



Report to:

Northwards Housing Board

13th July 2006

8

Title:	Government Review of ALMOs		
Date:	27 th June 2006		
Author:	Robin Lawler	Tel No:	0161 227 3020
E mail:	r.lawler@northwardshousing.co.uk		
Confidential:			
For: (Please tick action required)	NOTING √	DISCUSSION	APPROVAL
PURPOSE OF REPORT			
<p>The purpose of this report is to advise the Board on the recent announcement by the Department for Communities & Local Government (DCLG) of the review of ALMOs & to consider the potential implications for Northwards Housing.</p>			
RECOMMENDATION			
<p>Board Members are asked to note & to welcome the Governments recent policy statements on ALMOs. The Board is asked to instruct the Chief Executive to comment on the DCLG papers directly to DCLG or through the NFA. The Chief Executive is instructed to work with the Council to seek confirmation from DCLG that the Decent Homes programme is maintained on its current timetable to 2010.</p>			
IMPLICATIONS			
Equality & Diversity:	<i>Please give detail for each rather than 'Yes' or 'No'</i>		
Financial:			
Staffing:			
Decency Target:			
Governance:			

Equality & Diversity Implications (Please tick where relevant):

- | | | | |
|------------|--------------------------|----------------------------------|--------------------------|
| BME | <input type="checkbox"/> | Lesbian/Gay/Bisexual/Transgender | <input type="checkbox"/> |
| Elderly | <input type="checkbox"/> | Single Parents | <input type="checkbox"/> |
| Young | <input type="checkbox"/> | Domestic Violence | <input type="checkbox"/> |
| Disability | <input type="checkbox"/> | Alcohol / Drug Mis-users | <input type="checkbox"/> |

Consultation/Consideration:

	Yes, No or N/A:	Name:	Date:
Sub-Committee:	N/A		
Area Panel:	Yes	3 Area Panels	To be agreed.
Ward Councillors:	N/A		

1.0 Purpose of Report

1.1 The purpose of this report is to advise the Board on the recent announcement by the Department for Communities & Local Government (DCLG) of the review of ALMOs & to consider the potential implications for Northwards Housing.

2.0 Background

2.1 As Board Members may recall, Keith Hill, the former Housing Minister, set up a group to review the future of ALMOs in October 2004. This group included senior civil servants from the then ODPM, the National Federation of ALMOs (NFA), the Chartered Institute of Housing (CIH) & HouseMark. In parallel with this review group, the CIH & NFA commissioned research to examine the different financial models for ALMOs within & outside the Housing Revenue Account (HRA); this is the so called Freedoms & Flexibilities debate.

2.2 After much delay, Ruth Kelly, the new Minister at DCLG, released a paper on 7th June on the Review of ALMOs. This is a statement of Government intent rather than a formal Consultation Paper, but DCLG has invited comments on the paper.

3.0 Government's Proposals

3.1 The Review of ALMOs Paper is attached to this report & includes as Appendix A the terms of reference for the ALMO Review Group. The attached NFA letter & briefing paper (12/6/06) summarises the key points covered in the Paper:

- **Round 6 bidding** timetable announced (final round of ALMO bidding)
- **2010 target date for Decent Homes** will be relaxed on an individual basis (that is, some ALMOs may wish to carry on Decent Homes work beyond 2010 & DCLG wants to re-profile its financial support for ALMOs).
- As a result, Rounds 3, 4 & 5 ALMOs will be asked to consider **reprofiling their spend**.
- ALMOs will continue to have a **role as key service providers** after Decent Homes has been achieved.
- Local authorities considering **significant changes to ALMO managed stock** will be required to carry out an option appraisal & test of opinion.
- **Tenants should be fully involved & consulted** on any proposal to transfer, wind up, not renew or substantially change the ALMO service.
- Case studies with a small number of 3 Star ALMOs & excellent local authorities directly managing stock will explore the **costs & benefits of the financial freedoms** proposed in the NFA/CIH/Housemark research report.
- Innovative ways to allow high performing local authorities & ALMOs to **build new homes** will be explored.
- Local Area Agreements, community ownership & greater tenant involvement are highlighted as **future policy options**.

3.2 In addition to the ALMO Review paper, DCLG also released on 7th June supplementary guidance for Round 6 bidders, Decent Homes definition & guidance paper & a discussion paper entitled "**From Decent Homes to Sustainable Communities**".

These papers are available to download via NFA website (www.almos.org.uk) or DCLG website (www.communities.gov.uk).

3.3 The NFA has identified a clear shift in Government policy that "aims to build upon the success of the decent homes programme to the creation of decent neighbourhoods". After Round 6 future investment decisions will be based on the delivery of sustainable mixed communities. The Government is clearly looking beyond Decent Homes & considering the role of ALMOs in delivering its wider sustainability agenda.

3.4 The most eagerly awaited parts of the ALMO Review Paper are the sections on "A future for successful ALMOs" & "Options for ALMOs on completion of Decent Homes Investment". In particular, para. 21 sets out **6 scenarios** which could be explored for taking forward the work of ALMOs:

- a) Retention of ALMO with **No Change**.
- b) Undertake a **review of how housing management is to be delivered**.
- c) **Expansion of services** for the local authority.
- d) **Trading** (providing services to other landlords or clients).
- e) **Joint working/Consortium/Merger**.
- f) Changing ALMO **Ownership arrangements**.

3.5 The paper summarises the Government's position on the non-financial issues. Financial freedoms are dealt with in the separate **Sustainable Communities discussion paper**; with comments invited by DCLG by 15th September 2006.

3.6 The ALMO Review paper makes it clear that **tenants must have a say in any major change to ALMOs role** & organisation. Indeed, DCLG wants ALMOs & their local authorities to re-visit their governance arrangements when reviewing contracts to maximise tenant & community ownership & suggests increasing their representation beyond one-third of the Board.

3.7 Government wants local authorities to be able to contract out all their **ASBO functions** to ALMOs & will be clarifying ALMOs' role & status with Court Managers. However, it does not intend to increase ALMO powers in dealing with other enforcement issues, such as dog fouling, littering or abandoned vehicles.

3.8 ALMOs are able to apply for **social housing grant**, either themselves or in partnership, subject to being able to manage the risk & not affect their core business. However, only 3 Star ALMOs will be able to own grant funded homes. 2 Star ALMOs can manage stock on behalf of another landlord.

3.9 After Decent Homes is achieved, ALMOs will not be subject to **Inspection**, other than via CPA or in the event of serious failures.

3.10 The Sustainable Communities Paper looks at emerging ideas around social & affordable housing which may be fed into the **Comprehensive Spending Review (CSR)**, particularly finding innovative ideas for improving quality & supply of affordable housing. This includes improving the planning for affordable housing, leveraging additional private resources & strengthening tenants' role in decision-making.

3.11 For ALMOs a key part of the paper relates to **more financial flexibility for local authorities, ALMOs & housing associations**. DCLG has agreed to establish case studies to develop the ideas put forward in NFA/CIH/HouseMark research (see para. 2.1). Six case studies, involving up to three 3 Star ALMOs & three Excellent Councils without ALMOs, will examine the costs, benefits & probable impact of moving outside the HRA

subsidy system. The outcome from these case studies will feed into CSR. The paper states:

"This is a major change which could potentially deliver long term investment in the local housing stock, so we see it as vital to explore the impacts first to ensure we get it right".

3.12 DCLG is expected to announce at NFA Parliamentary Lobby on 28th June which ALMOs & Councils will participate in the case studies.

4.0 Implications for Northwards Housing

4.1 Of immediate concern is the suggestion that the **Decent Homes programme** be extended beyond 2010 because of the promise made to tenants when they were balloted to support Northwards Housing. For this reason, & because it could undermine the Housing Investment Option programme in the city, the Council's Director of Housing has stated that the Northwards Housing will maintain its current Decent Homes programme & has wrought such a commitment from DCLG.

4.2 Whilst it is still early days for Northwards Housing & there is the Decent Homes programme to deliver to 2010, the Government papers are to be welcomed as they set out the potential for a **viable future for ALMOs beyond Decent Homes**; as long as ALMOs have the continuing support of their tenants. In particular, they offer Northwards Housing the scope to replace business lost through the Right to Buy by taking on addition functions on behalf of the Council or working for other clients, which is to be welcomed in order to maintain a viable business.

4.3 The potential to **move ALMOs out of the HRA subsidy system** offers the opportunity for Northwards Housing to plan beyond one year & the current flux in resources released to local authorities with the uncertainty that creates. Northwards Housing could, if allowed by DCLG & Manchester City Council to move outside HRA subsidy system, develop a long term business plan based upon the rental income from stock it manages. This freedom would probably be dependent upon Northwards Housing achieving a 3 Star rating in the current or future Inspections.

4.4 Indeed, with the acceleration of the Housing Investment Options programme, in a couple of years Northwards Housing will be the only HRA funded landlord in the city & could offer to **manage the HRA** on behalf of the Council, similar to the arrangements in other single ALMO councils.

4.5 The Sustainable Communities paper suggests that ALMOs would continue to play an effective role in driving up the quality of housing services, stating:

"We believe that successful ALMOs should be able to continue with their work & we are interested in views on more flexible arrangements to maximise the service & support to local communities".

5.0 Recommendations

5.1 Board Members are asked to note & to welcome the Government's recent policy statements on ALMOs.

5.2 The Board is asked to instruct the Chief Executive to comment on the DCLG papers directly to DCLG or through the NFA.

5.3 The Chief Executive is instructed to work with the Council to seek confirmation from DCLG that the Decent Homes programme is maintained on its current timetable to 2010.

Background Papers:

Department for Communities & Local Government Paper: Review of ALMOs (June 2006)

Department for Communities & Local Government Discussion Paper: From Decent Homes to Sustainable Communities.

Briefing from NFA: Review of ALMOs (12th June 2006)