NFA

Championing better homes and communities

ALMO-managed council housing: The customers' verdict

Results from the first full year of compulsory tenant satisfaction measures

An NFA briefing for policymakers, practitioners and stakeholders

September 2024

Since April 2024, all social landlords have been required by the Regulator for Social Housing (RSH) to submit and publicise their survey results for the new Tenant Satisfaction Measures (TSMs) which assess landlord performance on metrics such as the quality of homes, repairs services and complaints response.

The NFA represents the specialist housing management organisations – ALMOs – set up by England's local authorities to manage council-owned homes.

The first full year of TSM survey data is now complete. Independent housing insight specialists Housemark, commissioned by the NFA to review its members' performance in the context of the wider council housing sector, finds that:

- **at the median point, specialist ALMO housing service delivery and TSM ratings outperformed direct local authority delivery on all metrics analysed.**
- **their 'landlord satisfaction' score is 11 percentage points higher than the median for direct delivery by in-house local authority teams.**
- **delivery by these specialist council-owned housing organisations is also better value for money, with an average overall cost per property of £2537 – £81 lower than the direct local authority management average.[1]**

The Housemark analysis draws on TSM data from 18 NFA members and 62 local authorities to compare direct council management with that of council-owned housing specialist organisations.[2] In an earlier iteration of this analysis, Housemark was also asked to compare front-line resourcing, delivery costs and performance outcomes using data from the 2022/23 Housemark benchmarking submission, This analysis found **ALMOs outperform local authorities across all housing management metrics analysed in this study**. This brief summarises key data points for stakeholders.[3]

[1] Cost per property refers to staff and non-pay costs related to the delivery of front-line services divided by the number of relevant units managed, to allow comparison between landlords regardless of stock numbers.
[2] All data was anonymised. The TSM definitions and calculations used in the analysis were consistent with those set by the Regulator for Social Housing.
[3] Please direct requests to see the full report to the NFA Head of Policy.

NFA - National Federation of ALMOs
Unit A1 Viscount Centre, Millburn Hill Road, University of Warwick Science Park, Coventry CV4 7HS
T +44 (0)24 7527 1868
E info@almos.org.uk
www.almos.org.uk
@NFA_ALMOs
Company Reg. No: 6781539

Key findings

On average, the **better performance and higher tenant satisfaction delivered by a council-owned housing specialist ALMO costs no more than direct delivery of housing services by a local authority**. In many cases, the ALMO model costs less and is better value for money.

What tenants report

- 76 per cent of NFA members' tenants are satisfied with their landlord's services overall, compared to the local authority median of 65 per cent.
- At the median point, NFA members outperform local authorities across the 12 perception-based Tenant Satisfaction Measures.
- In the first full year of TSMs, they have achieved an overall satisfaction score higher than both local authority medians and social housing sector medians (in other words, including data from housing associations and other non-local authority registered providers).

Performance

- NFA members' scores compare favourably with other sector providers on the management information measures that interrogate service delivery, such as Decent Homes compliance, non-emergency repairs completed, and complaints responded to within target timescales.
- Compared to local authorities, a higher proportion of NFA members are fully compliant against the five building safety metrics.

Complaints

- They complete a considerably higher percentage of Stage 1 complaints within target time, though complaints volumes doubled in the six months April 2024 to 38.5 per 1,000 units at the median point.
- The management of complaints by the ALMO group is good; 88 per cent of stage one complaints and 97 per cent of stage two complaints are completed within the Ombudsman's target timescales on average, higher levels than achieved by direct local authority management (74 per cent and 70 per cent). Average satisfaction with ALMOs' complaints handling is also 13 percentage points higher.

Repairs

- Effective management of repairs is a key priority for tenants. ALMOs perform well in this area in the TSMs. On average, they complete a higher proportion of non-emergency repairs within target timescale at 91 per cent, compared to a local authority median of 85 per cent; and a higher percentage of emergency repairs within target timescale (99 per cent versus 95 per cent). Satisfaction with repairs is 12 percentage points higher.
- They complete a higher proportion of non-emergency repairs within target timescale at 87.0%, compared to a local authority median of 81.8%.

In summary

- ALMOs deliver better value for money across housing management, responsive repairs, void works, and major works services.
- They outperform local authorities across all housing management metrics analysed in this study.
- **They deliver this better performance and higher tenant satisfaction at the same cost or less than direct council delivery – the average cost per property for ALMO services is £2,537 compared to £2,618 for local authorities.**

What is an ALMO?

The first ALMOs were created in the early 2000s in response to a central government push to improve the quality and management of council-owned social housing.

Grant funding to update council homes was offered on condition that local authorities set up specialist 'arms-length' housing management organisations governed by independent boards, and allowed their service delivery to be assessed and rated by inspectors from the Audit Commission.

Most ALMOs geared up to earn the maximum three-star rating and were able to draw down central government funding to upgrade homes to meet the 2001 Decent Homes Standard.

ALMOs are wholly owned and overseen by their parent council.

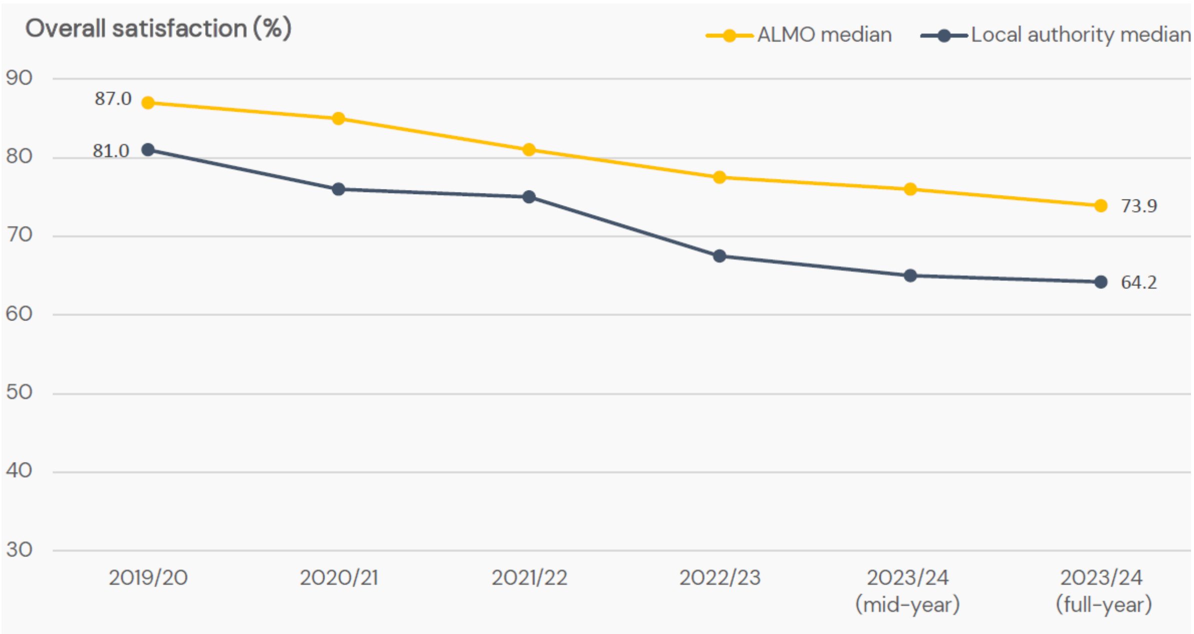
- The local authority remains the landlord, and ALMOs manage council homes with secure tenancies
- ALMOs foster expertise-led housing management without the loss of democratic accountability or control
- They benefit from the strategic oversight of an independent board made up of tenants, councillors and independent members who offer a range of additional expertise
- They are tenant-focused, offering residents a range of channels and levels of involvement to make sure their views are heard and acted upon
- Unlike many larger housing providers, they are embedded in their communities and have a deep understanding of local issues
- Through their independent, housing-focused data collection processes, they can conclusively demonstrate to their parent councils and the Regulator of Social Housing that their services are compliant, high quality and value for money.

TSM first full year results – a detailed summary

ALMOs are wholly owned by their parent council but deliver housing services independently of other council services. This analysis shows that they outperform directly delivered council housing services across all satisfaction measures at the median. ALMOs also compare favourably on the measures that look at service delivery – Decent Homes compliance, repairs, and complaints.

Overall satisfaction is the 'headline' TSM and because it has been part of Housemark's STAR framework for many years, there is significant historical data on this across the sector. **Over the past five years, overall satisfaction among ALMO tenants has been consistently higher** – between six and 11 percentage points – than for local authorities.

Figure 1: Overall tenant satisfaction 2019/20–2023 (%)



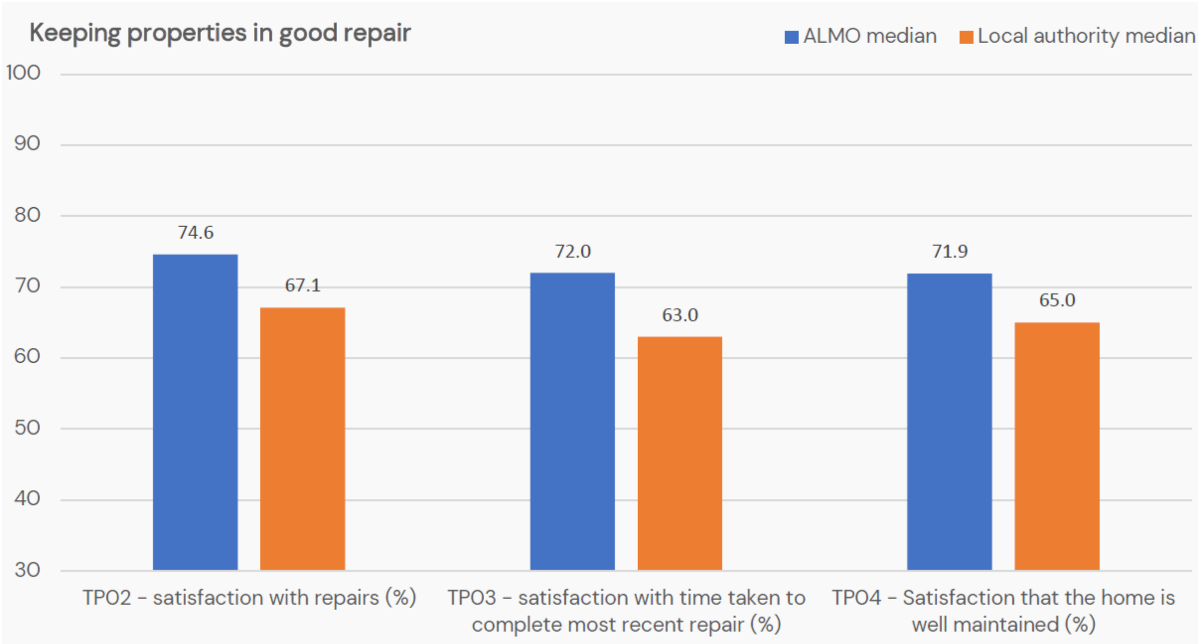
It should be noted that overall satisfaction is declining for all types of landlords – but has declined less for ALMOs than for local authorities. For all landlords, increased staff turnover, skills shortages, an increase of more than 20 per cent in labour and materials costs in recent years, increasing rent arrears and similar factors are feeding into performance pressures such as increased call waiting times, squeezed budgets, declining repairs volumes and increased complaints volumes.

Keeping properties in good repair

Reporting a repair is one of the main reasons for a tenant to get in touch with their landlord – Housemark data shows an average of just over three completed repairs per property per social landlord. It is therefore important for landlords to make reporting a repair easy, with timely completion and good communication throughout.

At the median point, **ALMOs complete 94.3 per cent of non-emergency repairs within the target timescale** and although this is 0.2 percentage points lower than the median reported by the direct management sector, ALMOs outperform local authorities across all three satisfaction measures that address the 'keeping properties in good repair' theme.

Figure 2: First year survey results for repairs TSMs (median)



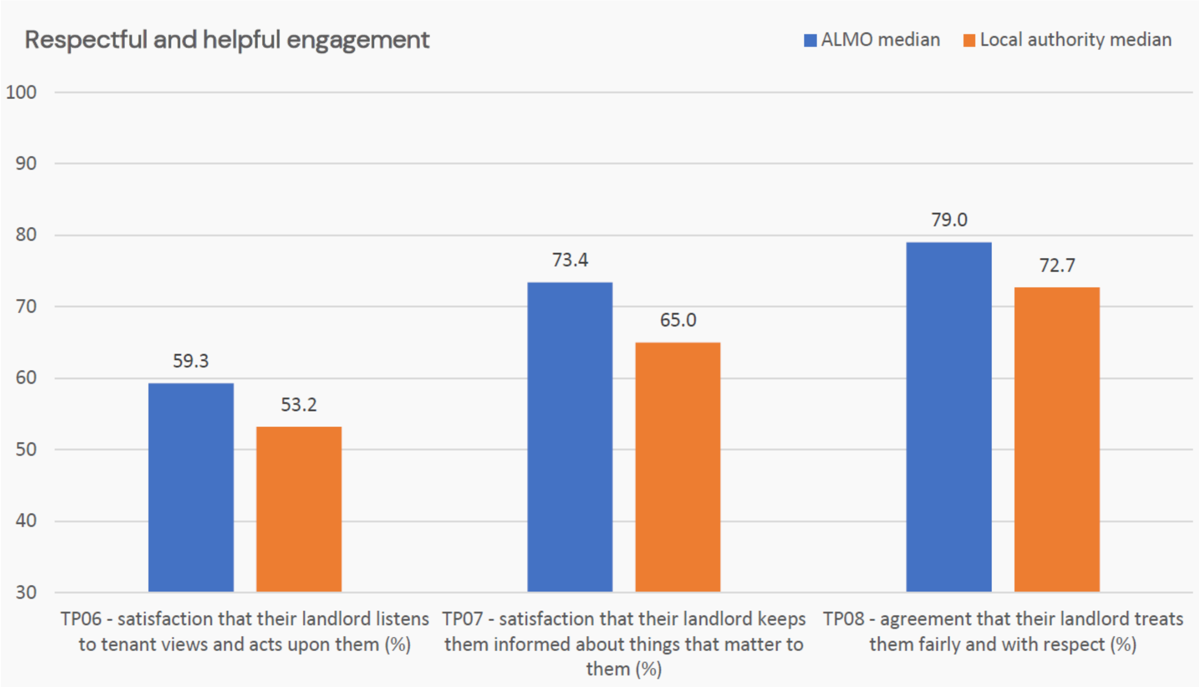
The ALMO sector has a significantly lower percentage of homes that do not meet the Decent Homes Standard (0.6 per cent) compared with nearly six per cent in the local authority sector. This reflects both the funding that local authorities with ALMOs received to bring properties up to decency, and that they have maintained a proactive approach to property management over the last 20 years.

Respectful and helpful engagement

Communication, effective engagement and treating tenants fairly and with respect are integral to the regulatory reforms of the last seven years. **ALMOs achieve a higher level of satisfaction across all three TSMs in the tenant engagement category (figure 3).**

For the majority of landlords, satisfaction that the landlord listens to views and acts on them is typically lower when compared to the other two measures. Landlords continue to build on existing approaches to seek tenant feedback, with many using the TSMs (including additional insight gained through open response questions) in addition to complaints data and that from more formal tenant groups. The Housemark analysis suggests that any changes made to operational services are likely to take up to 18 months to change a tenant's perception enough to result in increased scores. It is clear that effectively communicating any changes made as a result of tenant feedback is key.

Figure 3: First year survey results for tenant engagement TSMs (median)



Effective handling of complaints

The Housing Ombudsman's Complaint Handling Code, updated in April 2022, aims to make definitions and response timescales consistent across the sector.

Over half of the ALMO cohort responded to 95% of complaints or higher within target timescales, with one ALMO achieving 100%. **All but one ALMO achieved a higher proportion of complaints responded to within target timescales** when compared to the local authority median of 69.3%.

Housemark has collected transactional satisfaction data on complaints handling for many years, and it is worth noting that satisfaction results for this are notably lower for all landlords. Across the sector, this measure received the lowest average satisfaction results in the half-year TSM data.

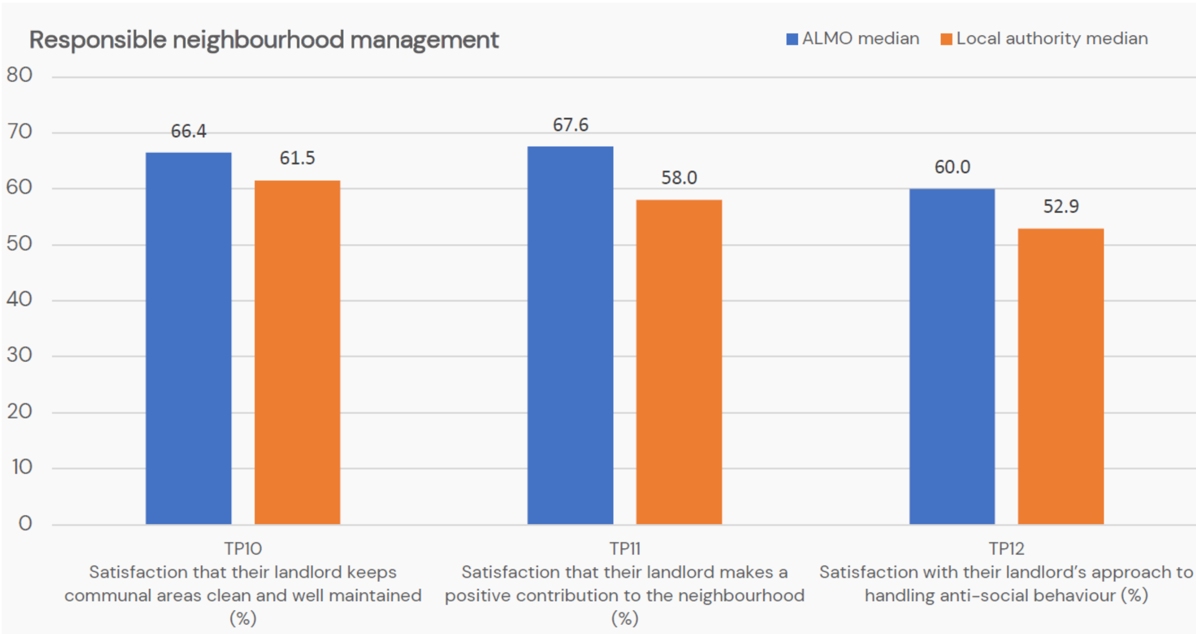
ALMOs typically have a smaller number of stage 1 complaints escalating to stage 2, with a median of 4.6 per 1,000 when compared to local authorities with a median of 5.8 per 1,000 units. As with stage 1 complaints, stage 2 complaints have significantly increased over the last six months of 2023/24, with mid-year figures being reported at 1.6 per 1,000 units for ALMOs, and 3.0 per 1,000 units for local authorities at the median point.

Sector-wide data collected by Housemark shows that average stage 1 complaints volumes increased by 15% between 2022/23 and 2023/24 and stage 2 complaints increased by 20%. This is the first time that sector-wide complaints volumes have risen to almost 40 cases per 1,000 units, showing that **landlords are following updated Ombudsman guidance to formally record all expressions of dissatisfaction.**

Responsible neighbourhood management

The 'responsible neighbourhood management' TSM theme focuses on communal areas, ASB and a landlord's overall contribution to the areas in which they have stock. **ALMOs score over nine percentage points higher** on making 'a positive contribution to the neighbourhood' than local authorities. They score **8 percentage points higher** for satisfaction with the landlord's approach to handling anti-social behaviour. They also score higher for satisfaction that the landlord keeps communal areas clean and well-maintained (67.6 per cent versus 58 per cent).

Figure 4: First year survey results for responsible neighbourhood management (median)



Value for money findings

Better performance costs less

Housemark was asked to compare front-line resourcing, delivery costs and performance outcomes between ALMOs and local authorities. Using data from the 2022/23 Housemark benchmarking submission to which 15 ALMOs contributed, this study concluded that **ALMOs deliver value for money** on costs for responsive repairs and void works, major works and cyclical maintenance and housing management; and outperform local authorities on most operational metrics.

Figure 5: Value for money metrics

Output measure	ALMO median	National LA median
Overall direct CPP (inclusive of capital spend)	**£2,537**	£2,618

Direct CPP of responsive repairs service provision	**£534**	£606
Average cost per responsive repair	**£195**	£213
Average cost per void	**£3,684**	£4,277
Repairs completed at first visit (%)	**90.13**	85.89
Non-decent dwellings (%)	**0.48**	5.62
Direct CPP of housing management	**£293**	£302
Direct CPP of resident involvement	**£25**	£33
Current tenant arrears (%)	**3.00**	3.53
Direct CPP of rent arrears and collection	**£92**	£86

Repairs and voids

Rising costs have made the current operational climate extremely challenging for all landlords. Over the last five years, for instance, the cost of repairs and voids (preparing empty homes for new tenants) has increased by 32 per cent for the ALMO group, and 30 per cent for local authorities.

However, **ALMOs are still able to deliver these services at the same or lower cost.** The median direct cost per property (CPP) of repairs and voids services is £861 among ALMOs, against more than £1,000 in directly managed council housing. These figures can be broken down further.

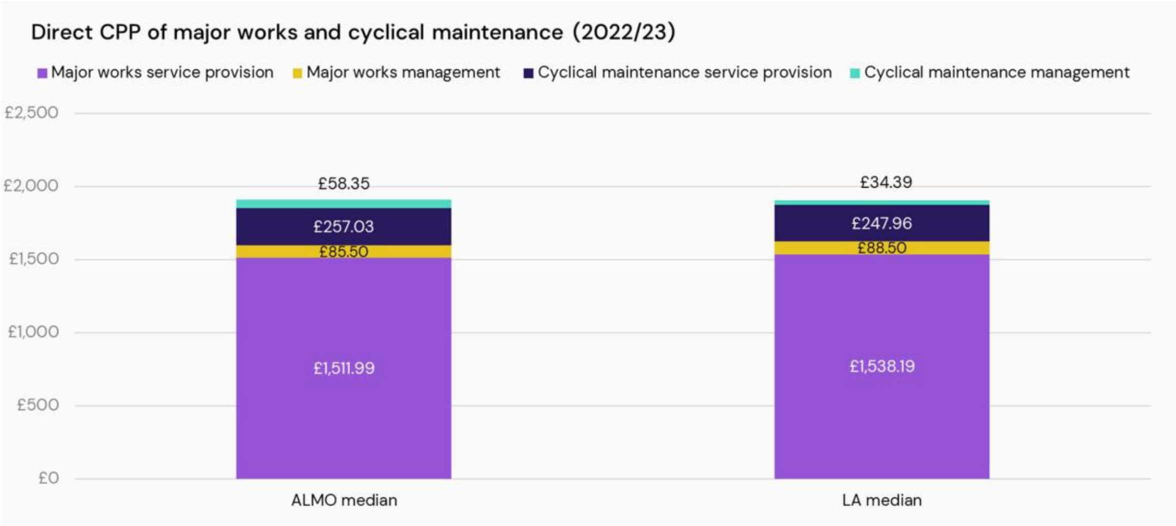
Responsive repairs service provision CPP in the ALMO sector stands at £534 against £606 in directly managed council housing. The average cost per repair comes out at £195 for the ALMO group, and £213 for local authorities. ALMOs complete a higher percentage of repairs at the first visit, which helps deliver this outcome.

The data analysis suggests that these differences are partly because most ALMOs included in the review have their own repairs teams, compared to just under half of local authorities who outsource to contractors. Factors such as volatile materials costs mean contractors may have to price in a higher level of risk when tendering, particularly if information about stock condition is patchy or not up to date.

ALMOs were set up in part to deliver the Decent Homes Standard so, unsurprisingly, **the ALMO non-decency level is five percentage points lower than the local authority**

figure of 5.62 per cent - and it is likely that landlords with higher levels of non-decency will be doing more significant repairs and more repairs overall.

Figure 6: Cost per property (CPP) for major works and cyclical maintenance



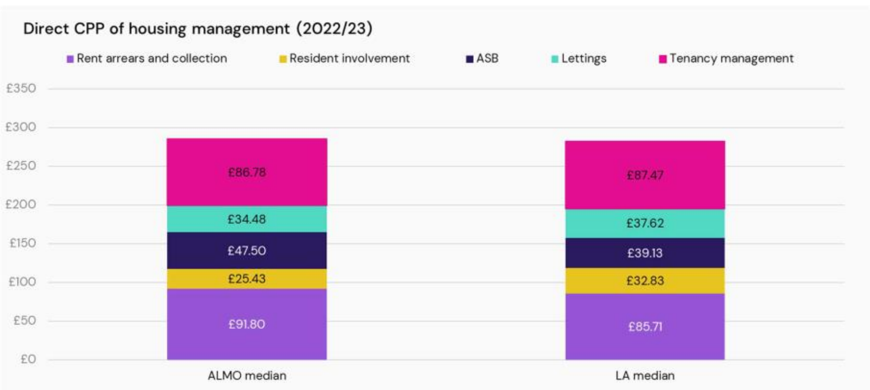
ALMO costs are very much in line with local authority costs for both major works service provision (£1,512 vs. £1,538) and for major works management (£86 vs. £89). ALMOs pay slightly more on average for cyclical maintenance provision (£257 vs. £248). It is important to note that costs for this service depend on stock profile and that, in the long term, more consistent maintenance should mean fewer reactive repairs.

Housing management

Housing management covers rent arrears and collection, resident involvement, anti-social behaviour, tenancy management and lettings. The ALMO model provides dedicated housing management expertise, so it is not surprising that ALMOs achieve higher satisfaction for less.

At the median point, the direct CPP of housing management for the ALMO group has increased by 14 per cent over the last five years to £293. This compares favourably to a local authority median of £302, an increase of 22 per cent over the same period.

Figure 7: Cost per property (CPP) for housing management



Participants[4]

Barnet Homes
Berneslai Homes
Blackpool Coastal Housing
Cheltenham Borough Homes
Colchester Borough Homes
Cornwall Housing Ltd
Derby Homes
Eastbourne Homes
Homes in Sedgemoor
Northamptonshire Partnership Homes
Shropshire Towns and Rural Housing (STAR)
Solihull Community Housing
South Essex Homes
South Tyneside Homes
St Leger Homes of Doncaster
Stockport Homes
Sutton Housing Partnership
Wolverhampton Homes
Your Homes Newcastle

[4] Please note that in July 2024, Cheltenham Borough Homes and Your Homes Newcastle ceased to be ALMOs. Their data has been included within the analysis for this report as both landlords were operating as ALMOs during the 2023/24 data collection period.