

Today's ALMO world

2013 Annual Survey – Summary Findings



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The NFA would like to thank all 47 ALMOs who completed the survey. This has enabled us to provide a summary of the scope and nature of work being undertaken by the entire ALMO sector.

The NFA will repeat the annually to identify and track trends, and share lessons and good practice between members.

Introduction

Today's environment for local authorities and social landlords is fast moving. Keeping pace with the changes in national policy, regulatory and operating requirements presents both challenges and opportunities for the ALMO sector. Over the last decade ALMOs have proved themselves to be both highly effective as local authority partners, supporting the delivery of vital services to their local communities, but have also demonstrated themselves to be versatile in their response to the changing economic climate, and needs and expectations of tenants and residents.

Building on the past successes managing large scale decent homes programmes and local authority partnerships, many ALMOs are building on these successes, and venturing into new territories. Increasing numbers of ALMOs are diversifying, and expanding the services they deliver to homes and communities. Established relationships with their local authorities means ALMOs are already very well placed to support LAs deliver a broader range of services locally.

The recent introduction of self-financing for council housing has also meant that many councils and ALMOs are able to consider new build for the first time or increase their plans to build in their communities and we are seeing evidence of that across the country.

We are also experiencing an enhanced focus on governance arrangements and structures – partially as a response to changes to the regulatory landscape, and for others to support a more innovative approach to service delivery. As the sector matures and develops it continues to review and shape its governance structures to reflect new roles and responsibilities for both ALMOs and their parent councils.

During the autumn 2013 the NFA undertook its Annual Survey, the most comprehensive survey of all ALMOs undertaken to date. The survey captured numbers and nature of stock managed by the sector, as well as looking in depth at current and planned activity, including areas such as; new build development and finance, service diversification and governance arrangements. Every ALMO completed the questionnaire enabling the NFA to create an extensive up-to-date bank of information, which can be used to support learning and good practice sharing within the sector to continue to drive excellence in service provision. The research also provides a comprehensive baseline from which emerging trends can be identified and reported, and helps the NFA shape its support and services to ALMOs over the coming months.

The key findings are structured into four main sections:

- **PART ONE: Stock management and condition**
- **PART TWO: Development and finance**
- **PART THREE: Service provision**
- **PART FOUR: Governance arrangements and management contracts.**

Key findings

Key findings from the survey include:

- **ALMOs built 450 new homes in 2013**
- **39 ALMOs have plans to build new homes in 2014**
- **60% of ALMOs are now delivering strategic housing functions such as; homelessness assessments and housing options advice**
- **47% of ALMOs are delivering services to the PRS, managing a total of 457 private properties. A further 26% of ALMOs are considering developing PRS services within the next 12 months**
- **34% ALMOs manage homes on behalf of other social housing landlords**
- **More than a third of all ALMOs are delivering services to non-domestic properties**
- **Half of all ALMOs are delivering services to wider markets to generate additional income**
- **ALMOs are increasingly entering into more long term management agreements, with 22 ALMOs having agreements extending past 2019.**

PART ONE: Stock management and condition

The ALMO sector, made up of 47 ALMOs, is responsible for the management of more than 650,000 homes across England. Although some ALMOs have been taken back in house recently new ALMOs continue to emerge, and this year saw the creation of the new Shropshire Town and Rural Housing (STAR). The NFA is also holding conversations with a number of local authorities that are considering the ALMO model for future service provision, with Northampton Borough Council having agreed in principle to establish a new ALMO by January 2015.

Numbers of properties managed

Region	Number of ALMOs	Total Stock Managed
London and Southern	18	281,351
Midlands	7	98,520
North	17	244,557
South West	5	30,097
Total	47	654,525

Property nature and ownership

	No. of properties
LA General Needs	522,277
LA Supported Hsg	29,905
LA I/hold	83,378
ALMO General Needs	749
ALMO Supported Hsg	40
ALMO L/hold	14
ALMO Shared o/ship	39
Other	18,123

Key facts

- A total of 654,525 are managed by ALMOs across England (as at 1st December 2013)
- More than a third of ALMOs(36%) are registered with the HCA as a Registered Provider
- 16 ALMOs (34%) manage stock on behalf of another social landlord and 26% are also managing stock in the PRS
- Almost a third of ALMOs (32%) currently offer management and/or maintenance services to non-domestic properties, including the schools, commercial and retail units, and community and civic buildings.

PART TWO: Finance and development

The development and new build landscape has continued to dramatically change for ALMOs over the past few year.

The bedding in of the new self-financing regime has brought many positive changes to the way in which councils and ALMOs manage their HRA Business Plans and choose to develop. This has given most councils and ALMOs more options for new build, regeneration, asset management and on-going maintenance.

However, the government's approach to accounting for public sector borrowing and the commitment to reducing the overall amount of that borrowing have hit ALMOs and councils hard. Many ALMOs are not receiving HCA grant because in the HCA Value for Money Test not only the grant is taken account of, but so is any borrowing they are undertaking to develop.

ALMOs continue to innovate and look for new funding sources and are working very closely with their parent councils to try to overcome some of these barriers and make the most of their assets for the good of their communities.

Management of the HRA

As self-financing became a reality and councils started to review their arrangements quite a few councils decided to take back the management of the HRA from their ALMO. However around 40% of ALMOs still have some role in managing the HRA Business Plan, with 12 managing it on behalf of the council. This allows their councils to make the best use of their skills, knowledge and expertise in asset management and managing the stock.

Management of the HRA	Number of ALMOs	%
Manage the HRA on behalf of their parent councils	12	25
Jointly manage the HRA with their council.	7	15
Do not manage the HRA on behalf of their parent councils.	28	60

Decent Homes

45% of ALMOs have now met the decent homes standard but 55% report that not all of the housing they manage meets the decent homes standard. That 55% includes Round 5 and 6 ALMOs still completing their decent homes programmes, the majority of whom expect to complete the work by 2015. In addition some ALMOs will require a different solution to the main stream programme of new roofs, windows, bathrooms and kitchens, and are pursuing alternative options such as stock transfer or wider regeneration schemes.

Most ALMOs with some non decent stock only have between 1% and 10% of stock that is still not up to standard, and have on-going self-funded programmes to address the stock condition. As time goes by homes will continue to fall in and out of decency but the self-financing HRA Business Plan will now enable the vast majority of ALMOs and Councils to manage that and provide on-going maintenance programmes for their stock.

Some of the remaining stock to be brought up to decency is old sheltered accommodation which is no longer fit for purpose and needs remodelling or demolition and re-provision.

New Build

Whilst ALMOs and local authorities have both been hit hard by changes in HCA grant funding arrangements the NFA continues to campaign hard for changes to finance/borrowing arrangements. Seventeen ALMOs are now Registered

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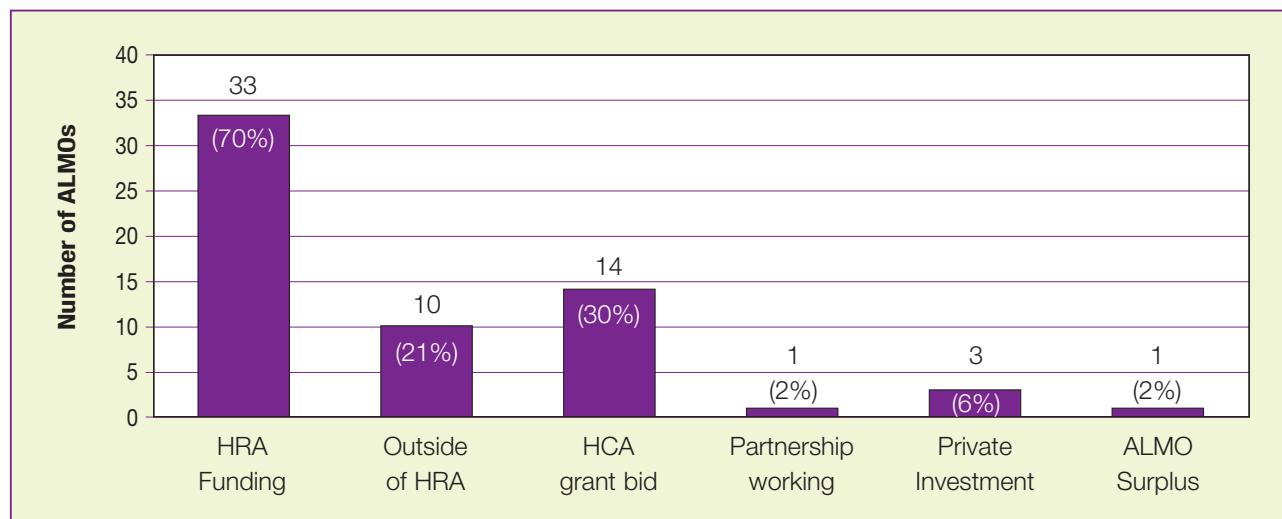
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Providers with the HCA, and during 2013 three ALMOs built 111 new ALMO owned homes. This increased the total number of ALMO owned properties to 842 across the country. A further 9 ALMOs are planning to build ALMO owned homes in the coming year, reflecting a diverse approach to building new homes at the local level.

However, the introduction of self-financing for council housing means that many more councils are able to build within the HRA than could previously, and 2013 saw ten ALMOs building an additional 339 homes for their parent council. A further 34 ALMOs are also planning to develop homes for their councils over the next 12 months.

During 2013 approximately half of all of the new build was financed inside the HRA, and half from outside of the HRA. This included a couple of ALMOs working in partnership with housing associations, and one working with a private investor. In 2014 it is expected that most new build will be financed within the HRA – though 14 ALMOs are looking for HCA grant funding. Others are looking at private finance, and one is planning to use the ALMOs own surplus to build.

Sources of Funding for ALMO Development



Acquisitions

ALMOs are also acquiring new properties, either for the ALMO itself or on behalf of the local authority. In 2013 the sector acquired 131 properties, and 20 ALMOs have plans to acquire further property for themselves or the council in the coming 12 months.

Key facts

- **40% of ALMOs have some role in managing the HRA Business Plan**
- **17 ALMOs (36%) are Registered Providers with the HCA**
- **Last year ALMOs built 450 homes (ALMO and council owned) and acquired 131 homes for both ALMOs and councils.**

PART THREE: Service provision

ALMOs make highly effective local authority partners, already trusted and proven to deliver housing management services to their local tenants and community. Changes in recent years in the economic climate, and national policy and regulatory frameworks have presented local authorities and ALMOs with both challenges and opportunities. ALMOs are now diversifying in the scale and nature of services they offer, working with their parent local authority to enhance the range of services delivered to communities.

ALMOs are also adopting a more commercial approach to the delivery of services in the wider market place, generating increased investment and creating social value for tenants and residents.

This section looks at the scale and nature of additional services being delivered by ALMOs currently, and also identifies areas where ALMOs have indicated their intention to explore expanding into new areas over the next 12 months.

Existing service provision

Providing services	Number of ALMOs	%
Allocations/housing advice	28	60
Homelessness services	9	19
Management of commercial/retail properties	12	25
PRS	12	25
Cross tenure ASB	11	23
Adult support services	8	17
Family support services	8	17
Money advice	22	47
Emergency OOH services	18	38
Tackling worklessness	23	49
Call centre	8	17
HR / Back office services	10	21
Other	5	11

'Other' services shown above include the management of:

- Gypsy and traveller sites
- Disabled facilities grant
- Furniture services
- Gardening services
- Food bank
- Public building works and dangerous structures.

Care and support services

Currently 60% of ALMOs deliver care and support services in one form or another. Of the 40% that currently do not deliver care and support, 6% have indicated this is an area they will be considering developing in 2014.

Of the 28 ALMOs that currently deliver care and support services the table on the next page indicates the nature of the customer they provide services to.

	Numbers and percentages
Deliver services for own LA	25 (90%)
Deliver services for other LAs	2 (7%)
Deliver as a market product	10 (36%)

Private rented sector services

One of the most notable areas of service growth evidenced by our research is around the provision of a variety of different services to the PRS.

- 22 (47%) of ALMOs are currently providing services to the PRS with a further 12 (26%) considering developing services over the next 12 months.
- PRS services currently offered include; housing management, repairs and maintenance, gas servicing, allocations, tenancy support, lifeline services, community alarms, furniture services, and residential lettings.

Generating additional income

More than half of all ALMOs (51%) currently deliver services to the wider market as a means of generating additional income for the ALMO. With a further 23% indicating that they are considering developing commercially focused services in the future.

The most commonly developed services include:

- Care and support services to private homes (12 ALMOs)
- Repairs, maintenance and gas services (10 ALMOs)
- Estate and grounds maintenance (5 ALMOs)
- Development and asset management services (4 ALMOs).

Additional services currently being delivered include:

- Consultation services
- PV unit installation
- IT and call centre services
- Furniture scheme
- Lifeline and emergency call services
- Disaster recovery.

Key facts

- **47% of ALMOs are delivering services to the PRS, a further 26% are considering developing PRS services within the next 12 months**
- **21% of ALMOs deliver care and support services as a market product**
- **Allocations/ housing advice, tackling worklessness, and money advice are key priorities – half of all ALMOs are currently delivering services in these each of these areas**
- **Half of all ALMOs deliver services to the wider market as a means of generating additional income – with an additional 23% looking to develop commercially focused services.**

PART FOUR: ALMO governance arrangements and management contracts

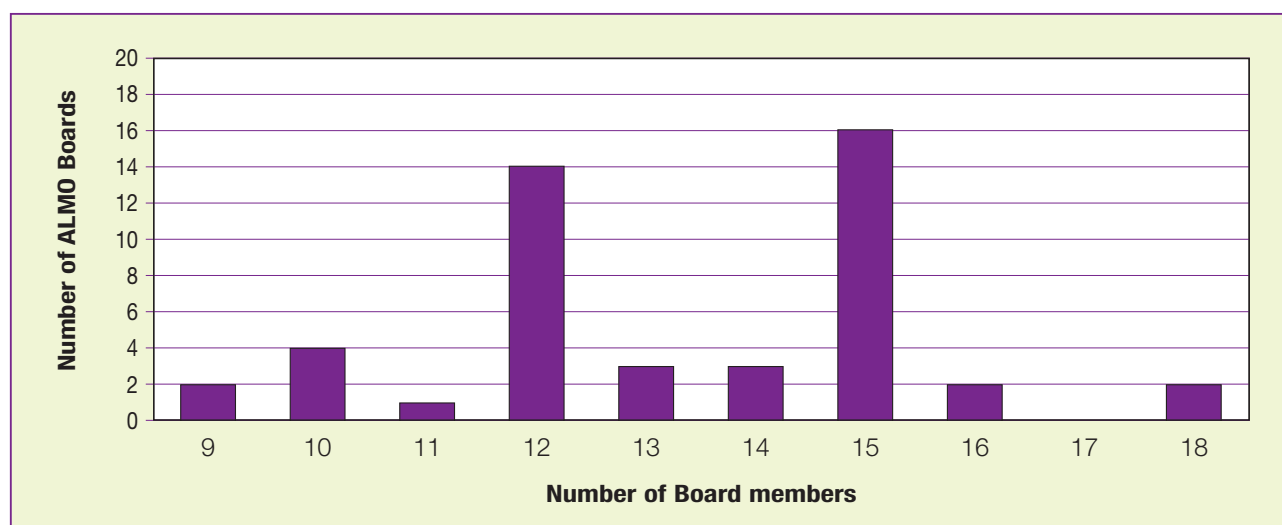
Governance arrangements

Research shows that across the sector ALMO Board membership continues to be most commonly structured with equal numbers of tenant, independent, and local authority nominated Board members.

At present 40% of ALMOs make payment to their Board Chair and/or Board Members for their services. This contrasts to 60% of ALMOs who do not currently make any payment to their Board members. However, a further 12% of ALMOs are considering making payments in the future. This may be an indication of an aspect of governance that is currently receiving closer attention.

The chart below shows how many Board Members currently make up ALMO boards.

Number of Board Members



Management agreements

The majority of management agreements (78%) follow the standard or adapted Trowers and Hamlin's Model Agreement, with 11% of ALMOs having a partnership agreement with their LA. The remaining 11% (5 ALMO) have developed bespoke agreements, incorporating elements of partnership and modular management.

Over the last 12 months 18 of ALMOs (38%) have had their existing management contract reviewed by their local authority and extended, and a further 15 (32%) have reviews planned during 2014.

Recent changes to management functions as a result of contract reviews this year include:

- Added responsibility for the management of traveller sites, housing options and homelessness services, PRS leasing schemes and the administration of disabled facilities grants
- Transition arrangements to a more shared service provision arrangement
- Necessary amendments to enable the ALMO to achieve Registered Provider status, and to enable an ALMO to deliver services outside of the local authority boundary.

Management Contract Periods

This table sets out the current Management Contract expiry periods:

	Period of current contract expiry
2014 – 2018	25 (53%)
2019 – 2023	16 (34%)
2024 – 2028	2 (4%)
Post 2028	4 (9%)

Key facts

- **40% of ALMOs currently make payment to one or more Board Members in order to secure appropriate skills and expertise. A further 12% are considering making payments in the future**
- **77% of ALMOs have a three year term of office for Board members, with many having a limit of three terms of office. A small number of ALMOs have four and five years terms of office.**
- **Board membership is commonly structured equally between tenant, independent, and local authority nominated Board members, with two thirds (64%) of Boards having 12 or 15 members.**

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