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Championing better homes and communities

ALMO model ensures high-quality council housing

A briefing from the National Federation of ALMOs

The UK urgently needs more high-quality social homes.

Independent research shows that local authority-owned arms-length management organisations (ALMOs) deliver better quality housing services for council tenants compared to direct management by housing departments.

A sea-change in local government is promised by the English Devolution White Paper and **it is critical that restructuring does not inadvertently hamper the provision of good quality council housing services.**

The ALMO model has been tried and proven over the last 20 years. Through its board governance structure, it brings both independent expertise and strong tenant engagement to council housing management.

There is **compelling evidence that these wholly council-owned organisations maintain focus on the core purpose of housing management.** This is why they deliver performance that often exceeds that of direct delivery, and at a similar cost.

We would welcome the opportunity to meet with you to explain how reinvigoration of the council housing company model can underpin Government ambitions to improve standards, empower tenants and deliver high-quality social homes.

What is the ALMO model?

National Federation of ALMOs' members currently manage more than 172,000 council homes with secure tenancies. First set up in the early 2000s, ALMOs are wholly owned by their parent councils and combine operational accountability with democratic input through the ballot box and council oversight.

The tenant voice is placed at their core by the model's encouragement of board-level representation and tenant involvement in a range of advisory roles.

The evidence of success

Recent independent analysis by housing sector data experts Housemark quantifies the model's significantly better performance at similar value for money as direct council management.

Higher Tenant Satisfaction

The Tenant Satisfaction Measures surveys (TSMs) were mandated by the Regulator of Social Housing from April 2023 to assess the quality of services across the social housing sector.

- Independent analysis of the first year of TSMs by Housemark found that, on average, **ALMOs outperform directly-managed housing services on all 12 perception-based TSMs**.
- The median overall satisfaction score for **ALMOs is 74%,** compared to **64% for direct-managed local authorities**.
- Similarly, **satisfaction with repairs is 75% for ALMOs**, significantly exceeding the median average of **67% reported for local authority-managed housing**.
- ALMOs receive similar levels of complaints - but respond faster: **96% of stage one and 94% of stage two complaints are responded to by ALMOs** within the Housing Ombudsman's target timescales on average, compared to **69% and 68% for directly managed council housing**.

Quality and efficiency in service delivery

- Because ALMOs were originally created to deliver the first Decent Homes Standard, on average **less than 1% of ALMO-managed homes did not meet the Decent Homes Standard (DHS) in April 2024, compared to 3.6% of local authority-managed homes**.
- This also reflects the ALMO focus on consistent investment in housing management services which wins higher tenant satisfaction with home safety (**77% for the ALMO median** versus **72% for the local authority median**).
- **Barnsley Council – the first local authority to achieve the highest grading in the new regulatory framework – manages its housing through an ALMO.**

The evidence indicates that a reinvigorated ALMO-type model would drive widespread improvement for council housing tenants.

NFA key policy asks

We welcome the Government's commitment to deliver the largest expansion of social rented homes in a generation and recent proposals to reform the Right to Buy scheme.

The NFA asks government to address three further vital policy areas:

Confirm a long-term rent settlement and convergence mechanism

- **A 10-year rent settlement from 2026, allowing CPI +1% rent increases,** is crucial. With this long-term certainty, social landlords can confidently plan for maintenance, stock upgrading and compliance with new regulatory improvements such as Awaab's Law and the Decent Homes Standard.
- **Introduce a mechanism with rent adjustments of £2–£3 per week** to bring all rents up to the Formula levels. This would accelerate financial stability for social landlords. It could generate up to £1 billion in cumulative surpluses by 2036/37 to support both existing stock and the development of up to 80,000 new homes – and *without* affecting the affordability of social rents.

Review Housing Revenue Accounts

- **Reassess the assumptions underpinning the 2012 Housing Revenue Account (HRA) Self-financing Settlement** which did not allow for significant changes in the years since such as rent reductions (2016–2020), inflation, the cost of new regulation and revised Right to Buy discounts.
- Address historical funding deficits and rising costs, such as National Insurance increases, through **targeted Government interventions to ensure HRA sustainability and prevent unmanageable deficits**.
- **Fund a new Affordable Homes Programme** to build a new wave of council homes.

Address the rise in claims harvesters

Claims harvesting is a rapidly growing issue in the social rented sector, with some companies exploiting vulnerable tenants through aggressive marketing tactics, cold-calling, and impersonation of landlords or the Housing Ombudsman.

The Government should address this problem by

- **introducing fixed recoverable costs for disrepair cases**
- **capping the compensation share taken by claims companies** and
- **limiting referral fees paid to solicitors.**

To safeguard tenants and reduce the financial incentives for poor practice, strengthened regulation and penalties for exploitative behaviour are essential.

*For further details or to arrange a meeting, please contact **Lisa Birchall, Head of Policy** nfa@publicaffairsco.com.*