Taking Stock
A research report exploring challenge, change and innovation in the ALMO sector
September 2017
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Acknowledgments

We would like to thank the Project Sponsors (Kirklees Neighbourhood Housing, South Essex Homes and CityWest Homes) as well as all those organisations that took part in the surveys and interviews and particularly Cheltenham Borough Homes, Lewisham Homes, South Tyneside Homes, Barnet Homes, and Your Homes Newcastle who agreed to be featured as case studies and examples of evolving practice.

We would also like to thank the Boroughs of Lewisham, Stockport and South Tyneside who provided useful input on understanding the Local Authority perspective on the added value of their ALMO, as well as the NFA for the use of their 2016 survey data.
Executive summary

There is no doubt that the Arm’s Length Management Organisation (ALMO) sector is on a trajectory of change. Having brought the nation’s housing stock up to the Decent Homes standard since their inception in 2002, there are now a total of 35 in operation, managing 479,338 homes, down from a peak of 70 ALMOs at the programme’s height in 2010. Operating against a backdrop of rising demand, less public money, major policy reforms and growing uncertainty, existing ALMOs have had to rethink the way in which they operate to remain relevant. Many are finding renewed purpose and drive to ensure they continue to be valued key partners of their Local Authorities. This is particularly pertinent given that the recent Grenfell fire tragedy has put a spotlight on asset management and existing housing stock for all organisations involved in the management of significant numbers of homes.

To explore emerging trends in the sector, in March 2017 Altair was commissioned by, CityWest Homes, South Essex Homes and Kirklees Neighbourhood Housing, with the support of the National Federation of ALMOs, to undertake a research project. The purpose was to gather evidence and insight into the variety of activity being undertaken by ALMOs, and how they are adapting to the new social housing and Local Authority context.

This research report highlights how many ALMOs have effectively reshaped their approaches to changing circumstances, with a number doing so in quite dynamic and innovative ways. Many have looked to diversify their offer to support the delivery of local priorities. For example, organisations have set up Registered Providers (RPs) to develop new homes, are using their Direct Labour Organisations (DLOs) to deliver construction works, and are providing other, more value adding services on behalf of their Local Authority, such as cross-tenure ASB management. Several ALMOs have also looked to review and enhance their governance arrangements, with an emphasis on moving towards skills based frameworks to ensure they are able to meet new and growing challenges. Others have also taken on organisation-wide transformation projects to meet their customers’ changing expectations and needs and to deliver more efficient, economical and effective services.

Overall, we have found that there are many drivers dictating the variety of services and initiatives currently being undertaken across the sector. However, there is a common theme. The general move towards delivering a wider range of services has supported ALMOs to generate an income and added value in a tough economic climate. For many changes to their service offer have been taken in part to address some of the pressing issues and strategic priorities experienced in their local areas. When done well, this diversification has meant that organisations are more equipped to deliver their core mission - to provide good quality and affordable homes that help change lives and communities for the better.

Throughout this report there are a number of examples and case studies to demonstrate the types of innovation and best practice taking place in the sector. It is hoped that this research will help to proactively highlight such examples to provide inspiration and learning and prompt further thinking among ALMOs, as well as presenting their parent Local Authorities with food for thought.
ALMOs should therefore read this report and use its contents to consider whether there are opportunities worth pursuing that may support them to deliver their strategic mission and vision. In particular, Boards and Executive Teams may therefore wish to think about how they should be adapting their governance framework to enable them to manage more complex risk, as well as what services and options may best be taken forward to address some of the pressing issues and strategic priorities experienced in their local areas.

Likewise, Local Authorities should be asking what more their ALMOs may be able to do for them. This could include harnessing technical expertise to minimise duplication in service delivery through cross tenure provision, or by partnering together to develop new housing and improve those homes in existing communities.
Introduction

Arm’s Length Management Organisations (ALMOs) are currently responsible for managing approximately 479,338 homes stretching across all regions in England. Organisations range in size significantly, with the smallest managing 4,700 homes and the largest responsible for 28,000 homes¹.

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<th>Total Stock Managed</th>
<th>% of ALMOs</th>
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<tr>
<td>1-5000</td>
<td>9%</td>
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<tr>
<td>5001-10000</td>
<td>30%</td>
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<tr>
<td>10001-15000</td>
<td>18%</td>
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<td>15001-20000</td>
<td>15%</td>
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<tr>
<td>20001-25000</td>
<td>21%</td>
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<tr>
<td>&gt;25000</td>
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However, whilst the sector manages almost a third of all council housing in England the number of ALMOs is in decline. Since their inception in 2002, ALMOs have successfully fulfilled their original purpose; to act as vehicle to bring council housing stock up to the Decent Homes standard. Many ALMOs have also demonstrated an excellent track record in the delivery and improvement of services; with the majority of organisations traditionally far exceeding the results of Local Authorities and Housing Associations in past Audit Commission inspections. Over the course of recent years, the number of ALMOs has consequently reduced, as some have been taken back into their Local Authorities, or in a few cases converted to Housing Associations. There are now a total of 35 in operation, down from a peak of 70 at the ALMO programme’s height in 2010. Existing ALMOs have therefore had to rethink the way in which they operate in order to remain relevant and are therefore finding renewed purpose and drive. This drive has become increasingly pertinent as cuts to social housing rents by 1% a year are estimated to be costing councils £2.6bn, and some authorities are inevitably looking to their outsourced functions as a means to contribute to the need to deliver efficiencies and cost savings. In order for ALMOs to continue to be seen as valued key partners of their Local Authorities, many are having to adapt to changing circumstances, with a number doing so in quite dynamic and innovative ways.

¹ NFA survey, 2016
There is no doubt that the sector is on a trajectory of change. New management agreements have been, or are being negotiated (displayed below), with some now extending to 30 years. Many ALMOs are delivering new services; and others are harnessing more commercial opportunities.

**Expiry dates of ALMO management agreements**

![Graph showing expiry dates of ALMO management agreements]

The National Federation of ALMOs (NFA) has undertaken some excellent work to share intelligence in the sector through a number of best practice briefings. To build on this base of knowledge and to look at trends in the round, Altair was commissioned in March 2017 by the NFA, CityWest Homes, South Essex Homes and Kirklees Neighbourhood Housing to undertake research into the ALMO sector. The focus has been to gather evidence and insight into the variety of activity being undertaken by ALMOs, and how they are adapting to the new social housing and Local Authority context.

The approach to our research has involved a number of activities. This included an online survey of the sector (completed by 30 out of 35 ALMOs – an 86% response rate), in-depth interviews with ten stakeholders (including 7 ALMOs and 3 Local Authorities), as well as a range of desktop research. The latter has included reviewing ALMO reports and information on websites and recent sector news articles, as well as drawing upon previous NFA publications and surveys (in particular the latest survey of the sector undertaken in late 2016.)

The outputs from these activities have been used to develop this report. It is intended to shed light on current trends, stimulate discussion and to share a range of examples and case studies of ALMOs who are successfully breaking new and interesting ground. We have focussed the latter on illustrating how several ALMOs have been able to innovate in the current operating environment.
How ALMOs are adapting to a changing world

**Key challenges**

There is no doubt that the ALMO sector, like much of the housing sector, is operating against a backdrop of rising demand, less public money, major policy reforms and growing uncertainty. In particular, through our survey, we have identified that the following areas appear to be the most commonly-cited challenges facing organisations at the moment:

- **Welfare reform and the 1% rent reduction**
- **Sale of high value assets**
- **Ensuring continued excellence in service delivery**
- **Changing customer expectations & needs**
- **Delivering efficiencies & income generation**

The scale of the task regarding **ongoing welfare reform** has been recently underlined by research undertaken by Sheffield Hallam University (April 2016) who have found that the most recent welfare reforms will reduce the average income of a social rented household by around £1,300 a year. This is an issue facing all of those working in the sector. In July 2017 it has also been reported by the NFA that amongst its members, 73% of Universal Credit claimants in social housing had fallen into rent arrears (as of March 2017), compared with an average of 31% of all social tenants not on Universal Credit. Meanwhile, the annual 1% reduction in social rents for four years will continue to place pressure on ALMOs revenue. For instance, it has been reported by one ALMO that the 1% reduction would lead to a loss in their rental income in the HRA in excess of £26 million over four years.

Other policies, including the **planned sale of high value voids** from April 2018 under the Housing and Planning Act (2016), if implemented, are also seen as a significant challenge for ALMOs. Research by Shelter (May, 2016) has anticipated that the latter could lead to each Local Authority being asked to raise an average of £26m per year. The sale of high value voids is likely to deplete much-needed stock at a time of exceptional demand for social homes. These changes will continue to put increasing pressure on ALMOs’ rental income.
streams and their ability to house those in need. Moreover, they will place extra demands on the sector’s continued ability to deliver excellent services to their residents and communities. This comes at a time when customer expectations are also transforming, following the advance of digital technology and the revolution in smart devices, which are constantly changing customer habits. As a result, many customers are increasingly expecting accessible, responsive and efficient service delivery as the norm.

For ALMOs and other social landlords, this pressure to deliver service excellence is also being accompanied by other demands on their organisations. This is because many customers’ needs are also growing, with several tenants requiring more support so that they can effectively sustain their tenancies. Housing providers are therefore having to rethink their offer and are beginning to use customer insight to improve the customer experience. For example, one survey respondent described how “...[we are] having to rethink our service delivery model”, whilst another stated that a key challenge continues to be “delivering high quality services to all our customers according to their needs.” This pressure is also being felt by housing associations and other providers in the sector, as we found in another recent piece of research that identified that over 50% identified increasing efficiency and improving customer experience as key drivers for making changes in the way their organisation delivers services.

To manage these areas as a whole, many are having to deliver greater savings and efficiencies whilst implementing new income generating activities, so that they are able to re-invest, deliver continued quality of service remain viable. Reflecting this general trend, one respondent described how one of their key challenges centres around them being able to establish a “viable commercial business in order to bring in more income and offset reductions in our core funding budget.”

As part of the research we have therefore been keen to provide insight into the variety of activities being undertaken by ALMOs, and how they are adapting to these challenges in their operating context. We have therefore provided an overview of our findings in the following two key areas:

- Types of services being delivered
- Trends in other activity being undertaken, including: governance, business re-structuring and change management initiatives.

These are explored in the following sections of this report.

**Types of services being delivered**

In the past, ALMOs typically only delivered what can be described as ‘core’ housing services to those tenants and leaseholders living in their council owned homes (i.e. tenancy/leasehold management, income collection, and repairs & maintenance). The delivery of high quality services in these areas of course remains a key priority for all ALMOs. However, as the operating environment has shifted and the Decent Homes programme has been delivered, in recent years it has been reported that several have looked to diversify their activity beyond ‘traditional housing management’ services. This diversification includes exploring commercial prospects, delivering extra functions on behalf their Local Authorities (in some instances, at the
positive encouragement of the Local Authority), as well as wider services to benefit their communities.
To explore the types of services being delivered by ALMOs we wanted to understand the extent to which organisations have diversified their service offer beyond their existing ‘core’ housing management provision. In our survey, we therefore asked respondents to identify whether they felt their ALMO was focussed solely on core management and maintenance, or if they were delivering additional services.

The vast majority of those surveyed (70%) felt that they were delivering services beyond their core housing offer. This chimes with previous reports from the NFA, which have highlighted that the sector has managed to not only maintain but further diversify the services they provide to local communities. We also found in our survey that 76% of those ALMOs that responded had considered diversifying their activity in the last 12 months. We have identified that one of the key drivers for this change has been that many are looking to increase their income so they can deliver better and more effective core services, due to the increasing squeeze on their budgets. This is shown in some of the survey quotes below:

“Our management agreement requires annual efficiency. As constrained as we are by cost and with an existing low-cost base, delivering efficiency can only be successful if we income generate.”

“The main current driver is that HRA income will decline over the next few years... diversifying our income streams will help us to sustain the business, maximise resources available to deliver the core business and ultimately plough back any eventual surpluses into the community.”

“Diversification has allowed us to achieve substantial savings without impacting service delivery. As savings pressure continues further growth and diversification is required.”

However, despite this trend towards further diversification of activity, we have also identified that some ALMOs (six in total) have also looked to consolidate some areas of their activity in the past twelve-months.
It appears that one of the key drivers for such change is the need to deliver further efficiencies and greater effectiveness. For example, several ALMOs highlighted that they were moving towards sharing their back-office functions with their Local Authority to deliver such outcomes. Others are also consolidating their activity in more a-typical service areas that they are finding are no longer viable in the current operating environment, or because they have piloted new initiatives that haven’t delivered anticipated results. Reflecting on and moving away from such activity has therefore enabled some ALMOs to continue to focus on the service areas where they are able to achieve the best outcomes for their residents, communities and other stakeholders.

To understand the type of services currently being delivered by ALMOs, we also explored the range and types of services that current ALMOs are delivering beyond their traditional housing management functions. We have categorised and grouped the types of additional activity being undertaken into the following areas:

- **Socio-economic initiatives**
  such as employment support, apprenticeships, money & financial inclusion services and health & wellbeing schemes.

- **Care and support**
  such as extra care, floating support services, temporary accommodation, telecare, and drug & alcohol misuse prevention.

- **Homelessness**
  such as giving housing advice and assessing homelessness applications.

- **Commercial / other management services**
  includes delivering services such repairs, maintenance, lettings and / or housing management to customer groups and property types beyond ALMOs’ own residents (e.g. the private rental sector, services across the wider borough, and other public sectors such as education).

- **Homeownership and market rent products**
  developing new homes for private sale / market rent and shared ownership.

- **Traditional development**
  delivering new homes for affordable / social rent.

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3 The data presented is based on the 35 ALMOs currently in operation in England as of May 2017.
4 The figures presented have been developed using the results from the NFA’s latest annual survey of the sector (2016)
To explore the extent of service diversification in more depth, we have analysed the additional services being delivered using the categories described above to identify the extent to which ALMOs are delivering beyond their core services. We have also sought to show how this compares across the sector. This is shown in the chart below, with the height of the bar representing the volume of additional services within each category which are known to be undertaken by each ALMO. The colour coding shows the different types of services being undertaken. For example, if an individual ALMO is delivering a great number of socio-economic services, e.g. employment support, apprenticeships and money & financial inclusion services, this is displayed visually through the representation of a relatively large green bar. Similarly, if an organisation is developing new homes for private sale, market rent and shared ownership this is represented by a large red bar.

**Type and volume of additional activities being delivered (per ALMO)**

As can be seen in the chart above, there appears to be a great variety across the sector in relation to the types of additional services currently being undertaken by ALMOs. However, it is also clear that many ALMOs are delivering a great range and volume of service in addition to their core housing management function. It is also worth highlighting the following observations:
• Even amongst those organisations delivering a more focussed range of services (to the right of the chart), our findings suggest that all ALMOs in the sector have extended their service delivery model beyond traditional housing management functions. This includes areas such as care and support, as well as socio-economic initiatives, including the provision of employment services.

• We have also established that several organisations (to the left of the chart) are delivering a full range of services across all service categories. These organisations have done the most to diversify their offer to include a full breadth of services. There can sometimes be an assumption that housing providers that deliver more commercial services do so at the expense of their core social purpose. However, our findings suggest that those who deliver more commercial activities have not adopted these at the expense of more community/socially focused initiatives.

• The most common services being delivered across all ALMOs are socio-economic, management services to other sectors / customers as well as care and support initiatives.

• Interestingly, having analysed the data further, there does not appear to be an obvious link between the size and region of ALMOs and the breadth of services being delivered. This suggests that there are other drivers at play influencing the type / nature of services offered by individual ALMOs. These drivers have been explored throughout this report.

We delve further into the types of services being delivered by ALMOs within each of the categories described in the following sections of the report.

**Adding value through socio-economic initiatives**

A recent NFA best practice briefing, ‘Improving Lives’ (April 2017), has highlighted the key role that ALMOs are playing in working to improve the life chances of those living in the properties they manage, as well as the wider community. The extent of this work is extensive. Some key headline figures regarding the work ALMOs are doing in this area from this report are shown below:
There appear to be a number of key trends in relation to the delivery of socio-economic services by ALMOs, in particular we have identified that a number of ALMOs are delivering these services through partnership working. This includes working with a number of local, regional and national funders as well as local community groups, agencies and organisations to support the delivery of these projects and initiatives. Some interesting examples include:

- **South Tyneside Homes** - Which has joined together with National Energy Action (NEA). The latter has recently set up a new energy advice hotline where trained staff are on hand to provide advice and guidance for anyone who needs help or information around fuel bills, debts, switching suppliers and reducing energy costs through household efficiency.

- **Wolverhampton Homes** - Which has launched a Befriending and Get Active service. Working in partnership with Age UK and Disability One Voice, the service uses trained volunteers to call elderly and disabled tenants to tackle social isolation.

- **Gateshead Housing** - Which works alongside the Foundations Furniture Project and NEFirst Credit Union to encourage residents to furnish their homes without getting into long-term, high-interest debt with “rent to own” weekly payment stores.

Several organisations are also working to support existing Local Authority initiatives. For instance, Nottingham City Homes actively promotes and makes referrals to Robin Hood Energy (a new not-for-profit energy supply company set up by Nottingham City Council) which aims to reduce fuel poverty. In line with this, a number of ALMOs are also providing their socio-economic services to the wider community. For instance, organisations such as Cheltenham Borough Homes (case study 1) are running the housing options service for their Local Authority to give money and benefits advice to the community.

Our interviewees advised that delivering socio-economic services enabled them to help to support their Local Authorities to address some of the pressing issues and strategic priorities experienced in their local areas. One organisation described how “the social value work delivered by [our ALMO] helps to create and maintain sustainable neighbourhoods, allowing the Local Authority to deliver its objectives of inclusive growth.” These socio-economic services can also enable the ALMO to support residents to mitigate some of the risks associated with recent welfare policy changes. For example, another survey respondent said that “…Not only does our work help tenants pay their rent and sustain their tenancies, it also secures the council’s rental income in the long term and brings social value to the communities we serve.” In line with this, one Local Authority we interviewed highlighted how their ALMO was adding real value through their proactive “response to welfare reform changes and their wider support to tenants.”

While it has been reported in the trade press that a number of housing associations have looked to scrap a range of “non-core” services (such as employment support) in light of the social housing rent reduction, it appears that these “non-core” areas are the ones in which ALMOs are continuing to support and sustain.
Case study 1: Cheltenham Borough Homes – Community partnerships

Cheltenham Borough Homes (CBH) is currently involved in a number of partnership arrangements to deliver services to the communities in which it operates. Many of these services are focused on health and wellbeing. CBH has a team of Community Health Trainers intended to champion healthy lifestyles among the ALMO’s customers. This team has run a number of workshops in the community aimed at promoting a wide variety of health-related topics among customers. Trainers also periodically visit community hubs, which have been created to help build social networks, to “set up shop” to offer general support, information and guidance. The service is free and open to anyone, not just CBH customers. CBH also frequently organises events, talks and other workshops on health issues in partnership with a wide range of health sector organisations, including Cheltenham General Hospital’s Falls Assessment and Education Service.

CBH also offers employment support and advice services to customers. This includes “job clubs” where unemployed individuals can receive one-to-one support and guidance to support them into work, education, training or volunteering. In 2016, the organisation held 208 weekly work clubs with 91% of attendees reporting an increase in employment skills and 89% reported an increase in confidence. The ALMO also works with local schools and the Job Centre to source work experience placements for young people newly entering the labour market. CBH undertakes grant-funded training exercises for local communities and runs wider employment initiatives/workshops on a number of sites, resulting in 67 people being supported back into work in 2016/17.

In addition to these services, CBH runs the housing options service on behalf of their Local Authority, providing money and benefits advice. In 2016 CBH estimated that the latter created in excess of £765K in maximising income for CBH tenants by making sure they are receiving all the benefits that they are entitled to. The ALMO is currently looking to expand both this service and the aforementioned employment support services as it seeks to take advantage of its local credibility to achieve continuous improvement in the social value it is able to deliver to its local communities.
Tackling homelessness and delivering care and support services

A number of ALMOs have indicated that they provide care and support services in addition to their “core” housing management offer. Some further details regarding the nature of these services are displayed below:

As can be seen in the chart above, these services are provided on behalf of ALMOs’ own Local Authorities, on behalf of other Local Authorities, and as a market product. The percentage of ALMOs delivering services as a market product has almost doubled since 2015, with six out of 35 ALMOs taking this approach⁴. There are a range of initiatives, including: specialist care for adults with physical and learning disabilities, support for homeless people, support for people with mental health issues and those affected by substance misuse, hospital discharge services, extra care, and general needs floating support.

Linked to this, a number of organisations also work closely with their Local Authorities to provide a range of homelessness services. This is likely to become increasingly important as the introduction of the Homelessness Reduction Act will see councils across the country receive an extra £61 million in funding to expand existing services and deliver new ones. Some key facts regarding ALMOs’ role in delivering homelessness services for their Local Authorities are shown below.

23/35 support with homelessness strategy implementation

13/35 deliver homelessness services on behalf of the Local Authority

ALMOs appear to be delivering these types of services for a number of reasons, including:

- Enabling them to provide ‘wrap-around’ services, so they are able to meet a variety of housing needs. One interviewee mentioned how “[we] are seen as a strong ‘unified and integrated’ housing provider, combining housing management, property and housing demand/homelessness disciplines.”
- Supporting the Local Authority to reduce housing demand through the provision of preventative and reactive services. As one survey respondent stated, “we are aware of the challenges facing the Council

⁴ As reported by the NFA in its annual review of the sector (2016)
and look to support them where applicable.” A number of organisations are increasingly doing so in innovative ways (see case study 2 – Lewisham Homes).

- Some activity also delivers an additional means of income and can also deliver efficiencies. One survey respondent described how “…[we] increasingly add value to the Council’s General Fund by acquiring a proximately £1M of support services from them.”

There are a number of interesting examples of ALMOs delivering services in this area, including:

- Homes for Haringey – Which has a Domestic Violence Advice and Support Centre called Hearthstone. This has recently been shortlisted as an outstanding service by the 2017 Housing Heroes Awards for its role in providing support and care for Haringey residents dealing with domestic abuse. Hearthstone was developed in 2003 and has been developed as a Council-led partnership where a team of five offer advice and support, providing survivors of domestic abuse in Haringey with access to all the services they need in one place. These services include counselling, floating support services and benefits advice. Over the course of 2016 the team helped 536 people.

- Your Homes Newcastle – Which has a community benefit subsidiary, Ostara, which provides 24-hour response and support service enabling residents to live safely and independently in their own homes. Ostara was launched in 2015 and provides state-of-the-art alarm equipment such as pendant alarms and fall detectors that will alert their 24-hour response centre. They provide other services too, such as daily phone calls, medication reminders, flood detectors, bed and door sensors and enhanced dementia support.

- The Barnet Group – Which has a subsidiary, Your Choice Barnet, which is an adult social care company that provides services to adults with learning and physical disabilities. The organisation also offers consultancy and training, and manage services on behalf of other organisations.

- The Gateshead Housing Company – Which has launched an innovative “taster flats” scheme that it manages in partnership with the Looked After Children and Young People’s Service (LACYPS). This enables them to work with young people who are leaving care and moving towards more independent living, aiming to help them sustain their tenancies. The approach includes a ‘try before you buy’ option, the chance to settle in the community before taking up a long-term agreement and Independence, but with support and help when they need it.

Case study 2: Lewisham Homes – Providing support services in innovative temporary accommodation

Lewisham Homes is currently providing property management services and wider support services to the PLACE/Ladywell temporary accommodation scheme on behalf of Lewisham Council. This scheme is the UK’s first “pop-up” village, comprising temporary accommodation for 24 families in priority housing need and community / enterprise space for residents and local businesses. The 24 families (96 individuals in all) were taken from Lewisham Council’s waiting list; many had previously been staying in expensive, low-quality B&Bs.

Devised and designed in collaboration with Rogers Stirk Harbour + Partners, an architecture practice, PLACE/Ladywell units are modular and built in a manner that allows easy disassembly and rebuild-
ing elsewhere up to five times. This allows the council to make use of vacant brownfield land while longer-term projects are finalised; the site the village is currently located on will eventually be used for a mixture of social and private housing, and a new school. The council intends for the scheme to be in its current location for no longer than four years, whereupon it will be deconstructed and moved elsewhere in the borough.

In addition to property management services, Lewisham Homes provides a “wrap-around” support services package to residents to ensure that they are happy with their accommodation. This includes supporting residents in finding permanent accommodation, with the ALMO aiming to have all current residents in permanent accommodation within 18 to 24 months. This arrangement allows the ALMO to take on some of Lewisham Council’s property management costs while also contributing to reducing the Council’s homelessness waiting list. As the scheme is deconstructed and moved around the borough in the coming years, it is likely that Lewisham Homes will continue to provide property management and support services, enabling the ALMO to deliver value to the Local Authority in the long-term. In addition, the ALMO and the Council are currently exploring the possibility of building around 75 more homes using modern methods of construction on two further sites.

**Commercial / other management services**

We have identified that a number of ALMOs are delivering a range of management and other services to a variety of sectors and clients, as highlighted below⁵.

16/35 manage stock for other landlords
23/35 manage private rental sector stock
23/35 provide repairs services to the wider market.
16/35 manage or maintain non-domestic property
13/35 provide repairs services to the private rental sector

As can be seen in the diagram above, a number of ALMOs are using their expertise to offer services to the private rented sector. Among those now offering a lettings and / or private sector management service are Stockport Homes, Berneslai Homes, Colchester Borough Homes, Cornwall Housing Ltd and St Leger Homes of Doncaster. This service can enable organisations to utilise their experience in housing management whilst also providing an opportunity to raise standards amongst private landlords.

In addition, we have found that many are also lending their housing and repairs expertise to others by providing property and management services to landlords (both social and private) as well as other customer groups. For instance, nine ALMOs are known to be providing management or maintenance services to the

⁵ NFA survey (2016)
education sector, whilst others are also delivering services to commercial properties, community buildings and care homes. Many of these management and property services enable the ALMO to generate more income that can be re-invested elsewhere. For example, in 2016 Stockport Homes managed 10 community buildings on behalf of their Local Authority and by booking these out for private events and meetings their income has gone up by 21%, creating additional funds to help deliver frontline services. A small minority of ALMOs (4) have set up repairs companies to support these commercial initiatives.

Several ALMOs also appear to be harnessing such opportunities to develop increasingly innovative commercial approaches. Colchester Borough Homes is now offering a new and exciting professional aerial imagery service to businesses, using an Unmanned Aerial Vehicle (UAV). Using their UAV, the ALMO are able to capture aerial images and video footage for others which highlight and enhance their businesses’ products and services. The service is also incredibly useful as an inspection and marketing tool and will be extremely beneficial to particular industries such as construction, agriculture, marketing, property and leisure.

Interestingly, across the sector 20 ALMOs currently have Direct Labour Organisations (DLOs). There has been a recent resurgence of DLOs in the wider social housing sector as organisations are seeking to drive up standards and have greater control of costs. Linked to this, a growing trend appears to be the use of DLOs to deliver wider repairs and maintenance services to the Local Authority and wider market. This is not only a means to create efficiencies, drive up standards and generate additional income, but can also bring other benefits, such as maximising economic returns for the wider borough. An example is Nottingham City Homes which has recently taken on responsibility for repairing its parent council’s corporate properties as it expands its in-house Direct Labour Operation. The organisation had previously taken on responsibility for day-to-day repairs to council properties in 2014 and is now expanding its team to deliver planned improvement works too. Nottingham City Homes has worked out that its approach brings employment into the city and keeps money in Nottingham. Every pound spent through the DLO results in £1.70 being spent in Nottingham, compared to £1.30 if the service was delivered by a national contractor.

In addition, several organisations (9 / 30) currently deliver cross-tenure Anti Social Behaviour (ASB) services. One example is South-Tyneside Homes (Case study 3). This cross-tenure approach can enable organisations to deliver a more effective and efficient service by reducing duplication that can occur between the ALMO ASB service and the Local Authority’s provision. This added value has been underlined by stakeholders from some of the Local Authorities we interviewed, for example one stated how they were pleased how their council had been able to harness the “breadth of expertise in the ALMO” to deliver such services and other mentioned how “the Council struggles to manage its portfolio and would not be able to deliver efficiencies and responsiveness as well as the ALMO.”

Some ALMOs have also taken on the management of other services for their Local Authorities such as highways maintenance or running energy companies. There appear to be a number of key drivers for such services being outsourced to ALMOs. This includes using a proven track record in the delivery of other services and utilising their ability to deliver more flexible and agile services that can deliver improved performance. For instance, one Local Authority interviewee described how “having an ALMO gives us more
flexibility” and had enabled them to drive up service standards. An ALMO survey respondent also underlined how they had demonstrated their “ability to deliver good quality services and contain costs across the range of services we provide. We have a proven platform for driving down costs and improving satisfaction and outcomes and being able to produce creative solutions to problems.” Similarly, another ALMO described how “we are recognised as an innovative and effective delivery of services that are well regarded...The Local Authority is looking for new and more cost-effective ways to maintain services and we are one of the obvious answers.” An example of an organisation who has taken this approach is Barnet Homes which in March 2016 temporarily took on the responsibility for the management and delivery of Barnet Council’s Street Scene services, covering areas such as refuse, recycling, street cleansing, trees, parks and open spaces. The ALMO’s role was to provide stable leadership and prepare the service to deliver significant savings through a redesign.

Case study 3 - South Tyneside Homes – Area management

South Tyneside Homes (STH) has proactively taken on a broad range of area management activity within its area of operation on behalf of the Council, allowing it to effectively deal with issues that matter to local communities and deliver value to the Local Authority. This activity has been undertaken against the backdrop of STH’s Local Authority, which has been hit particularly hard by the austerity regime and subsequent cuts.

Recognising that the broader needs of the borough needed to be addressed in a more meaningful capacity than “just bricks and mortar, and tenants”, STH and the Council came together in 2015 to create an estates-focused housing and area management team made up of staff from within both the ALMO and the Council. The over 100-strong team is comprised of static operatives supported by mobile, connected teams on the ground who function as the “eyes and ears” of the public. This team has taken on a wide range of area management responsibilities, including cleansing of streets, beaches, parks and cemeteries, removal of graffiti, and dealing with fly-tipping. The team also play a role in handling anti-social behaviour across the Local Authority, taking a tenure blind approach to management. Operatives are equipped with mobile phones and tablets to gather evidence as the Council and ALMO seek to take a more hard-line stance against litterers and vandals.”

This unified housing and area management team has been able to deliver significant benefits to the Council and local communities. Through their pre-existing role in managing properties on behalf of the Council, STH already possessed a strong knowledge of their communities and the specific issues facing them. Utilising a joined-up, team-based approach also results in more effective delivery of these services than was previously the case. The arrangement is also of benefit to the ALMO, with its Local Authority identifying STH’s neighbourhood and place-shaping work as one of the areas where the organisation delivers the greatest value to the Council and residents. This tenure-blind approach to area management is echoed in South Tyneside Homes’ approach to support, with the ALMO delivering a tenure-blind support service which is FCA accredited following the transfer of the Council’s Welfare Rights staff into the ALMO along with the homeless service.
Developing more homes

Another area of service activity where ALMOs are playing a growing role is in the development of new homes. ALMOs collectively plan to build 8,894 homes across a variety of tenures over the next 5 years and only four out of the current 35 ALMOs in operation said that they had no development planned across this timescale⁶. The proportion of ALMOs delivering these different types of products over the next five years is displayed below.

<table>
<thead>
<tr>
<th></th>
<th>%</th>
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<tbody>
<tr>
<td>Affordable rent</td>
<td>60%</td>
</tr>
<tr>
<td>Social rent</td>
<td>29%</td>
</tr>
<tr>
<td>Shared ownership</td>
<td>11%</td>
</tr>
<tr>
<td>Outright sale</td>
<td>9%</td>
</tr>
<tr>
<td>Market rent</td>
<td>6%</td>
</tr>
</tbody>
</table>

The majority of ALMOs are therefore developing homes for affordable and social rent, and there are also several organisations who are developing shared ownership properties, as well as homes for market rent and outright sale. By developing a variety of tenures and products, these ALMOs are also looking to meet wider housing needs; it will also enable them to generate more income that can be re-invested into further development so they are able to help reduce their local waiting lists. This activity comes at a time when UK councils are becoming increasingly unable to meet demands for affordable housing. A report by APSE (Association for Public Service Excellence) earlier this year found that 98% of UK councils have described their need for homes as either ‘severe’ or ‘moderate’ with only 1% claiming that their need is not substantial. One ALMO interviewed described how “the Council sees us as a vehicle to deliver their target for new homes in the city.”

However, ALMOs have faced a number of recent challenges that have undermined their development ambitions. This includes the 1% rent reduction, ongoing welfare reform and current treasury limits on investment. There is also continued uncertainty because of ongoing Brexit negotiations. ALMOs had successfully built 775 new homes in 2016, but this represents a 14% decrease compared to the previous year⁷. ALMOs’ development plans to build over the next five years have also faced a 16% reduction in what had been reported as planned development last year. This reduction is seen to be a consequence of some ALMOs that have had to reduce or discontinue their building programmes due to increasing financial challenges.

Despite these issues there are a number of ALMOs that are finding increasingly innovative ways to continue to build new homes. A fresh solution has been the growing number of organisations who are setting up subsidiaries to develop new homes. By setting up such subsidiaries, ALMOs can play a key role in enabling their councils to develop whilst balancing the books. It also means that organisations who are unable to develop due to the constraints of building within the HRA can build more homes. An example of this is South

⁶ As reported by the NFA in its annual review of the sector (2016)
⁷ Ibid
Tyneside Homes which was the first ALMO to set up a housing association in partnership with its council and has delivered 236 homes. The organisation is now also building new homes for sale. Another recent example is Nottingham City Homes who announced in April this year that it is waiting for sign-off from the Homes and Communities Agency (HCA) on its plans to become the ninth ALMO with housing association status. The ALMO already has a separate company to build homes for market rent.

In addition to providing more homes, ALMOs are also increasingly using these subsidiary arrangements to provide a positive and much-needed return to their councils. Barnet Homes (case study 4) has set up its RP, Opendoor Homes, using an innovative on-lending arrangement with its council who is also providing the land (which is in the HRA) for development. As part of this approach the ALMO will provide a dividend that will help support the Authority to receive ongoing revenue for its general fund. This is a particular area where value can be added by ALMOs as often private developers provide only capital funding as part of their partnership arrangements, using an ALMO to deliver a development pipeline can therefore be particularly beneficial for Local Authorities that are revenue, rather than capital poor.

Another notable trend in development also includes the use of ALMOs’ own DLO staff to directly build rather than contracting out to a developer. Examples of organisations which have taken this approach include Nottingham City Homes, Derby Homes and South Tyneside. These organisations have trained their staff to build as they respond to construction skills shortages and look to reduce spends. Derby Homes recently reported that this model has helped it to develop sites for up to 20% less than if it used contractors. Likewise, Nottingham City Homes’ in-house team has the capacity to build up to 50 homes per year.

Other organisations, such as Wolverhampton Homes and Stockport Homes, are also piloting the use of modular construction methods. For example, in 2016 Stockport worked in partnership with Bowsall Construction and Willerby Ltd to provide14 family homes. This approach, whereby Stockport builds homes in a factory to reduce construction waste, has enabled the organisation to eliminate delays due to adverse weather and the units arrived on site with fully fitted kitchens and bathrooms. Some ALMOs are therefore taking a proactive role in tackling the housing shortfall by using radical innovation in building practices. This is timely as a survey of 230 house-builders recently reported by Pinsent Masons (Feb, 2017) found that 67% feel that off-site construction will play a key role in new-home supply. This is because the build time for these homes is cut by six months or more. Another report by Systemiq and the Ellen MacArthur Foundation has also highlighted several potential environmental benefits from off-site construction, including more energy efficient homes.

One survey respondent described how there is a real opportunity for ALMOs to “demonstrate that they have the skills and resources to deliver new-build housing on Council land” so they can be taken seriously as partners in these wider initiatives. In line with this, it does seem that many across the ALMO sector are continuing to add value to their Local Authorities by using their in-house development expertise and / or by successfully working in partnership with their councils and private sector partners to deliver much needed new homes. They are also delivering other benefits, such as ensuring that their schemes create employment, training and work experience for a large number of local people. In this way, the development being undertaken by ALMOs is increasingly adding value to their communities in a number of different ways.
Case study 4 - Barnet Homes – Registered Provider subsidiary

Barnet Homes is in the process of setting up a Registered Provider subsidiary, Opendoor Homes, to deliver the ALMO’s housebuilding commitments in the borough. The subsidiary has been granted RP status by the Homes and Communities Agency, and is now beginning work on its plans to construct 320 new affordable rent homes by the summer of 2020. This work is set against the backdrop of a rapidly-increasing population in the borough, with an additional 76,000 expected to be needing housing by 2040 on top of the existing 400,000 residents of the borough. The development is being funded by a £65m loan from the Council. Building work has begun on a number of schemes on in-fill sites in the borough, with the first two schemes producing 27 two-bedroom homes in a mixture of flats and houses. The ALMO is therefore working positively build on difficult, tricky sites, all of which is helping to boost supply in the borough. These new homes will be owned and managed by Opendoor Homes, which is wholly owned by Barnet Council.

Barnet Homes believes that this venture will allow the ALMO to “drive efficiency, offset cuts and savings, and respond to the Council’s agendas and needs”. The organisation is also taking advantage of “a level of trust among residents that cannot be replicated by a joint venture”, harnessing the ALMO’s reputation in the local community, as opposed to engaging a private business, which may drive down unit costs but would lose local employment and leverage.

Other activities

In addition to diversifying their service offer, we have also identified that ALMOs are making changes to their organisations through a number of other specific activities.

No of ALMOs currently undertaking any of the following activities

<table>
<thead>
<tr>
<th>Transformation / change management</th>
<th>Increasing stock size</th>
<th>Procurement savings</th>
<th>Partnership &amp; collaboration initiatives</th>
<th>Delivering governance changes</th>
<th>Setting up a subsidiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>24</td>
<td>22</td>
<td>20</td>
<td>14</td>
<td>13</td>
<td>10</td>
</tr>
</tbody>
</table>
Interestingly, most organisations who we surveyed said they are currently undertaking transformation / change management initiatives. Many are also looking to increase their stock size to offset the risks associated with depleting stock resulting from the Right to Buy. We have already described how a number of ALMOs are looking to do this through development. The NFA has also recently highlighted in its annual review that overall the sector built/acquired and developed 1,136 properties to the social housing sector.

In addition, a number of organisations have also undertaken procurement savings in order to deliver greater value for money. One ALMO highlighted how the procurement of new contracts had delivered ongoing savings of around £1M per year to the HRA. Several organisations are also undertaking a number of partnership and collaboration initiatives. Berneslai Homes have taken part in a joint Procurement exercise for legal services with St Leger Homes of Doncaster and A1 Housing, and also recently led on a joint procurement with St Leger Homes for a scaffolding framework. This has resulted in savings in time and aggregated savings by working together. Berneslai Homes have in place an acquisition programme which includes an element of buy-back and market purchases to increase social housing stock. They are also working with the Local Authority and have in place a buy-back plan to increase social housing stock alongside their new build programme.

A growing trend appears to be the implementation of governance changes (including to both Board composition and size) as well as changes to organisational structures (including setting up subsidiaries) to enable greater diversification and the delivery of other benefits.

We have explored some of these key activities in more detail in the following sections of this report.

**Transformation and change management initiatives**

As noted in the introduction to this section of the report, ALMOs are conscious that their customers’ expectations and needs are changing. At the same time, there are increasing pressures to deliver more efficient, economical and effective services. One survey respondent described how “we can’t afford to stand still.” While we’re aware that all organisations will naturally seek to continuously improve their services, it does appear that ALMOs are also increasingly looking to take on concerted service-improvement programmes that enable positive change. As a result, it appears the vast majority of ALMOs (80% of those surveyed) are taking on such initiatives to address the challenges they face. This is very similar to the housing association sector where we have recently identified in a recent research report (Future Gazing, Future Shaping, 2016) that that 65% are currently implementing a programme and 29% are currently in the process of planning a transformation programme.
The types of the transformation activity being explored and implemented by organisations include the following areas:

- **Staffing structures**
- **Process re-design**
- **Customer insight**
- **Digital / self-serve**
- **New ways of working / connected workplace**
- **Service reviews**
- **New delivery models**

A few examples of ALMOs making positive changes in this area are:

- **Colchester Borough Homes** – Which is implementing a company-wide programme they are calling Working Smarter, which encompasses better use of technology, new working practices and a review of accommodation. The organisation is moving towards more agile working including working from anywhere via cloud technology and a greater focus on performance management by outcomes rather than by presence. The organisation anticipates the investment of around £200,000 in the project will be repaid within four years through reduced overheads, and aims to realise further efficiencies through better ways of working.

- **Cornwall Housing Ltd** – Has delivered improvements to their office accommodation in 2016 which achieved efficiencies estimated in excess of £800,000 by 2018 for their service and the Council. This was driven by the need to create better working conditions for staff and to bring dislocated services together in the central spine of Cornwall.

- **Lewisham Homes** - Has looked to digitalise their approach by introducing a secure part on their website for customers. This includes enabling residents to book repairs non-emergency appointments online. There is also self-service by text so residents can receive automated rent and service charge balances upon request.

Some organisations are also looking at these areas in the round through the implementation of organisation-wide transformation programmes. An example is City West Homes, which is described below.
CityWest Homes (CWH) in Westminster, has embarked on an organisation-wide transformation programme to ensure that its service delivery is fit for the 21st century and reflects its customers’ needs. This transformation programme is built around three key aims: simplifying the organisation’s service delivery in a modern world empowering residents; ensuring that CWH is consistent and easy to do business with, and able to drive continuous service delivery improvements; and migrating the organisation’s services online.

This transformation is being undertaken in recognition that “CWH’s current service delivery model is not fully reflective of customers’ needs”. For example, the organisation has historically operated a number of local estate offices; however, 94% of the organisation’s customer contact takes place via phone or email. Frontline services currently available at six estate offices are due to be replaced by regular drop-in sessions at community locations such as older peoples’ hubs and other local venues. They will be delivered by on-the-ground housing management services, who will continue to provide a point of human contact for housing needs and be available for local housing and estate management issues. Reducing the number of estate offices while raising the profile of online / telephone contact will allow CWH to deliver more cost-efficient customer contact services and ultimately deliver better value for money to residents and the Local Authority.

To support with this, services are being redesigned to focus on a new and larger contact centre and more online services to deliver a more efficient service to more people. Twenty-seven additional staff to a total of 42 will move into a new contact centre, CityWest Connect, where specialist teams will be in place to resolve the majority of queries on the first call. It will provide a single point of access for all resident queries. The organisation is also introducing two-hour appointment times as opposed to the traditional four-hour slots, and will email or text residents ahead of their appointments to confirm that the resident still wishes for the appointment to go ahead. It is estimated that this will reduce repairs operating costs by 20%, again delivering better value for money while improving the customer experience.

New online services such as ordering repairs and managing rent or service charge accounts will be available later in the year. A new online portal for major works is also being piloted which includes real time updates on works 24 hours a day, plus an online calculator to help lessees understand the cost of improvements.

Jonathan Cowie, Chief Executive of CityWest Homes, said: “Improving our customer services whilst retaining frontline services for those who need them most is our priority. By changing the way we deliver customer services in line with how people prefer to contact us will ensure a better and more efficient service for more people.”
Governance

We have identified that a number of ALMOs (43% of those surveyed) are currently undertaking governance changes to meet current and future challenges. In addition, a further 17% indicated that this was something they were planning to do in the near future. The types of changes being made was recently explored in a report published by the NFA, entitled ‘ALMO Governance: The Inside Track’ (October, 2016). This found that several ALMOs are streamlining their arrangements, and reducing the size of their Board to enhance and supplement their approach. There has also been a growth in trends such as introducing Board pay; with 57% of ALMOs remunerating their Board chairs and 38% remunerating their Board members and vice chairs. In addition, the research also identified that there are a variety of approaches being taken in regards to Board composition. For example, a number of ALMOs now have executive officers and employees on their Boards. It therefore appears that ALMOs are continuing to adjust their governance to the challenges they are experiencing in order to enable greater long-term resilience and viability.

We have found that on the whole in the social housing sector there has been, and continues to be, a move towards more skills-focussed governance arrangements. In Altair’s research (2016) on Large Scale Voluntary Stock Transfer (LSVT) housing associations we found that the majority of those involved had adapted their Board composition to move away from the standard constituency model, which is shared also by a number of ALMOs. They have done this by including more or only independents who are recruited on a skills basis, and therefore reducing or removing the automatic places on Boards for resident and Local Authority representation. The NHF also recently researched the current compositions of LSVT Boards (2015) by surveying 76 LSVT organisations. Although not necessarily a fully representative sample, their data suggests that the average LSVT Board composition is now one Local Authority nominee, six independents and three tenants. This is a trend that is taking place to a certain extent amongst ALMOs also. We have identified 5 ALMOs (14% of the sector) that have changed or are in the process of changing the composition of their Board as their business model changes. These organisations have moved away from a traditional ‘constituency’ model of a third council representatives, a third tenants and third independents, to include more independents on their Board. Some examples of these organisations include:

- **Cheltenham Borough Homes** - Has adopted a Board of five independents, two council appointed members and three tenant / leasehold members (and has one independent co-optee).

- **Your Homes Newcastle** – Which is moving from a constituency Board of 19 to a Board membership of 12. This includes 4 reserved places for council nominees and 8 places for independents. We have provided more detail in case study 6.

- **Stockport Homes** – The Board of which is made up of three customers, four independent members and three ‘stakeholders’. The latter ‘stakeholder’ constituency group was introduced in 2015 and includes one councillor, one local resident who is the chief executive of a national housing trade body, with the third and final member working for a local housing association.
The role of Board members has increased substantially, and several commentators have emphasised the importance of Boards having the necessary skills to effectively carry out what is becoming an increasingly more complex role. It therefore appears that a move towards more skills based governance arrangements in the ALMO sector is reflective of the growing range of diverse activity being undertaken by organisations, the need to manage more complex risk, and to meet the demand for more specialist and technical skills. Whilst it is for each organisation to come to a view as to what is the best structure for their governance, several ALMOs have decided to make such changes to their Board composition in order to increase the capacity and adequacy of their organisations’ governance and effectiveness.

For such moves to be successful we have also found that relationships with key stakeholders have been maintained and often strengthened by preserving resident and/or Local Authority membership on either panels or committees that report directly into the governance framework, or through other means of more regular, informal engagement, such as stakeholder surveys, partnership working, briefings or digital engagement. In particular, it has proved important for Boards to ensure that they are still able to hear the voice of the customer. This way both the strategic direction and the shaping of service delivery are able to reflect both future and current customer needs appropriately. For example, Your Homes Newcastle (case study 6) is moving towards the inclusion of a customer services committee as part of its revised governance framework.

Overall, as the operating environment becomes increasingly complex it is likely that ALMO governance arrangements will continue to shift to meet new challenges. More widely this may result in a stronger focus on regulation to ensure risks are effectively managed.

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**Case study 6 - Your Homes Newcastle – Governance that is fit for the future**

Your Homes Newcastle (YHN) has begun a comprehensive overhaul of its governance structure to ensure that the organisation’s strategic direction is fit for purpose and firmly focused on achieving positive outcomes for customers.

Prior to the restructure, YHN had a Board of 19, with six independents, six tenants, six councillors and the Chair. Recognising that this composition did not guarantee that the organisation would have all of the skills it required; and that the size of the Board was not conducive to effective decision-making and sometimes resulted in an overly operational focus, YHN restructured the Board. It is now replacing constituencies with a skills-based Board, with an membership of 12. This includes four reserved places for council nominees and eight places for independents, including the Chair.

This restructuring has extended to YHN’s wider governance arrangements. The organisation currently has three Boards: for the ALMO itself, for its commercial business, and for its community benefit society. YHN is now moving to combine the YHN and commercial business Boards into a single common-purpose Board, to be supported by four committees. One of these is a customer services
committee. This committee is made up of tenants and will also be chaired by a tenant. There will be a Board representative at all meetings to ensure there is line of sight and connectivity.

It is envisioned that the combination of a more agile, skills-based Board at the helm of a simplified governance structure will enable YHN to successfully pursue its ongoing wider transformation programme as it seeks to embed a collaborative, customer-focused culture throughout the organisation.

**Business restructuring**

As noted previously, we have identified that a number of organisations have set up subsidiaries to enable them to develop more homes in partnership with their councils. Others, such as YHN, have created charitable subsidiaries to use the surpluses generated by their commercial companies to operate their training and support services. In our survey, we found that 10 organisations have already set up subsidiaries, and that an additional 8 ALMOs are also planning this for the future. An emerging trend in ALMO activity also includes the development of formal group structures to enable greater diversification activity. More widely in the housing sector we are finding that increasingly organisations are ensuring that their group structures are simpler. For instance, we are aware several housing associations have evolved their approach by moving to “common Board structures” where the governance structure is simplified, but a more complex legal structure remains. Those who have made such changes have found that it can enable swifter decision-making and clearer delegated authorities. This does not however appear be a trend that has taken hold in the ALMO sector, as several of those who have adopted group structures have only done so in recent years. Nevertheless, there are examples of organisations who have changed their organisational structure to deliver improved value for money. This includes Kirklees Neighbourhood Housing who merged with the Council’s Building Services Operations in 2016 to create more effective and efficient customer focused housing management and maintenance services which enable investment in local strategic priorities.

For those organisations adopting group structures it seems that some are seeing themselves differently compared to traditional ALMOs, for example one interviewee described how “We have the ALMO name, but have turned into a local housing group of companies.” Examples of such organisations who have adopted group structures include Nottingham City Homes. Stockport Homes (Case study 7) and the Barnet Group, who, in addition to an RP and care and support company, has also set up a subsidiary, TBG Flex, within the group structure for the recruitment and employment of new staff. Flex will be fundamental to making the organisation’s business growth strategies commercially viable in the future.
Since 2016, Stockport Homes has been engaged in a wide-ranging business restructuring exercise that will see the organisation (and its service provision) extend from a standalone ALMO to a fully-fledged group structure comprising the ALMO itself and three subsidiaries. Recognising that it was perceived as a Stockport-only management organisation, Stockport Homes has sought to widen the scope of its activities through the establishment of a number of subsidiaries. Currently the organisation has a development company and a trading company, and is in the process of setting up a charitable company. While these organisations are all grouped under the “Stockport Homes Group” label, the companies themselves have been given names that do not mention Stockport. This is a deliberate choice that will enable the ALMO to “operate outside of Stockport due to less regionally-focused branding, allowing the organisation to capitalise on opportunities to build non-social housing and housing outside of Stockport, bringing in commercial income to support the ALMO’s core business”. The creation of these additional companies will also enable Stockport Homes to realise efficiencies on new-build developments and bid for new and more diverse service contracts.
What does the future hold?

Our research has established that many ALMOs have adapted to changing circumstances and as a result have remained valued and trusted partners of their Local Authorities. Testament to this is how organisations across the sector have and continue to diversify their services beyond their existing housing management offer. This diversification has often enabled organisations to continue to deliver their core mission - to provide good quality and affordable homes that help change lives and communities - in what continues to be an increasingly challenging operating environment. It has also enabled organisations to deliver a number of other benefits such as:

- Improving the life chances of those living in the properties they manage, as well as the wider community.
- Enabling the provision of ‘wrap-around’ services, through the delivery of services such as homelessness advice and private lettings, so they are able to meet a variety of housing needs.
- Supporting the Local Authority to reduce housing demand through the delivery of preventative and reactive services.
- Delivering services to the market to provide another means of income that can be re-invested into other activity, such as community initiatives and developing new homes.
- Using their in-house development expertise and / or by successfully working in partnership with their councils and private sector partners to deliver much needed new homes.
- Ensuring additional activities enable and support the council to address wider issues and strategic priorities in their local communities, for example through the delivery of socio-economic, homelessness and care and support services.

We have found that the most successful organisations in any sector are often those which are willing and able to innovate in times of challenge and we have found that within the ALMO sector many are also increasingly delivering their services in dynamic and innovative ways. For example, organisations have set up RPs to develop new homes, are using their DLOs to deliver construction works, and are delivering other, more value adding services on behalf of their Local Authority, such as cross-tenure ASB management.

Several ALMOs are also adapting to the challenges they face by taking on other activities such as wholesale transformation / change-management programmes, as well as governance reviews. For many these initiatives can support long-term resilience and viability. There is therefore much to be learnt from good practice and new innovative ideas within the sector in relation to both service delivery but also wider strategic reviews.
Throughout this report we have also highlighted how Local Authorities feel their ALMOs add great value to their organisations in a number of ways. This includes providing expertise in cross-tenure management of services such as ASB, delivering more flexible and agile services that have improved performance, and supporting them to meet housing need and local priorities through the delivery of new homes. In relation to the latter, we have found that those ALMOs who have a deep understanding of their Local Authorities requirements and who work hard to develop partnerships are more likely to be successful and sustainable. As a result, several ALMOs are building on their track-record of efficient and effective service delivery to generate service improvements, shared outcomes and wider economic benefits to their Local Authority.

Looking to the future, there are clearly a range of opportunities for ALMOs to harness the positive work already underway to provide more services in partnership with, and on behalf of their Local Authorities. This has been voiced by some Local Authorities themselves, for example one interviewee we spoke to described how they felt that ALMOs could do more in the future to “engage more widely in our activity”.

Overall it seems that whilst ALMOs may have reduced in terms of numbers, for those that remain there are clear opportunities to succeed and grow. Harnessing these opportunities will ultimately support ALMOs to continue to deliver good quality homes for those who could not otherwise afford them. This includes reviewing approaches to governance, as well as delivering efficient and effective services and products that are both relevant and genuinely needed in this new tougher economic environment.