you said, we did" element of the tenant engagement feedback loop.

Direct tenant involvement

Over the years, many different modes of direct engagement have been devised and trialled by ALMOs. They include asking tenants to write their ALMO's annual performance report; supporting active tenant scrutiny panels; training tenants to take an active role in governance as board members; and offering health, wellbeing, finance, digital and employability training as part of a broad housing services portfolio; and devising tenants-first employment and apprenticeship programmes.

Evidence

The Regulator of Social Housing will expect to see evidence of resident consultation in all aspects of housing management: deciding and setting standards, developing strategy, scrutinising policies, procedures and practices, and reviewing performance and satisfaction. ALMO boards and local authorities should also expect to see this evidence as part of their role in establishing a culture of hearing residents.

Six key messages from tenants



During the development of this report, feedback from the NFA Tenant Advisory Panel pinpointed the importance of:

The feedback loop: Hearing how their input is used makes residents feel heard. Effective communication between residents and the ALMO/local authority is vital.

Recognising tenants' knowledge and skills: The value of tenants' contributions, and particularly their first-hand knowledge of their own communities, must be actively recognised.

Training: Resident engagement structures and engagements need to be properly funded and supported to be effective. Training should show

tenants that they can choose from a range of ways to get involved and be heard, from board or governance work to less formal community groups.

Statistics versus the lived experience of residents: Performance statistics only tell part of the story and need the context that only residents can provide.

Scrutiny: An independent and trusted resident scrutiny panel should be seen by councils and ALMOs as a 'critical friend' offering valuable insight.

Diversity: A good ALMO board and all governance and engagement structures should be inclusive and representative.

The Regulator's expectations

The Regulator will develop their understanding of the specific risks that local authorities and ALMOs must manage as the Consumer Standards are reviewed and the new regulatory approach is rolled out. However, it makes sense to assume the Regulator will be looking for robust business assurance frameworks, management systems and processes.

The Regulator will want to see that organisational risks are understood by the ALMO board and executive team, the local local authority's named responsible person and others who should be in the picture, such as scrutiny panel chairs.

Key to risk management work is ensuring that the ALMO's work is aligned with its local authority's strategy and risk appetite. This work includes: creating processes for identifying and responding to new and emerging risks; managing risks arising from diversification of services; consistent business and continuity planning; stress testing; and effective communication. Getting this right will protect councils from being caught unawares by the unknown and the unexpected.

A key issue for the Regulator's work will be to ask whether robust data management systems are in place. Is the ALMO board or the local authority getting accurate information – and how can they be sure of that? Only if they are confident on this point can they properly shape long-term plans, highlight risks and demonstrate genuine performance against standards.

The six principles of partnership working

Local authority and ALMO relationships have evolved to meet local requirements and though there are many common areas of focus, there is no single standard agreement, template or model for clienting or partnership working. However, these guiding principles lay down a sound foundation.

Well-defined relationship structure

Explicit structures that set out: clearly defined roles and responsibilities for council and ALMO and their staff; for performance monitoring and reporting; for meeting and review.

Balance of roles and responsibilities

At its most evolved, the council-ALMO relationship is a partnership with potential for enhanced and ambitious service delivery. While effective 'clienting' from the council drives ALMO performance, the ALMO's specialist expertise supports the council's strategic objectives. The feedback loop between the two informs both the quality and type of services that tenants want and need.

Good communication

Good communication between the ALMO board, executive team and staff and council officers and politicians is absolutely vital and fosters trust, transparency and openness - a 'no surprises' culture.

Strategic alignment

Clear alignment of risk appetites, direction of travel and priorities between council and ALMO is essential not only for core housing management services, but also the wrap-around services that many ALMOs deliver on behalf of their local authority.

Well-resourced clienting function

To effectively support and monitor an ALMO, a council-based clienting officer or team needs the right level of skills, resources and seniority. They, in turn, need commitment and engagement to the process from senior officers within both council and ALMO.

Effective scrutiny

The new regulatory environment is an opportunity for both local authority and ALMO to review assurance processes. Local authorities can, for instance, triangulate data from their ALMOs with independent feedback from tenants and leaseholders.

