



Championing better homes and communities

Social Housing (Regulation) Bill

House of Lords Briefing – Second Reading

23 June 2022

Introduction

The Grenfell Tower Fire in June 2017 led to a fundamental shift in the government's approach to social housing and its regulation. [The Charter for Social Housing Residents](#) (Social Housing White Paper), published in November 2020, focused on resetting the relationship between tenants and landlords, making sure tenants are safe in their home, that they have good quality homes and neighbourhoods to live in, and that the tenant voice is respected and heard.

Social Housing (Regulation) Bill

The Social Housing (Regulation) Bill is intended to introduce the new regulatory measures proposed as part of the Social Housing White Paper. Our members have welcomed the increased focus on regulation and the new regulatory powers; and are already preparing for the new regulatory framework.

This briefing from the NFA explains why we support the bill, and why we hope House of Lords legislators will use this opportunity to highlight what the arm's length council housing management model has achieved so far – and how much more it could bring to this new regulatory regime if it were to be used again.

Getting ready for regulation

We have published [a guide for councils who manage their housing stock through an arm's length management organisation – an ALMO](#). NFA members' councils, housing managers and residents were asked by our researchers how they check whether their services are of good quality and meet the needs of tenants. The resulting guide, based on first-hand experience, is intended to help councils and their ALMOs be sure of two things: that they are complying with the coming changes; and that they are listening carefully to what tenants have to say about how their homes and communities are managed.

This work is also the basis of [a tenant's guide](#) that answers questions about what they can ask of their council, ALMO, the new Regulator of Social Housing and the Housing Ombudsman under the new regulatory regime.



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The NFA is a firm supporter of these changes, having worked closely with government, tenants and our own members to help shape the new framework and draft the yearly tenant satisfaction measures (TSMs) that will monitor the performance of larger landlords.

We welcome this Bill. The sooner it passes into law, the sooner tenants will start to see the proactive regulation that will help improve the standard of both their homes and the services they receive.

Learning the lessons

Our researchers reviewed the regulator's judgements and the Housing Ombudsman's casebook and found that so much poor performance from all types of social housing provider was rooted in poor systems, poor culture and a failure to listen to tenants. While some ALMO landlords have featured in these judgements alongside local authorities and housing associations, it is not the model itself that has failed. Invariably the issue has been one of good governance, and whether parent local authorities actively seek assurance that their ALMOs are well-run and effective.

Our report focuses on exactly this issue. Informed by feedback from the NFA Tenant Advisory Panel, it sets out how our members have achieved the productive relationship we see in the best-performing local authorities and their ALMOs. *It answers this question: what does a well-run ALMO look like, and how can local authorities assure themselves – and therefore the regulator – that their ALMO is well-run?* The report's questionnaire toolkit covers all the issues that councils and their ALMOs should be addressing.

The tenant voice

Active listening to tenants by landlords is key to the success of these regulatory changes. To help landlords review how they currently do this, and whether what they do meets the new demands, in April 2022 the NFA published a best practice briefing, [Tenant Voice: How ALMOs listen to tenants and deliver good customer services](#). It looks at three areas: organisational culture, customer services, and how tenants believe landlords can most effectively involve them. To achieve its stated outcome, the new regulatory regime needs to be able to assess whether a social housing landlord:

- **effectively involves tenants in setting service standards and monitoring and scrutinising performance**, and can demonstrate that its culture, systems and processes are designed so tenants can effectively make their voices heard;



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- **is well-run, with the right governance in place** to have sufficient oversight and control over the organisation;
- **has robust operational systems**, so they have a good picture of the quality of service delivery and can use this to identify problems and continuously improve;
- **has the right organisational culture** to deliver good quality services – organisational culture underpins everything a landlord does, defining the relationship between landlord or managing agent and the tenant;
- **has a focus on the principles of good customer service**, which includes both the delivery of services and also what happens when things go wrong;
- **has professional, knowledgeable staff** who deliver high quality services.

What matters to tenants?

The NFA has a Tenant Advisory Panel of involved tenants from across the ALMO sector. Talking about the relationship between landlords and tenants, panel members told us:

- **Language and communication is important.** Tenants want information in plain English, free of jargon and acronyms. Likewise, data presentation needs to be accessible and transparent so tenants can easily draw conclusions from it.
- **The feedback loop.** Tenants need to hear how their views feed into changes. A proposed question for the tenant satisfaction measures asks whether tenants feel that their landlord acts on what they say. Listening is often easier to prove, but it is important that landlords are also able to show tenants how their input has led to change.
- **The value of lived experience.** Performance statistics need to be set alongside the lived experience of tenants. Relying too heavily on data without talking to tenants will lead to poor decision-making.
- **Landlords need to recognise the skills and knowledge tenants bring to governance structures.** Tenants are a valuable resource; they have first-hand knowledge of their communities and the issues that residents face, and they broaden the skillsets of the forums they contribute to.
- **Training.** Tenant involvement structures need to be properly funded and should include a training budget for tenants. There should be a range of entry points so that tenants can choose the type of involvement which suits them.
- **Diversity of engagement structures is important.** A good board should be representative of the communities where the organisation works. Involvement structures should be diverse and inclusive.

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The ALMO sector

ALMOs were first established twenty years ago to improve housing services to council tenants, deliver the Decent Homes programme and put the focus back onto core day-to-day housing management. Their work was monitored by the Audit Commission's Housing Inspectorate.

The ALMO model was a response to deep concerns about the physical quality of social housing, the disenfranchisement of tenants, and the customer service of local authority housing departments. Local authorities were encouraged to set up housing companies where tenant voices were heard at the highest level. While operational housing services were brought out of the day-to-day machinations of politics, local authorities did not lose democratic control of their housing. Funding for Decent Homes work depended on whether a council's housing service met regulatory standards.

All the evidence is that the ALMO model worked. The quality of homes improved, organisational culture improved and ALMO tenant voice work led the field.

We argue that this is why the ALMO model is particularly well placed to deliver the new proactive regulatory regime. It is a ready-made vehicle for 'compliance confidence'; a specialist, operationally focused company, fully owned and properly monitored by the local authority, but with its own high-level board and a governance culture that integrates tenant involvement in its processes. All social landlords will have to meet the demands of the Regulator of Social Housing, the new Regulator of Building Safety and the Housing Ombudsman. ALMOs can be an indispensable tool to reassure councils that they are good landlords and that their tenants have high quality homes and excellent service from dedicated staff.

At the model's height, England had 70 ALMOs managing 898,500 homes. Today there are 24 ALMOs across England from Newcastle to Cornwall, and they manage around 300,000 council homes. The NFA is the membership body for these ALMOs. We look forward to working together with you to deliver the promise of better regulation in the social housing sector for tenants.

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