



Excellence in Management & Partnership

Full report and executive summary

How councils can put the ALMO advantage to work
in the new regulatory environment



Councils with ALMOs Group (CWAG)

The National Federation of Arm's-Length Management Organisations (NFA)

Updated November 2022.



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Foreword – Jacqui McKinlay, Centre for Governance and Scrutiny



I am delighted to introduce this practical guide designed to help councils and their ALMOs review their relationship frameworks and check they are still fit for purpose.

The Government intends to change the social housing regulatory framework for both building safety and consumer regulation. This guide could not be timelier, and its content reflects the excellent preparation for coming change already underway in the sector. It also rightly maintains all-important focus on excellent outcomes for tenants and services.

At the Centre for Governance and Scrutiny, we have gathered a wealth of evidence and experience over the last two decades that shows the importance of grounding governance culture in clear accountability, transparency and involvement.

While compliance, structure and processes obviously matter, what really makes a difference is the careful assembly of all the ingredients that go into a positive governance culture – clarity of purpose, clear roles and responsibilities, respectful and trusted relationships, good communication and an openness to challenge.

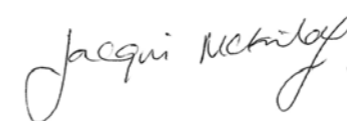
This does not happen by magic. It demands strong commitment from leadership teams to continuous improvement. From everyone involved, it demands a collective ownership of governance. Any organisation or partnership that hopes to develop the ability to respond quickly to challenge and adapt to change needs the sure foundation of a resilient governance framework.

This report, drawing on a huge amount of input and feedback from organisations and individuals across the sector, shows how this framework can be constructed.

The message from government and the regulators is that the sector should not wait for change to come, and I urge all councils and their ALMOs to use this report and its toolkit to begin proactive reviews of where they are now. It is obviously also crucial to involve tenants and all their diverse voices and experiences in that process.

Post-COVID and the tragedy of the Grenfell Tower fire, we have a once-in-a-generation opportunity to establish sound communication between landlords, housing managers and tenants and create truly constructive relationships on all sides.

This guide offers all the practical advice your organisation needs to make this goal a reality and I encourage everyone – from strategy-focused senior executives to frontline staff in ALMOs and councils, and all of their residents – to read and make use of it.



Jacqui McKinlay
Chief Executive,
Centre for Governance and Scrutiny

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Executive summary

ALMOs are a unique part of the local authority landscape. Since their inception in 2002 ALMOs have delivered a range of services which support the strategic objectives of councils. They sit within the local authority family as a hub of housing management, regeneration and new-build expertise, delivering operational excellence, resident engagement and good governance. They are important anchor organisations in communities, and are underpinned by robust governance structures.

This report reviews the range of models of management, partnership and assurance that have evolved between ALMOs and their parent councils. Some ALMOs have developed considerable independence from their local authority while others have a much shorter arms-length relationship. ALMO remits are also hugely varied, ranging from a tight focus on housing management to encompassing wraparound services that support their local authority's much wider strategic outcomes; from sitting in group structures to delivering on their own property portfolios.

This is why this report offers context rather than prescription. It is designed to capture the key elements of best practice and inform conversations between local authorities and ALMOs about how they can meet the challenges of post-pandemic recovery and, at the same time, be confident that their services comply with the provisions of the Social Housing White Paper and the new regulatory environment.

Who is this report for?

This report is relevant to every level of housing management. It is for local authority senior officers and politicians, their clienting teams and ALMO board members, executive managers and staff. It will also be useful for sector partners who want to understand the ALMO model better.

It offers a toolkit – a 35-point checklist that covers nine key compliance issues: council/ ALMO relationship; resident voice; complaints; performance; independent assurance; audit; governance; risk; and health & safety/ building safety.

The toolkit is firmly based on evidence from the frontline of council-owned social housing management. It is therefore useful for all councils with their own housing, whether they manage their stock through an ALMO or in-house. This is because the toolkit's primary focus is good governance, tenant engagement and preparing for new regulation.

The ALMO model

ALMOs have an in-built culture of promoting the voice of residents. They have a strong track record of using this input to shape and scrutinise services, engage and enable residents as critical friends, and allocate them roles in governance structures, including at board level. It cannot be overstated how important this foundation is for responding to the core aims of the Social Housing White Paper.

The ALMO model demands more levels of scrutiny than in-house council housing departments generally have. Robust governance requirements include the oversight of a board whose membership is often equally split between councillors, residents and independents.

Residents bring experience, perspective and scrutiny; independents provide subject-specific experience in areas such as finance, risk and audit, governance and housing management; councillors maintain links to the local authority's strategic priorities and contribute their own knowledge of their wards and communities. Well-managed and transparent boards can give both the council and the regulator a greater level of assurance about stock management and housing-related services.

Coming changes

The Social Housing White Paper resets the relationship between social housing tenants and their landlords. The Regulator of Social Housing and the new Building Safety Regulator will hold a local authority directly to account for the impact on tenants of how their homes are managed.

Councils whose housing is managed by an ALMO already have a well-established management team that focuses on operational excellence and resident engagement. The ALMO model itself gives an additional layer of governance to provide further assurance, through its independent board.

The key change is that, in future, a local authority must have evidence to show the Regulator that tenants are heard and their homes are well run. A named individual within in the local authority will be responsible to the Regulator for this, and a second named person will be responsible to the new Building Safety Regulator. These individuals need to be fully integrated into the assurance structures so that they can confidently and quickly produce proof of good systems and governance either of these regulators ask for.

Other changes include:

- ◆ Introduction of tenant satisfaction measures (TSMs) to monitor performance, and – to come – a risk-based inspection regime and reformed consumer standards;
- ◆ A strengthened and more proactive Housing Ombudsman whose role supports the work of the Regulator of Social Housing;
- ◆ New responsibilities for landlords through the Building Safety Act 2022;

Monitoring performance

A balance should be struck between the ALMO's work as delivery partner and the local authority's need for assurance. Given constraints on resources everywhere, the aim should be to avoid duplicating the ALMO's own data gathering and performance monitoring work.

The imminent arrival of a new regulatory regime offers an excellent opportunity to review performance monitoring and assurance systems. Openness and transparency are key; as are well-resourced clienting teams that can both support and challenge the ALMO. The council's senior managers must be fully engaged and informed because these responsibilities cannot be delegated. At all levels and in each organisation, the comprehensive checklist offered by this report's toolkit will be an invaluable resource for this work – and is easily adapted to local circumstances.

- ◆ Other initiatives promised by the Social Housing White Paper including work on Decent Homes, electrical safety testing, anti-social behaviour and professionalisation of roles in housing management.

The Regulator of Social Housing is clear that it will set the outcomes it expects to see and will expect landlords to develop the framework and systems that will deliver those outcomes.

- ◆ Councils must be able to demonstrate that these frameworks and systems exist and are effective.
- ◆ RSH is also clear that regulation will be proportionate, risk-based, assurance-based and outcome-focused.
- ◆ Most importantly, the voice of the resident will be paramount. Landlords must be able to show that they listen to residents when they design, monitor and evaluate their services.

Recent comments from the Regulator strongly suggest that councils with a well-run ALMO may be better prepared to meet the new requirements than many of those with in-house services, not least because resident voice sits at the heart of the ALMO model. They are likely to already have solid evidence of good governance and assurance, scrutiny, involvement of residents and resident satisfaction. Nevertheless, the coming changes are an excellent opportunity for all parties to review and assess housing management systems and culture against the new regulatory demands.

The resident voice

Consultation

The Regulator of Social Housing will demand evidence of resident consultation in all aspects of housing management work: deciding and setting standards, developing strategy, scrutinising policies, procedures and practices, and reviewing performance and satisfaction. Compliance should be straightforward for councils with ALMOs since tenant involvement is built into the model. Meaningful resident engagement should run through systems, processes and culture, and resident feedback must be heard in the right places.

Governance

Robust processes should feed information from all tenant engagement into governance. Equally, boards and councils will want to actively reassure themselves that tenants are being listened to through measures such as bringing residents into boards, scrutiny panels and other governance structures, or asking tenants' panels to review reports and decisions. A joined-up approach can also feed into improved services and processes, better value for money, and the development of new services to meet newly identified community needs.

Transparency

Openness and transparency are a key part of this; annual reviews, scrutiny reports and other documents should be freely published and available online and in print;

meetings should be open and accessible. The case studies in this report illustrate the wide and creative methods ALMOs have developed over the years to communicate the all-important "you said, we did" element of the tenant engagement feedback loop.

Direct tenant involvement

Over the years, many different modes of direct engagement have been devised and trialled by ALMOs. They include asking tenants to write their ALMO's annual performance report; supporting active tenant scrutiny panels; training tenants to take an active role in governance as board members; and offering health, wellbeing, finance, digital and employability training as part of a broad housing services portfolio; and devising tenants-first employment and apprenticeship programmes.

Evidence

The Regulator of Social Housing will expect to see evidence of resident consultation in all aspects of housing management: deciding and setting standards, developing strategy, scrutinising policies, procedures and practices, and reviewing performance and satisfaction. ALMO boards and local authorities should also expect to see this evidence as part of their role in establishing a culture of hearing residents.

Six key messages from tenants

During the development of this report, feedback from the NFA Tenant Advisory Panel pinpointed the importance of:

The feedback loop: Hearing how their input is used makes residents feel heard. Effective communication between residents and the ALMO/local authority is vital.

Recognising tenants' knowledge and skills: The value of tenants' contributions, and particularly their first-hand knowledge of their own communities, must be actively recognised.

Training: Resident engagement structures and engagements need to be properly funded and supported to be effective. Training should show

tenants that they can choose from a range of ways to get involved and be heard, from board or governance work to less formal community groups.

Statistics versus the lived experience of residents: Performance statistics only tell part of the story and need the context that only residents can provide.

Scrutiny: An independent and trusted resident scrutiny panel should be seen by councils and ALMOs as a 'critical friend' offering valuable insight.

Diversity: A good ALMO board and all governance and engagement structures should be inclusive and representative.

The Regulator's expectations

The Regulator will develop their understanding of the specific risks that local authorities and ALMOs must manage as the Consumer Standards are reviewed and the new regulatory approach is rolled out. However, it makes sense to assume the Regulator will be looking for robust business assurance frameworks, management systems and processes.

The Regulator will want to see that organisational risks are understood by the ALMO board and executive team, the local authority's named responsible person and others who should be in the picture, such as scrutiny panel chairs.

Key to risk management work is ensuring that the ALMO's work is aligned with its local authority's strategy and risk appetite. This work includes: creating processes for identifying and responding to new and emerging risks; managing risks arising from diversification of services; consistent business and continuity planning; stress testing; and effective communication. Getting this right will protect councils from being caught unawares by the unknown and the unexpected.

A key issue for the Regulator's work will be to ask whether robust data management systems are in place. Is the ALMO board or the local authority getting accurate information – and how can they be sure of that? Only if they are confident on this point can they properly shape long-term plans, highlight risks and demonstrate genuine performance against standards.

The six principles of partnership working

Local authority and ALMO relationships have evolved to meet local requirements and though there are many common areas of focus, there is no single standard agreement, template or model for clienting or partnership working. However, these guiding principles lay down a sound foundation.

Well-defined relationship structure

Explicit structures that set out: clearly defined roles and responsibilities for council and ALMO and their staff; for performance monitoring and reporting; for meeting and review.

Balance of roles and responsibilities

At its most evolved, the council-ALMO relationship is a partnership with potential for enhanced and ambitious service delivery. While effective 'clienting' from the council drives ALMO performance, the ALMO's specialist expertise supports the council's strategic objectives. The feedback loop between the two informs both the quality and type of services that tenants want and need.

Good communication

Good communication between the ALMO board, executive team and staff and council officers and politicians is absolutely vital and fosters trust, transparency and openness - a 'no surprises' culture.

Strategic alignment

Clear alignment of risk appetites, direction of travel and priorities between council and ALMO is essential not only for core housing management services, but also the wrap-around services that many ALMOs deliver on behalf of their local authority.

Well-resourced clienting function

To effectively support and monitor an ALMO, a council-based clienting officer or team needs the right level of skills, resources and seniority. They, in turn, need commitment and engagement to the process from senior officers within both council and ALMO.

Effective scrutiny

The new regulatory environment is an opportunity for both local authority and ALMO to review assurance processes. Local authorities can, for instance, triangulate data from their ALMOs with independent feedback from tenants and leaseholders.

Introduction

ALMOs are a unique part of the local authority landscape. Since their inception in 2002 ALMOs have grown to be a partner of choice for local authorities, delivering a range of services which support the strategic objectives of councils. They sit within the local authority family and provide a strong focus on housing management, operational excellence, resident engagement and good governance.

Beyond local strategic objectives, the ALMO model is well placed to deliver the changes from the recent Social Housing White Paper, regulation review and building safety work. ALMOs have mature resident engagement structures, operational expertise in housing management and – in many cases – expertise in regeneration and new build. They have an important role as anchor organisations in communities and are underpinned by robust governance structures.

A range of models of management, partnership and assurance have evolved between ALMOs and their parent councils over the last two decades.

This report is a review of those models; it aims to support a conversation between local authority and ALMO in a changing environment. It provides guiding principles, contextual information, case studies, and a checklist of questions to help both sides of the partnership review and understand their relationship.

The toolkit has been designed by a steering group of local authority and ALMO representatives with input from CWAG and NFA members and the NFA Tenant Advisory Panel, which is made up of involved tenants and residents from across the ALMO sector.

CWAG (Councils with ALMOs Group) is the representative body of stock owning authorities where housing stock is managed by ALMOs. The NFA (National Federation of Arms-length Management Organisations) is the membership body for ALMOs.



© Nottingham City Homes (photo taken pre-pandemic)

Chapter One: Setting the scene

The context

Social Housing White Paper

The Grenfell Tower Fire in June 2017 has led to a fundamental shift in the government's approach to social housing and its regulation. **The Charter for Social Housing Residents**¹ (Social Housing White Paper), published in November 2020, focused on resetting the relationship between tenants and landlords, making sure tenants are safe in their home, that they have good quality homes and neighbourhoods to live in, and that the tenant voice is heard.

The Department of Levelling up, Housing and Communities (DLUHC) will oversee delivery of the white paper, with a reformed Regulator of Social Housing responsible for proactive regulation of the sector. The Social Housing White Paper now drives current workstreams in areas such as Decent Homes, electrical safety, professionalisation, building safety, regulations and complaints management.

At the same time, the **Building Safety Act 2022**¹ and **Fire Safety Act 2021**¹ are overhauling the building safety framework, creating an enhanced regulatory regime for higher risk buildings.¹ These will be regulated through a new Building Safety Regulator based in the Health & Safety Executive and will underpin a number of measures.

- ◆ Landlords will be expected to inform and engage with tenants about the safety of their homes.
- ◆ Every high-risk building will require a building safety case (both new build and existing).
- ◆ Landlords with buildings in scope must have an **Accountable Person** with responsibility for building safety and compliance.

COVID-19

The COVID-19 pandemic has clearly had an impact on much of the work and responsibilities of local authorities; for example, around public health, inequalities and tackling poverty, employment, housing strategy and community regeneration. For councils with ALMOs, these 'place and people' aspects of their work are woven through many of the services delegated to ALMOs, with key and connecting outputs entrusted to the ALMO. Pandemic recovery will be a key driver of the way in which local authorities use their ALMO to meet strategic outcomes.

Linked to this, the clear financial challenges created by the pandemic are combined with a difficult set of priorities for local authorities, which must now also find resources for building safety and the decarbonisation agenda. Local authorities with ALMOs will be able to consider how their ALMOs can help with these challenges.

Regulation of councils and ALMOs

¹ Defined in the act as buildings in England that are at least 18 metres in height or have at least seven storeys and contain at least two residential units.

In 2011 the Housing Inspectorate, part of the Audit Commission, was closed down and councils were given more control to make their own arrangements locally, with performance expected to be managed through local arrangements and decision making. Local authorities and ALMOs are expected to comply with the Consumer Standards, which are reactively regulated by the Regulator of Social Housing under the current regime and are due to be reviewed in late 2022.

ALMO and council relationships and their arrangements for performance monitoring have developed in this context, as ALMO services have diversified and local factors have influenced arrangements. The trend has been away from the client/contractor management agreements which governed relationships in the early days, towards partnership agreements which place the emphasis firmly on the overall relationship between local authority and ALMO and on partnership working.

This report refers to *clienting*, a term once widely used to describe council/ALMO relationships. The term covers all the arrangements, formal and informal, that local authorities have in place to manage and monitor their ALMOs. In some relationships there has been a trend away from using the term because it is seen as unrepresentative of the partnership model. However, others still find it useful as it captures the contracted nature of the Council/ALMO model.

Reforms to the Regulator of Social Housing post-2020

As part of the move to a new regulatory environment, the Regulator of Social Housing will introduce a proactive risk-based regulatory regime for all social housing providers, including local authorities with ALMOs.² This includes: mandating a set of performance indicators called Tenant Satisfaction Measures; reviewing the Consumer Standards; requiring organisations to identify named persons responsible for Consumer Standards and health and safety issues; and, in time, introducing regular inspections of landlords based on risk profiles.

The Regulator has made it clear through its communications with the NFA, CWAG and their members that it will maintain its **co-regulatory approach**. This means it will set the outcomes it expects to see; it will then trust landlords to develop the framework and systems to deliver those outcomes effectively, though councils will be expected to be able to demonstrate this when asked.

It has also made it clear that regulation will be **proportionate, risk-based, assurance-based and outcome-focused**. In essence, the regulatory regime will focus on ensuring the right processes are in place to deliver the right outcomes for tenants, and the Regulator will act when those outcomes are not being delivered. **It is up to local authorities, with their ALMOs, to make sure they can quickly show that assurance is in place.**

This version of proactive regulation means that, when asked by the Regulator, local authorities and ALMOs must be able to evidence good management, effective governance, effective systems, openness to regulation, and tenant involvement; broadly speaking, **structural assurance**.

The Regulator has also made it clear that its primary relationship is with the council, as landlord. Responsibility for complying with regulation will **lie with the local authority**, and not with the ALMO delivering the services.³ (There are instances where ALMOs own properties, and here the Regulator will have a **direct** relationship with the ALMO as landlord). This fits well with the local authority's current clienting responsibility to assure itself of the strategic direction of the ALMO, monitor performance and hold the ALMO to account; and provide the assurance framework to ensure good outcomes. It is therefore no surprise that the various new **named person roles** (both for Consumer Standards and health and safety) as well as the **Accountable Person** for "higher-risk" buildings will sit within the local authority (see page 15).

Systemic failure is a key shortcoming of those organisations that have been found at fault by the Regulator

in the past. One lapse has revealed systemic failures in areas such as governance, data, audit or computer systems. A strong message from the Regulator is the need for organisations to **get their house in order** – not because regulation is coming, but because their focus should already be on delivering the right outcomes and having robust systems in place to deliver those outcomes.

Most importantly, **the voice of the resident** will run through the regulatory approach. Organisations will have to demonstrate that they effectively listen to residents when they design, monitor and evaluate services. This is backed up through a Memorandum of Understanding with the Housing Ombudsman, which shapes the relationship between the Regulator and the Ombudsman, including information sharing and co-operation.

It is also important to note that in the near future some local authorities with higher risk buildings will be regulated through a new Building Safety Regulator. The Building Safety Act was passed in 2022 and various provisions of it are being enacted between 2022 and 2024. The principles of assurance and good data systems will apply here just as they do for consumer regulation.

The value of the ALMO model

Local authorities with ALMOs are in a strong position to deal with the challenges as we emerge from the pandemic, and to implement the Social Housing White Paper and its associated reforms. Recent comments from the Regulator strongly suggest that councils with a well-run ALMO and good assurance structures in place may be better prepared to meet the new requirements than many of those with in-house services. In many cases, they are already ahead of the game on the key issues of governance and assurance, scrutiny, involvement of residents, and resident satisfaction, with the contractual aspect of the relationship offering an enhanced level of assurance and opportunity for challenge.

The ALMO model will be well-suited to the future regulatory environment in a number of ways:

- ▲ A core part of the ALMO model is the centrality of the resident voice. ALMOs have an in-built culture of promoting the voice of residents, using their expertise to shape and scrutinise services, engaging and enabling residents as critical friends, and allocating them a role within governance structures, including at board level. It cannot be overstated how important this foundation is for responding to the core aims of the Social Housing White Paper.
- ▲ ALMOs provide a well-defined social housing management vehicle that already has a culture of strong performance monitoring. They are subject to greater scrutiny than in-house council housing departments on service delivery through board oversight, scrutiny from tenants and residents through formal governance structures, and monitoring arrangements with their parent council.
- ▲ Local authorities are also able to use ALMOs to deliver their wider strategic aspirations. This can include using the ALMO as an exemplar organisation for others to follow and to deliver more challenging projects where there may be little market expertise or appetite.
- ▲ ALMOs have robust governance structures. Most have boards made up of councillors, residents and independents. Each category brings value to discussion and decision making. Residents provide experience and expertise, perspective and scrutiny; independents provide subject-specific experience in areas such as finance, risk and audit, governance and housing management; councillors provide a link to the council with knowledge of local issues. Well-managed transparent boards can give a local authority a greater level of assurance about council housing stock management and associated services and in turn provide the Regulator with a greater level of assurance.

² Please note, the Regulator published on the 17th November its preliminary ideas for how they will regulate, which provides further detail on the direction of travel <https://www.gov.uk/government/publications/reshaping-consumer-regulation-our-principles-and-approach/reshaping-consumer-regulation-our-principles-and-approach-accessible-version>

³ In the case of local authorities with TMOs – some of which that are managed by the ALMO – responsibility will still sit with the local authority.



Chapter Two: Framework for the council/ALMO relationship

This chapter outlines the frameworks local authorities have in place to manage and work effectively with their ALMO. It covers the practical 'nuts and bolts' of existing council/ALMO arrangements.

Key questions for councils and ALMOs:

1. **Is there a formal structure for the relationship in place?**
2. **Are there clearly defined roles and responsibilities, both for organisations and individuals which avoid duplication of work?**
3. **Do arrangements foster a partnership approach?**
4. **Is there an open and honest culture where the ALMO could raise issues with the local authority and be supported to resolve them?**
5. **How are new services or responsibilities integrated into the overall framework?**

These and subsequent questions are collated in the checklist toolkit on pages 41 - 48.

Six principles of partnership working

Over the years, local authorities and ALMOs have had strong incentives to develop their own arrangements to meet local requirements. Though ALMOs have many common areas of focus, there is no single standard agreement, template or model for clienting or partnership working. From the various approaches, however, we can identify a range of guiding principles around which all councils and ALMOs can build their structures and relationships.

Structures which govern the relationship

A strong relationship between local authority and ALMO is underpinned by explicit structures that set out clearly defined roles and responsibilities for both organisations and individuals, for performance monitoring and reporting, and for meeting and review arrangements.

Setting roles and responsibilities

A partnership between an ALMO and its local authority is the most evolved relationship model, with the most potential for enhanced and ambitious delivery of services. The local authority is responsible for setting out its overall housing strategy as well as its wider corporate strategies while the ALMO board is responsible for setting its own strategic priorities to support those of the local authority and meet tenants' needs. The local authority is then responsible for agreeing outcomes and setting budgets to support the achievement of those outcomes as well as monitoring the performance of the ALMO. Effective 'clienting' drives the ALMO's performance, while the

ALMO's specialist expertise supports the local authority to shape and meet its strategic goals. A vital feedback loop between the two informs both the quality and type of services that tenants want and need.

Good communication and relationships

Good communication and effective relationships between the ALMO board, executive team and staffing team, the local authority officers and politicians is absolutely vital. Clearly defined roles and expectations are central to this relationship and its fostering of trust, transparency and openness. The phrase which comes up most in conversations with members is the need for a 'no surprises' culture.

ALMO and local authority strategic alignment

Clear alignment between local authority objectives and those of the ALMO is essential, covering both core housing management services and the wider portfolio of services that many ALMOs deliver on behalf of their local authority. It includes aligning risk appetites, direction of travel and priorities.

Resourcing and valuing the client officer/team role

The clienting function in many authorities involves multiple cross organisational contacts between the ALMO and the council. Local authorities will want to ensure that they have sufficient resources in place to effectively client the ALMO. This means, for instance, an adequately resourced client team or person with the skills and seniority to both support and robustly challenge the ALMO; and commitment and engagement to the process from senior officers within the local authority and the ALMO.

An effective scrutiny function

Actual methods of assurance will differ. However, local authorities can use the information and data collected by the ALMO to scrutinise reported and collated performance and assure themselves – and the Regulator – that the ALMO is well managed and effective, and that the resident voice is being heard. The new regulatory environment is an opportunity for both local authority and ALMO to review their assurance processes. Local authorities may wish on occasion, to triangulate the information they are receiving, including seeking separate feedback from tenants and leaseholders.

Management/ partnership agreements

The same management agreement template was used to set out the formal clienting framework for the first ALMOs, adjusted by bespoke appendices. Over time, some local authorities have moved to agreements that focus on partnership and are more flexible.

Stockport Homes has a relationship with Stockport Council governed by a long-term management agreement. This is based on five-year delivery plans with end of year outcome reports.

Your Homes Newcastle has a management agreement with Newcastle City Council that uses the Trowers & Hamblins template. Appended schedules are reviewed yearly.

The expectations of the new regulatory framework naturally focus on the business and services for which ALMOs were primarily created – housing management and tenant services. Over the past decade however, many ALMOs have expanded and diversified to become registered providers or private rented portfolio holders and some offer construction and housing delivery services.

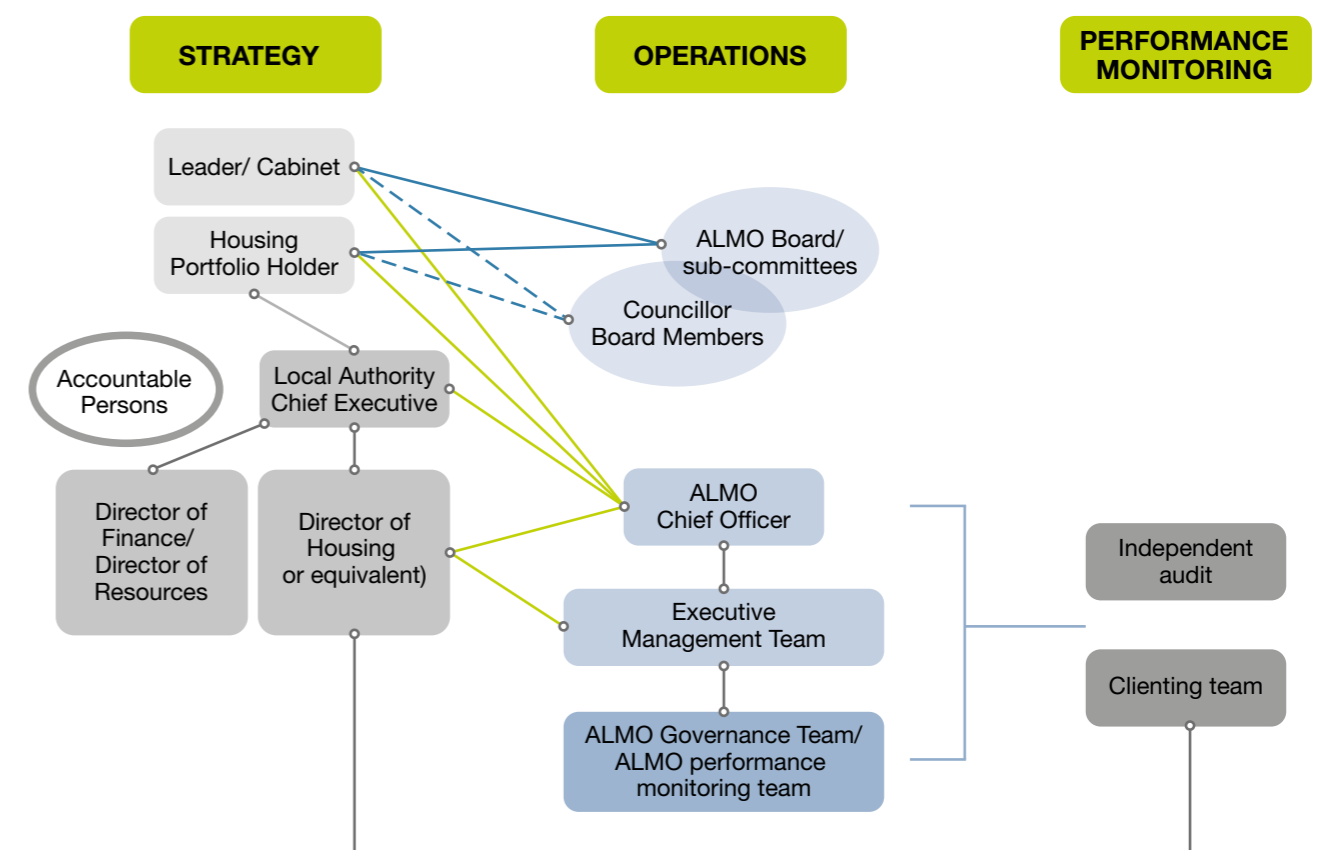
This means the degree of oversight needed for each subsidiary body will vary depending on the nature of the business and/or more focused contract arrangements. Not all activities in an ALMO's group structure will be core housing management business. However, where they are, they should be included in the preparation for the new regulatory regime.

Where the ALMO is required to deliver new or extended services, or where the delivery of services is contingent on the use of subcontractors, monitoring arrangements for these relationships and outputs also need to be considered as part of the service the ALMO provides.

Structures

There is no one pattern for the way in which a local authority and its ALMO connect. This can happen at different levels in the two organisations, but it always relies on the building of strong relationships across those levels. Although precise arrangements differ, the similarities are outlined in Figures 1 and 2.

Figure 1: Council-ALMO relationships




Source: Report authors


Figure 2: Examples of council-ALMO relationships

ALMO		Council
ALMO Chair	◀▶	Lead Member for Housing/ Cabinet/ Councillors/ Chief Executive
Chief Officer/ Managing Director	◀▶	Lead Member for Housing/ Council Leader
	◀▶	Councillors
	◀▶	Chief Executive
	◀▶	Strategic Housing Lead
ALMO Finance Director/ Director of Resources	◀▶	Director of Finance/ Resource/ Section 151 officer
ALMO senior managers – e.g. Investment and Development leads, resident engagement and satisfaction, assets and building safety, regeneration, finance, homelessness, place-shaping, special projects	◀▶	Counterparts within the local authority
Lead for performance and contract management. Other service managers as required	◀▶	Contract manager/ commissioning manager / client team/ Housing partnership manager etc.

Source: Report authors


A range of key partnerships characterise council-ALMO relationships (Figure 2). Some councils have decided to make their ALMO's chief officer/ managing director part of the council corporate senior leadership team.

 **At Your Homes Newcastle, the ALMO Managing Director is part of the local authority senior leadership team which meets weekly and considers the wide range of work that YHN does on behalf of the local authority.**

 **At Derby Homes, where the Managing Director has relatively recently become part of the LA senior leadership team, this has strengthened the working relationship and level of trust between council and the ALMO.**

In other cases, council and ALMO structures are kept more at arms-length and independent of each other. Most approaches are underpinned at the operational level by clienting officers or teams. Clienting staff meet formally with ALMO staff to review operational issues and gather data and evidence.

Most ALMOs have council nominees on their board; in some cases, the portfolio holder for housing (or equivalent) sits on the board or attends as an observer. Strategic directors may also attend ALMO board meetings as observers and this can add a further layer of assurance.

 **The Barnet Homes Group has set out a framework for the relationship between local authority and its ALMO, including structures and monitoring arrangements.**

These, and other case studies marked with the green house symbol, can be found in the case study section from page 50.

The new Accountable Person/ Named Person roles

There are a number of roles of responsibility which will be required through Consumer Regulation and Building Safety/ Fire Safety legislation. While some of these are in the process of being named and defined, Figure 3 shows what we know at the time of publication.

Figure 3: Summary of new and existing positions of responsibility

Legislation	Name	Description	Regulator
Consumer Regulation	Nominated Person/ Named Person for Consumer Standards	Will have responsibility for ensuring compliance with Consumer Regulation. The local authority as 'body corporate' is accountable and has legal duties, but delegates to a named person to ensure compliance.	Regulator of Social Housing
	Nominated Person responsible for Health & Safety	Will have responsibility for ensuring compliance with consumer regulation on health & safety for all housing stock. The 'body corporate' is accountable and has legal duties, but delegates to the named person to ensure compliance.	Regulator of Social Housing
Building Safety Act	Accountable Person for Building Safety	The Accountable Person will have legal duties to ensure the building safety of buildings over 18m owned by the local authority. This individual is legally accountable, as well as the local authority. Where the ALMO owns its own buildings over 18m, they will require an Accountable Person within the ALMO as well.	Health & Safety Executive
Regulatory Reform (Fire Safety) Order 2005 as updated by the Fire Safety Act 2021	Responsible Person	The Responsible Person must carry out an assessment of the fire risks to people on the premises or within its vicinity (these are described as 'relevant persons' in the order). The fire risk assessment helps identify the fire safety precautions the Responsible Person must take to comply with the Fire Safety Order. The Fire Safety Order applies to all workplaces and commercial buildings and non-domestic parts of multi-occupied residential buildings - this includes those areas clarified by the Fire Safety Act 2021: <ul style="list-style-type: none"> • balconies • external walls • structures • flat front doors <p>A number of fire safety regulations commencing in January 2023 will add further obligations to the landlord's role.</p>	Local fire and rescue authorities

Source: Report authors

All these roles will sit within the local authority as the landlord of the homes, and the primary relationship of the regulators will be with the local authority (although involving the ALMO as the delivery partner will be important). Role holders will need to be integrated into the ALMO-council relationship to have first-hand access to assurance processes and know who to ask and where to look for evidence if approached by the regulator(s).

It is therefore important for councils and ALMOs to consider as soon as possible how to fill these roles and agree how they will fit into their reviewed assurance framework.


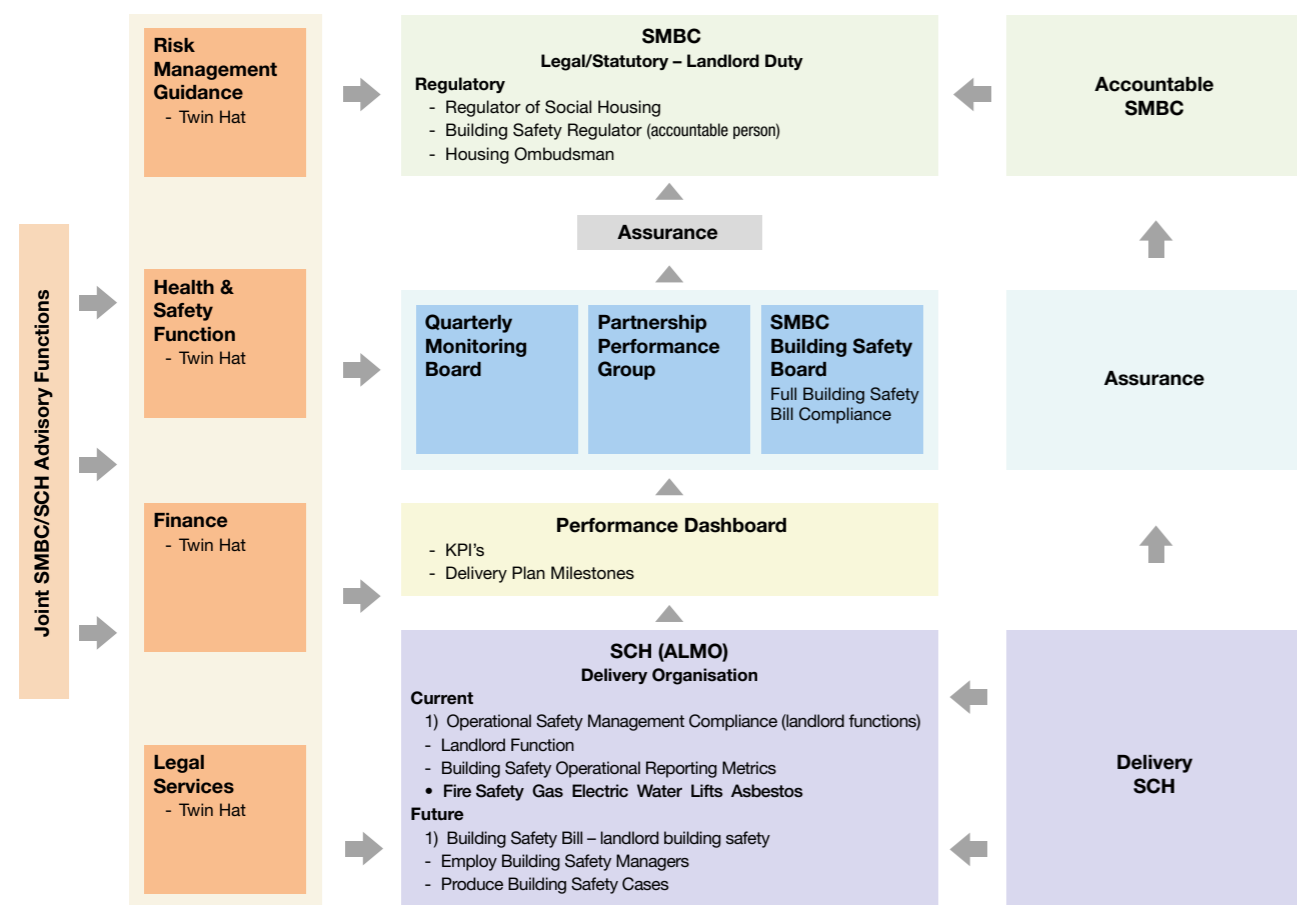
 **Solihull Community Housing has set out its assurance framework with the council (Figure 4). Further information is available in the case study.**

Figure 4: Accountability/ Assurance/ Delivery framework - Building safety of council housing in Solihull



Source: Solihull Community Housing

Chapter Three: The resident voice

This chapter discusses the resident voice and its role as set out in the Social Housing White Paper. It also looks at the Regulator's review and Memorandum of Understanding with the Housing Ombudsman, and complaints management.

"It will take time for us to reshape our consumer regulation so that it delivers what the Social Housing White Paper sets out, but good landlords won't be waiting around for us to complete our work. They can make a real head start by listening to tenants, increasing their transparency, and where they need to, improving their services so they are always high quality and robust."

Kate Dodsworth, Director of Consumer Regulation, RSH

"There is nothing more expensive than a missed opportunity. We need to engage those with smaller voices, who may worry their voices may not be heard as much as those with loud voices. There is no one shoe fits all plan to tenant engagement, but everybody should be empowered to have their say."

Ashleigh Fullwood, involved customer, Your Homes Newcastle

Key questions for local authorities and ALMOs

1. Can the council assure itself that the voice of residents is shaping services within the ALMO? The Tpas/CWAG toolkit can be of assistance here.
2. Does the local authority have assurance that the ALMO is effectively listening to residents (both those already more engaged, and those who have less contact with the ALMO)? Does this include assurance that the ALMO acts on feedback and communicates with residents about how their feedback has been used?
3. Do residents have a clear route into the local authority if they are dissatisfied with the ALMO?
4. Does the local authority have assurance that complaints are being effectively managed and that the ALMO and council do not have any blind spots?
5. Where complaint management sits across the ALMO and local authority, is there an effective process to make sure complaints don't get lost or delayed?

The Charter for Social Housing Residents

The Charter for Social Housing Residents lays out seven themes which will drive the regulation of the social housing sector; all of the themes (apart from the last) highlight the importance of hearing the resident voice and using it to deliver safe, high-quality services:

1. **To be safe in your home**
2. **To know how the landlord is performing**
3. **To have complaints dealt with fairly and promptly**
4. **To be treated with respect**
5. **To have your voice heard by your landlord**
6. **To have a good quality home and neighbourhood to live in**
7. **To be supported to take your first steps towards ownership.**

These themes are relevant to the changes to building and fire safety legislation; for example, the explicit requirement to make sure that residents are involved in the safety of their homes through a building safety resident engagement strategy.

ALMOs and resident voice

Resident voice has always been part of the core purpose and structure of ALMOs and there are many examples of good practice. Some are captured in the NFA publication **Every Voice Counts** (2018)⁴ and **Tenant Voice** (2022).

ALMOs use both traditional engagement frameworks and modern, more creative practices to reach those less likely to engage with traditional approaches. Tenants and residents have input on the governance framework, monitoring and scrutinising performance and reporting back to board level. Most ALMOs appoint **tenant/resident board members** to ensure their voice is heard.

ALMOs should have robust processes that feed information from tenant engagement into governance and inform the improvement of services and processes, ensure value for money, and develop new services to meet the needs of communities (Figure 5). These processes vary from ALMO to ALMO depending on tenant feedback and local needs. ALMOs also communicate the outcomes of tenant engagement in a range of ways – the **‘you said, we did’** element of the feedback loop. Openness and transparency is a key part of this, through annual reviews, scrutiny reports and other documents freely published and available online and in print.

Over time, relationships with residents have been locally designed. The resulting range of engagement models includes, for example, ALMO-led resident structures where the local authority is not directly involved; independent tenant-led federations that liaise with both ALMO and local authority; and cross-tenure scrutiny panels managed by the local authority.

Comprehensive review of all current frameworks is underway by our members to make sure they are fit for purpose and aligned with the Charter for Social Housing and the Tenant Satisfaction Measures (TSMs).

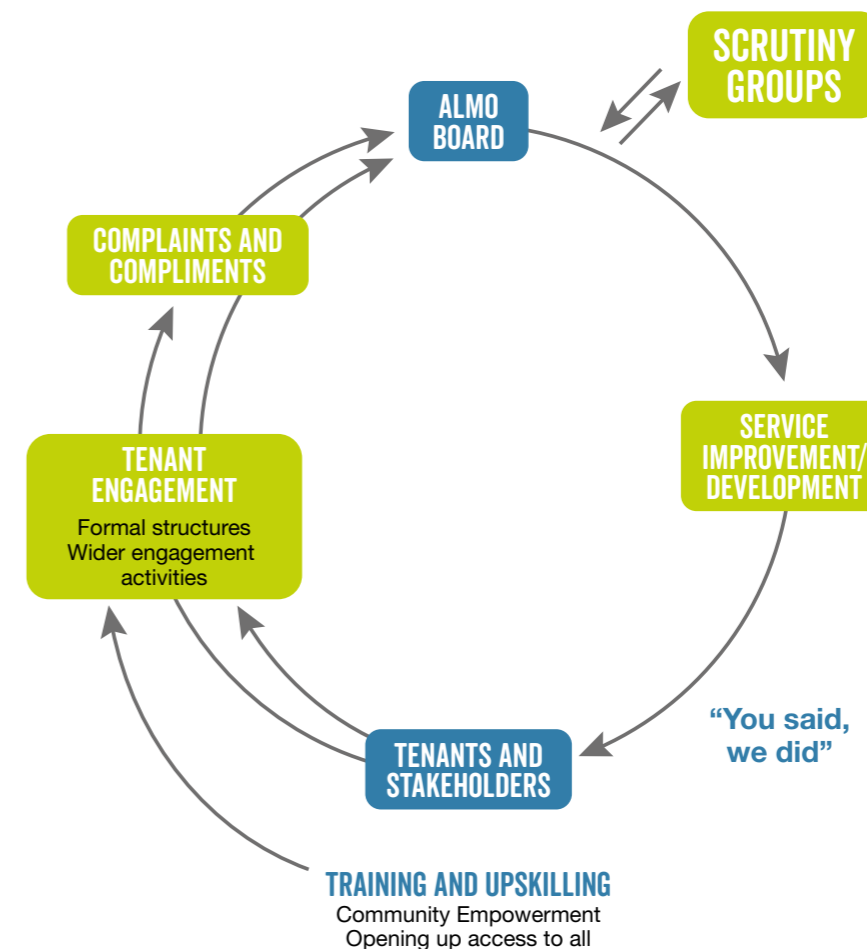
Part of this is sharing good practice; of the 25 NFA members, 16 are members of tenant engagement experts Tpas and through their resources can draw on other members’ expertise.⁴ All 25 NFA members are also members of HouseMark which offers benchmarking information against which ALMOs can gauge how they perform on engagement and satisfaction.

Resident consultation in practice

The Regulator of Social Housing will expect to see evidence of resident consultation in all aspects of the running of the ALMO: deciding and setting standards, developing strategy, scrutinising policies, procedures and practices, and reviewing performance and satisfaction.

ALMO boards and local authorities should also expect to see this evidence as part of their role in making sure an ALMO is well run. As with other aspects of the new environment, the emphasis will be on developing a systematic approach and establishing a culture of hearing residents that avoids blind spots, such as failing to pick up on learning from complaints, ignoring groups of residents or over-reliance on the voices of ‘engaged’ tenants. Assurance this resident engagement is effective should come through local authorities’ monitoring role.

Figure 5: Resident engagement and consultation loop



Source: Every Voice Counts, NFA 2018

⁴ <https://www.tpas.org.uk/membership>

Resident voice case studies

Tower Hamlets Homes

Tower Hamlets Homes' Residents' Panel was set up in 2010. It sits as the strategic engagement body for Tower Hamlets Homes; the panel is a vital part of the organisational governance structure alongside other subgroups of the board. The panel has built a positive relationship with the THH Board. Senior management members attend panel meetings to update members as does the board chair.

Under its current management arrangement, the panel uses its unique relationship with the local authority to drive collaborative work and this has strengthened the panel's scrutiny function. An example of successful joint working is the panel's work on scrutiny reviews.

Since 2018, the panel has completed six scrutiny reviews, three in collaboration with Tower Hamlets Council and one with colleagues from the Greater London Authority.

A scrutiny review on 'Strengthening co-regulation' was chaired by an external consultancy firm, Campbell Tickell, and attended by senior leadership and the board chair. The review findings reinforced the current governance arrangements and contributed to its 2019 award as Landlord of the Year.

St Leger Homes

St Leger Homes developed a new Customer Access Strategy with tenants during the pandemic with the aim of creating a greater range of channels through which residents could communicate with their landlord. This was especially important during the pandemic to develop new ways of working, share vital public health messages and reduce isolation among tenants.

A new digital tenant-led newsletter called It's our Community offered a space for tenants to tell their own stories and news. The Customer Involvement Team coordinated content gathering, working with tenants, Tenants and Residents Associations and other local community organisations.

Video has been used to simplify complex messages which have reached more people. Microsoft Teams has been used to increase face-to-face digital engagement with and among tenants; weekly meetings of the tenants' Get Involved Group and monthly meetings of the Tenants Residents Involvement Panel (TRIP) were held online to encourage tenant scrutiny and involvement.

Berneslai Homes

Berneslai Homes refreshed its customer engagement strategy in 2019 following a Tpas review and customer feedback. The aim was more diverse engagement, gathering a broader range of views and delivering greater impact.

A Tenant Voice Panel, which monitors performance, now meets twice a month. The panel challenges performance reports, commissions the scrutiny group to look at different areas, and also helps interview for key staff. Members of the panel sit on strategic committees, providing a link to the governance structure.

The board and the Customer Services Committee both receive regular reports from the Tenant Voice Panel.

All Tenant Voice and Scrutiny Panel members have been provided with the kit to get online, including an i-pad and internet connection if needed. This was particularly important during COVID-19, but a blended approach to engagement continues, keeping the online option but also re-introducing face-to-face and telephone contact. This approach ensures a process that is driven by customers and improves services.

Colchester Borough Homes

As part of its management agreement review in 2019, Colchester Borough Homes (CBH) employed Tpas to consult residents on how the organisation should engage with them. The results were relayed to ALMO board and local authority decision makers.

A key outcome was the relaunch of the resident scrutiny panel which has now become part of the governance structure. The board's three tenant members lead the tenant scrutiny panel and direct its work, providing a direct link back to the board. Areas of scrutiny for the panel are decided by the board, and there is an option for resident scrutineers to choose a topic that interests them.

The scrutiny panel has its own email address so that tenants can contact its members directly with suggestions, complaints and feedback. This is proving to be a useful, relatively informal way for residents to feed directly into governance structures

and the chairs of the scrutiny panel use this feedback to provide challenge to the organisation.

CBH also has a network of around 60 Quality Assurance Advisors (QAAs). They are volunteers living in CBH's low to medium rise blocks and sheltered housing and they monitor block cleaning and maintenance, meet caretaking teams quarterly, report repairs, meet with contractors, and provide feedback. They are equipped with tablets so that they can do all this digitally. They wrote their own Terms of Reference and Code of Conduct.

When CBH introduced a zero-tolerance approach to items being kept in communal areas, staff liaised with the QAAs to develop the policy and help to word the communication. QAAs then helped enforce the policy.

The scrutiny panel regularly assesses the QAAs' work and publishes an annual impact assessment.

Solihull Community Housing

In response to the Social Housing White Paper, Solihull Community Housing (SCH) have developed a new approach to tenant engagement that aims to widen reach and diversity. A new forum, the SCHape Panel, replaces the scrutiny panel and feeds into the Board.

On building safety, SCH is installing sprinklers across its 37 high-rise blocks. This is a major investment in resident safety but is also intrusive and demands a strongly collaborative approach. A network of Building Safety Advocates have been recruited from among residents to work with the organisation to develop and share messages around building safety.

The quarterly newsletter for all tenants has been supplemented with a high-rise safety newsletter, published every six to eight weeks and updating residents on the sprinkler programme. Face-to-face engagement in high-rise blocks has begun again, post-pandemic, to reassure residents and make them aware of tutorial videos, FAQs and other information on the ALMO's website. Bespoke high-rise focused pages on the website carry safety documents and certificates for each block, and every block has prominent poster with a QR code that will take residents directly to their building's page.

Six key messages from tenants

During the development of this report, the NFA and CWAG consulted with the NFA Tenant Advisory Panel. Their feedback on what matters in tenant and resident engagement included the following **six messages**:

The importance of the feedback loop:

“The voices of tenants do need to be heard, but more importantly they need to be listened to and responded to.” – Panel member.

Residents said that hearing how their work is used to make changes and improvements was a crucial part of the process because it makes them feel heard. This feeds into a wider point about the need for effective communication between residents and the ALMO/local authority.

Recognition of the skills and importance of tenants in governance structures:

“You have to make sure councils and landlords are being responsive, and residents are not just there as a tick box exercise.” – Panel member.

Residents bring a huge amount to ALMO boards and governance structures and their contribution must be recognised, said the panel. The value they contribute can include, for example, their first-hand knowledge of communities and the issues residents face, or their relationships with local councillors and communities, or their wider skillset. The panel cited a number of examples: tenant board members encouraging their boards to make site visits and attend local resident meetings; asking executive teams questions based on their own first-hand knowledge of their home and neighbours’ homes; maintaining focus on current stock as well as new build; and widening focus to include people living in other services such as temporary accommodation.

Training:

Residents were also clear that resident engagement structures and engagements need to be properly funded to be effective (including a training budget for residents). The panel also stressed the importance of having a range of entry points into engagement work. For example, training that shows what’s involved in formal board or governance positions should also highlight the work of scrutiny panels and more informal groups; residents can then make informed choices about the kind of engagement that suits them best.

The importance of checking performance statistics and numbers against the lived experience of residents:

The panel said that ALMOs and local authorities need to be aware that performance statistics and key performance indicators (KPIs) only give a part of the picture and need to be set beside the lived experience of residents. To effectively offer this useful context, resident engagement needs to be accessible. This includes making sure residents have the right tools, training and information/data to effectively scrutinise.

Scrutiny:

An independent and trusted resident scrutiny panel can help organisations improve and should be seen by ALMOs as a ‘critical friend’ offering valuable insight.

Diversity of engagement structures and boards:

Residents were clear that a good ALMO board should represent the community it works for. This includes making sure that the board, governance structures and wider engagement work are inclusive and representative.

Evidencing effective resident engagement to the local authority

Shortly before the Social Housing White Paper was published, Tpas published a CWAG commissioned **toolkit**^v for local authorities to help them be certain that quality and effective tenant engagement was being delivered. While the White Paper has slightly shifted the ground rules, the toolkit principles remain valid and useful for ALMOs, local authorities and the Regulator. Resident engagement is usually delegated to the ALMO, but the local authority will have to gain assurance that its ALMO is hearing the resident voice and using it to shape high quality services.

The Tpas report stresses that tenant engagement needs a high profile; tenants should feel able to contribute to governance, performance monitoring and scrutiny or have their own dedicated forums for this input. Engagement needs to be properly resourced and its effectiveness regularly reviewed. Division of responsibilities, escalation procedures, how tenant engagement feedback is used and its impact must all be clearly and consistently set out. As with other services, tenants should be involved in the design and evaluation of tenant engagement.

CWAG and the NFA recommend that all ALMOs and local authorities self-assess against the toolkit as part of their conversations around the Social Housing White Paper and resident engagement.

The toolkit makes a number of suggestions for improving the clienting of resident engagement, which include:

- ▲ Increase the presence of tenant engagement in management or partnership agreements.
- ▲ Link tenant engagement strategy directly to business/corporate plans. Celebrate and publicise achievements in tenant engagement.
- ▲ Compliance with the Consumer Standards – make this a priority.
- ▲ Ensure that adequate resources are in place to support effective engagement.
- ▲ Advertise a clear route by which tenants can engage directly with councils, including when the ALMO response is unsatisfactory.

Complaints

Since 2017 the Housing Ombudsman has become significantly more proactive, strengthening its learning and sharing of best practice, and publishing investigations and judgements. All organisations had to self-assess against the Ombudsman’s Complaint Handling Code and publish their self-assessment on their website by December 2020. The Ombudsman issued an update to the code in 2022, and all landlords had to re-assess against this and be compliant by October 2022. Many ALMOs are registered in their own right with the Housing Ombudsman but some are not, and registration sits with the local authority. Whichever partner leads on dealing with complaints both parties should be aware of the issues.

The Ombudsman is developing a huge number of resources that landlords can use to shape their approach. This includes the 2021 publication on **Effective Involvement of Governing Bodies: Best Practice Guidance for Landlords**.^{vi} It sets out questions that board members and councillors can ask to support, challenge and seek assurance from executive teams. These include questions around:

effective communication:

- ▲ How are we raising awareness of our complaints’ procedure?

🏠 How would we know if particular groups within our residents were finding it hard to complain, or to achieve a satisfactory resolution of their complaint?

🏠 What assurance do we have that we comply with the Ombudsman's Complaint Handling Code?

handling of complaints:

🏠 Why did we receive a Complaint Handling Failure Order and what have we done to avoid a recurrence?

🏠 How does our complaint performance compare to other similar landlords?

learning and improvement:

🏠 How do we use the Ombudsman's thematic reports and determinations to improve our own services?

🏠 How do we triangulate our complaint information, other sources of customer feedback and service quality indicators by geography and other characteristics to inform our strategies?

🏠 What did we learn from the complaints we received last year/quarter?

🏠 How is this learning being disseminated to staff? And to residents?

Where the complaints process is split across the ALMO and the local authority, with the ALMO managing the initial complaint and the local authority picking up later stages, an effective process should be developed to make sure that complaints do not get lost or delayed between organisations.

To provide a quicker and more effective response to the customer, some councils and ALMOs have moved to a two-stage process or removed the final stage of referring a complaint to the local authority. Where the entire complaints process is managed in the ALMO, an effective oversight process needs to be included in the local authority's assurance system.

Chapter Four: The performance monitoring function

This chapter examines the local authority performance monitoring function, looking at how local authorities effectively assure themselves of the quality of their ALMO in the new regulatory world.

Key questions for local authorities and ALMOs:

- 1. Is the council performance monitoring function sufficiently resourced with the right skills and seniority to provide the necessary assurance within the council?**
- 2. How are clienting KPIs set and monitored?**
- 3. How does the council check the quality of data provided by the ALMO and have assurance that data systems are robust?**
- 4. What other information does the client team use to triangulate the data and reports that the ALMO provides?**
- 5. Does the client team have a formal way of flagging up risk and concerns to senior officers in the council?**

Introduction

This chapter sets out issues that local authorities and ALMOs may wish to consider as they examine the performance monitoring or clienting function, where it has a separate role in their authority.

Some local authorities and ALMOs have developed so-called 'longer arms' while others have much 'shorter arms'. The level of independence and distance will determine what structures can guarantee the level of assurance the council needs.

The focus should be on the outcomes that the local authority and ALMO want to achieve. The aim should be to maintain a balance between the ALMO's work as delivery partner, and the local authority's need for assurance without duplicating the data gathering and performance monitoring work of the ALMO.

Setting the right relationship

While ALMO organisational and governance structures have often become more complex, the client relationship has to some extent become more relaxed. Proven success and the expertise of ALMO colleagues has fostered a high level of trust and a degree of day to day independence. For some, this has been reflected in a move from a management agreement to a partnership agreement.

In many ways the ALMO model, and the council-ALMO relationship based in contract or partnership agreement, is an excellent fit for the challenges of the new regulatory framework. However, for these partnerships to reach their potential, local authorities may need to revisit the practical aspects of the client role, especially around performance reporting and scrutiny. It is important that challenge and scrutiny as to performance and in pursuit of reassurance is seen as a key part of an effective partnership, not a challenge to the ALMO's overall degree of independence.

It is important to keep two objectives in mind as ALMOs and client teams discuss next steps:

- ▲ the need to demonstrate compliance and performance to the local authority that is suitable to the Regulator, and
- ▲ the ultimate goal of delivering the right outcomes for tenants.

Councils and ALMOs will have to work together to prepare for the new regulation. The challenges and responsibilities at all levels of services and governance need to be clearly understood. The aim, therefore, is an open relationship based on mutual respect and trust, reflecting a shared ownership of regulatory risk; and a commitment to deliver strong services and service improvement. The division of expertise between ALMOs and councils can remain clear, but while the ALMO leads on operational matters it must also foster a culture of openness to scrutiny of its performance and data/recording systems.

Testing and revising current arrangements can begin with review of reporting and report content, checking understanding between council and ALMO colleagues. Perhaps a few areas of work or indicators can be chosen for a trial deep-dive investigation or more probing questions. This approach to joint self-assessment can also introduce the idea of more robust scrutiny, a perspective of shared risk and commitment and the maintenance of high service standards while demands and expectations are increased.

The need to respond to upcoming regulation is an opportunity to review relationships and reset them, if necessary, in pursuit of shared goals. In feedback to CWAG, many councils felt it would be in their interest as client, in respect of core and secondary or newer functions, for governance, reporting and decision-making routes to be restated, refreshed or reviewed to deliver the right balance between independence and assurance. For all the challenges changing regulation presents, this is an excellent opportunity to build a stronger and even more productive relationship going forward, including clearer relationships and communication.

Formal arrangements for managing the relationship, including the management or partnership agreement, may need to be reviewed when taking on new services. This will be an opportunity for dialogue around any new burdens or priorities and the resources available to achieve these.

The formal clienting framework must be able to reflect changes in the operating environment. As the profile of outputs and services inevitably shift, the framework should allow for adjustment from time to time to capture these changes. Part of the clienting role should be to set a formal structure and schedule for reviews which the ALMO has agreed.

Wider strategic activity

ALMOs are often trusted to deliver outcomes beyond areas traditionally captured in KPIs, but which align with a council's wider strategic aspirations. They cover objectives such as place-shaping, tackling poverty, local deals, social value, tackling anti-social behaviour (ASB) and crime, and public health. These are often monitored through strategic meetings and reporting on annual delivery plans rather than KPIs. Local authorities and ALMOs might want to include these activities in the clienting framework and ask how the council can have assurance that their ALMO is driving them forward.



Colchester Borough Homes has delivered a key project on behalf of the council, redeveloping a 1970s theatre in Colchester Town Centre . More detail is available in the case study.

Demonstrating compliance

As the onus is placed on councils to both ensure and demonstrate compliance, clienting arrangements will need to focus on gathering information that reveals an accurate picture of operations and tenant experience.

Reporting arrangements must evidence performance in a way that could readily – and quickly - satisfy questions from the various regulators. This includes compliance against the current Consumer Standards and the Tenant Satisfaction Measures (TSMs).

There are obviously resource implications here for officer time and infrastructure, so the clienting framework should aim to minimise duplication of monitoring work. The aim is to make systems, data gathering and reporting robust enough to be demonstrably consistent and transparent and eliminate the need for repeated detailed checking of each workstream. Scarce resources can then be invested in staff with specific skills or in training and systems.

Client officer capacity, structures and resources

Clienting officers/teams monitor the performance of the ALMO. Two important aspects of assurance for councils are regular clienting meetings and oversight of key performance data supplied by the ALMO. The new regulatory regime has a number of implications for this role.

- ▲ The presence of an ALMO with its own workforce and structure means that the clienting role often sits with somebody comparatively junior in the retained housing function. Senior officers have often seen this function as sufficiently covered between two sets of ALMO and council colleagues. However, the new need for an **Accountable Person** and increased focus on assurance is likely to change this.
- ▲ Connection and effective communication at all levels is the foundation of the council/ALMO relationship; and there is also a need for conversations across hierarchies.
- ▲ Clienting and monitoring officers should sit within the council and be responsible for the co-ordination, oversight and analysis of the information provided by the ALMO. It is important that their input reaches all levels of discussion and that they have a degree of autonomy from the hierarchy.

On page 15 we outline the various roles of responsibility at a senior level which will be a key part of future clienting arrangements. This includes the **named persons** for Consumer Standards and Health & Safety, the **Accountable Person** for Building Safety, and the **Responsible Person** for Fire Safety. Issues for local authorities to consider include how these roles will be reflected and integrated into agreements and governance structures; and how these roles will interact with each other and the ALMO.

It is likely that the holders of **Accountable/ nominated** roles will be officers rather than politicians, for instance, Section 151 officers. If the Accountable Person is a senior officer or director, it will be important that they have sufficient knowledge about housing and see it as a priority. If they have a broad departmental remit, it will be important that they are able to give the role enough attention.

Delivering effective oversight

Key tools for the delivery of effective oversight are assurance, independent verification and the use of external specialists.

There is a clear onus on the clienting team to verify the ALMO's reported performance. While the relationship should be one of partnership and trust, the local authority must hold the ALMO to account. ALMOs benefit from robust challenge and monitoring to keep them on track.

The partners can consider a number of different ways of gaining assurance. These might include:

- 📌 comparing performance reported to different boards or meetings, as well as checking against resident and councillor feedback;
- 📌 Looking at insight gathered from complaints and any Housing Ombudsman interaction;
- 📌 comparing across datasets and with statutory returns;
- 📌 follow-up data checks for areas that have been reported;
- 📌 easy access to performance monitoring and data systems to assist deep-dive investigations.

It follows that clienting officers should be familiar with the ALMO's data management systems and the quality of that data. They should also bear in mind that their role is to audit rather than repeat the work of the ALMO performance team.

To achieve the new regulatory demand for assurance, both sides will want to foster a culture of transparency and openness that creates a safe space for challenge and scrutiny, but without compromising the expertise, skills and outputs of ALMO colleagues. This is already the case in many relationships but in others some changes or tweaks may be necessary. We hope that both the checklist and the case studies at the end of this report offer some guidance on this.

A 'no surprises' and 'no judgement' culture is the primary goal. It should remove any sense of competition between agencies and encourage sharing of issues in a timely manner so that they can be tackled collectively in the interest of tenants and other service users.

Councils can also use external accreditations earned by the ALMO as assurance. This includes, for example, building safety accreditations (such as the BS9997 standard), health & safety accreditations (such as **CHAS** and ISO certification), organisational accreditations (such as Investors in People) and Customer Service Excellence Accreditation.

Audit

During research for this report, clienting officers raised the issue of independent verification or audit. Some authorities already take this approach and while, in principle, it should not matter who commissions audits, the way an audit is framed can be significant. It is therefore important that council/ALMO risk profiles are aligned and both sides agree on how audit resources are targeted and deployed.

Councils may want to consider using their own systems of audit to check self-assessments, and use external specialists, where specialist or technical knowledge is required, to review and advise on the management and risks around certain functions.

Strategic health and safety reviews can identify service gaps, improvement plans and the best way of providing services. The council should assure themselves that all appointed specialists, whether sitting in the council or the ALMO, have the necessary qualifications, memberships and accreditations.

They should also assure themselves that recommended action arising from audits are acted on. For example, Wolverhampton City Council recently commissioned Savills to review performance against the Consumer Standards and will use the results to develop improvement plans. This will provide an in-depth analysis and identify weaker areas or issues that have been missed.



© Stockport Homes

Chapter Five: What a local authority should expect from its ALMO

This chapter offers a clear guide to what can be expected from an ALMO and also discusses why the ALMO model is particularly suited to the new regulatory environment.

“Registered Providers should not seek only to comply with the Consumer Standards because the Regulator requires them to do so, but because the expectations set out in these standards are the minimum that a provider should expect to deliver in the course of a well-run business.”⁵

Regulator of Social Housing

Key questions for local authorities and ALMOs:

1. **How does the local authority have continuing assurance of the good governance of the ALMO board?**
2. **How does the local authority have assurance that all buildings are safe for residents?**
3. **How is compliance against the Consumer Standards monitored and evidenced by the ALMO?**
4. **For those with higher risk buildings how does the local authority get assurance that all in scope buildings are safe and that their duties as an Accountable Person have been fulfilled properly?**
5. **How does the local authority have assurance that a resident who has safety concerns can highlight them and get a response quickly?**

Introduction

A clear benefit of the ALMO model is that housing services (and, in many cases, other related services) are run by mature companies that have strong governance arrangements and yet remain part of the local authority family.

As mentioned in Chapter Four, the local authority’s main clienting function is to ensure that its ALMO is – and continues to be - a fit-for-purpose, well run business that delivers for residents, the community, and the local authority itself. Clearly this dovetails with the oversight demanded by the Regulator.

⁵ Regulator for Social Housing, Consumer Regulation Review 2019-2020

In this chapter we pull out the features of governance that are necessary for a well-run ALMO and raise questions that local authorities and ALMO boards can be asking themselves. We cover:

- ◆ Board and governance
- ◆ Effective risk management
- ◆ Data and systems
- ◆ Setting standards, KPIs and TSMs
- ◆ Health and safety and building safety

Learning from how the Regulator currently works^{vii}

The Regulator already proactively regulates Registered Providers (RPs) with over 1,000 homes against its Governance and Finance Standards.

There is much learning to be gained from the Regulator's current system of in-depth assessments (IDAs) and regular consumer regulation reviews. These reports illuminate both the Regulator's approach and offers lessons from the registered provider sector.⁶ It is logical to assume that the Regulator will favour a similar approach to its execution of the new regulatory regime, at least in terms of core principles.

Regulator expectations of RPs are largely summarised in the following statement in the 2020 Sector Risk Profile:

"It is for board and governance providers of registered providers to set the strategic direction for their organisations and manage the risks that arise from these, including where there are difficult trade-offs... Boards must ensure governance arrangements maintain effective control of operations and oversight of decision making. Effective control, decision making and business planning are reliant on the availability of robust data and advice. It is essential that boards have the appropriate skills to understand and challenge the broad range of information and advice they receive. The need for providers to have effective risk management and well-developed risk mitigation strategies remains paramount".⁷

The Regulator sets out learning from its casework in a regular Consumer Regulation Review. In 2020–2021, the main themes can be summarised as follows.

- ◆ Health and safety compliance and managing risk – the events of 2020/2021 emphasised how important it is to ensure checks and inspections are up-to-date and remedial actions completed in a timely manner. This demands good quality data and demonstrably accurate data.
- ◆ Communicating with tenants and understanding their needs – the Regulator said registered providers adapted positively to significant challenges over the year... and should consider how best they can ensure tenant voices are heard as this speaks to the culture and purpose of RPs.
- ◆ Continual learning from complaints – All providers should respond to complaints promptly... the importance of learning from complaints should not be overlooked.

- ◆ Complying with the standards and preparing for the future – a clear direction of travel has been set and the Regulator continues to encourage all providers to consider what steps they can take now to prepare to implement the changes set out in the White Paper.⁸

The Regulator has also outlined the changes that organisations had made in response to IDAs. These included a greater focus on stress testing; reviewing skills gaps in board membership; greater external validation on stock condition; greater focus on risk appetite and risk reporting at board level; and 'thinning out' board papers to make them more accessible and useful.

Again, regulatory judgements most often focus on governance and system failure rather than one-off events. For example, the regulatory judgement against the London Borough of Croydon states: "The evidence shows that these issues arose as a result of widespread and longstanding failures by LB Croydon... we lack assurance that LB Croydon has an effective system to demonstrate it is meeting its statutory health & safety responsibilities... [LB Croydon] has failed to treat tenants with fairness and respect and has failed to provide an effective process for tenants to raise complaints."⁹

Board and governance

ALMO boards have a responsibility to set culture from the top, ensure tenants are at the centre of decision making, focus on high quality housing management services and performance, and manage risk. ALMOs are run as companies with independent boards; strong and effective boards are a prerequisite for well-run organisations. Effective independent boards are an additional layer of assurance for local authorities.

The majority of ALMOs have adopted – or are in the process of adopting – the **National Housing Federation (NHF) Code of Governance (2020)**^{viii} which is recognised by the Regulator of Social Housing as best practice.

The relationship between the board and board chair, ALMO executive team, and local authority officers and councillors is absolutely crucial – and will continue to be so in the new regulatory regime. Clarity about each of these roles and the responsibilities that go with them is essential, particularly on how decisions are taken and where accountability lies.

As part of good governance, ALMOs should be regularly reviewing their board member recruitment, training and appraisal processes; they should also have an overview of board members' individual skills and the board's combined performance so they can provide assurance to the local authority of the board's competency.

The NFA runs board member seminars a couple of times a year to keep them abreast of new regulation, building safety legislation and major policy shifts such as the Social Housing White Paper. It also publishes a monthly single-page policy update for members which board chairs receive with ad hoc briefings and guidance notes. NFA membership includes tailored high level policy advice and training away days for board members, and input into board meetings.

The NFA also hosts specialist online group forums for ALMO officers in the fields of governance, complaints, finance, new supply, and housing management in which they can share best practice, troubleshoot, brainstorm and seek quick informal comparisons with colleagues in other ALMOs.

⁶ See the annual sector risk profiles, the Consumer Regulation Review 2020-2021, Evaluation of the In-depth Assessment process for more information. Links in Endnotes.
⁷ Sector Risk Profile 2020, 1.6

⁸ Regulator of Social Housing: Consumer regulation review 2020-21 - GOV.UK (www.gov.uk) See endnote for link.
⁹ <https://www.gov.uk/government/publications/regulatory-judgement-london-borough-of-croydon>



Berneslai Homes has strengthened its board and governance structures in partnership with the local authority.



This case study offers an in-depth look at governance and partnership working at Cheltenham Borough Homes.



Six Town Housing's review process has helped develop and introduce new governance structures.

Board member composition

In the NFA annual survey (December 2020), 28% of ALMO board members were council nominees (including councillors); 36% were classed as independents, and 30% were residents; 6% were 'other' (including staff and tenant/leaseholder co-optees). When ALMOs were first established, most boards were split in thirds between the three categories, with no group having a majority. This has largely remained, although there is a trend towards a growing number of independents.

Councillors

A key part of formal arrangements for clienting is the election of councillors onto ALMO boards. Councillor board members help promote co-decision making and co-ownership of policies delivered by the ALMO and this can reduce conflicts with councillor casework. Councillors act as the council's 'eyes and ears' and can feed knowledge of council wards and priorities into ALMO strategy. They can also bring expertise, knowledge and passion for the work of the ALMO.

However, councils have a responsibility to choose well and support councillors to provide the level of governance required to manage a company, and assurance to the local authority and Regulator. Candidates need a commitment to and interest in housing and must have time to spare for ALMO business; this is critical for good governance. Councillors also have to act in the ALMO's best interests.

- ◆ Councils and ALMOs should have a selection process for all board members, including council nominees and councillors, which delivers a high-performing board.
- ◆ Councils and ALMOs should also have processes in place to enable councillors to separate out their responsibilities to the ALMO (as board members) from their casework/constituency role (as councillors).

A few ALMOs do not have councillors on their boards, especially those that are part of group structures; for example, while Barnet Homes does not have councillors on its board, the parent company, The Barnet Group, does.

Councillor engagement with housing services does not have to take place within an ALMO board. Stockport Council removed council positions from its ALMO's board and moved council scrutiny to a separate member committee. The committee meets quarterly and the ALMO's senior management team attends with assurance evidence and to answer questions.

Independents

On average, around a third of ALMO board members are independents. ALMO chairs are most likely to be independents (20 out of 25). (Of the remaining five, three chairs are councillors and two are resident

representatives.) Independents bring specific knowledge, skills and experience to strengthen boards, for example in the areas of risk and assurance, finance and housing.

Residents

Allocating residents positions on ALMO boards and governance structures is a core part of the model. Some have allocated a specific number of board places for residents; others use resident-led sub-committees. This culture of high-level resident involvement in ALMOs is a great starting point in assuring compliance with the new rules for local authorities with ALMOs.

Resident scrutiny panels are a well-established mechanism in the ALMO sector for oversight of policies, procedures and performance, and the evidence from such panels feeds into board discussions and decisions. Where local authorities have assurance that the resident scrutiny function is effective, this will fulfil part of the Regulator's requirement that residents should be involved in all aspects of the running of an ALMO.



Poole Housing Partnership's case study describes their tenant engagement mechanisms within the ALMO's governance structures.

Effective risk management

*"Our experience is that the failure (identified by the Regulator) often indicates a failure in the organisation's governance and risk management arrangements. Our experience also shows that where there are weaknesses in an RP's governance arrangements, it is not uncommon for that to be demonstrated by poor control over key risks, including health & safety."*¹⁰

Consumer Regulation Review 2019–2020, RSH

A well-run organisation should be clear about its risks, risk appetite and risk management; this is a core requirement in the Regulator's current regime and a key factor in regulatory judgements. Failure to manage risk could, the Regulator states, "lead to under-investment in the housing stock, poorer services to current and future tenants, and reputational damage at both the provider and sector levels".¹¹

The Regulator will need to refine their understanding of the specific risks to local authorities and ALMOs as they review Consumer Standards and develop their regulatory approach. However, it is logical to infer that they will be looking for robust business assurance frameworks and management systems and processes. They will want to see that the organisational risk is understood by the ALMO board and executive team, the local authority **Accountable Person** and relevant others (for example, the chair of the scrutiny panel).

Key to risk management work for the ALMO and their parent local authority is ensuring that the ALMO is aligned with the local authority on strategy, risk appetite and risk management. This includes processes for identifying and responding to new and emerging risks, managing risks arising from diversification of services, business continuity planning and stress testing, and communicating with the local authority. Effective processes will make sure the local authority is not caught unawares by difficulties or reputational damage.



Wolverhampton Homes have undertaken a full review of their governance and risk management framework to make sure that it is fit for purpose, and that the organisation has the appropriate reporting and escalation processes.

¹⁰ Consumer Regulation Review 2019-2020 4.2
¹¹ Sector Risk Profile 2020, 1.6

Data and systems

“Boards will need to be able to rely on high quality accurate data and advice to maintain control and make informed decisions... High quality data also underpins effective stress testing and mitigation planning...”¹²

Sector Risk Profile

“Good quality data forms the cornerstone on which all other assurance of compliance is based, and we would expect registered providers to seek assurance on the quality and integrity of their data.”¹³

Consumer Regulation Review 2019–2020

Data management is a key issue in the Regulator’s work. Robust data management systems ensure that the information being reported to the ALMO board and the local authority is accurate, can properly shape long-term plans, highlights risks and shows genuine performance against standards.

It is vital that ALMOs can evidence the strength of their data. Under the current regime, something needs to go wrong for the Regulator to intervene and in so many cases organisations under investigation struggle to show that they are on top of their data in every other area of the business. Where the Regulator can be shown evidence that an error is a one-off issue and systems are good, the formal finding is less likely to be ‘failure’.

The NFA survey of members shows that many ALMOs have introduced, or are introducing, new types of data management including housing management systems and electronic document management systems. Some ALMOs have also introduced real time monitoring of health and safety that can be accessed by clienting officers, and some ALMOs use the local authority systems.

Openness with data and information between the ALMO and the local authority builds trust and contributes to assurance.

The UK Housing Data Standards



One piece of work on data standards in housing management currently underway is being undertaken by HACT in partnership with a number of housing associations, local authorities and ALMOs. It aims to develop consistent data recording across specific areas including voids & allocations, repairs and asset management, income and service charge collection, and customer feedback and complaints. The standards are designed to increase the quality of data, streamline systems and allow for comparison and benchmarking.

The work to date is available at hact.org.uk

Setting standards, KPIs and TSMs

In a June 2020 survey, most ALMOs reported that they had done an audit/self-assessment against the current Consumer Standards. Some reported that they do this annually as part of their assurance processes, reporting to boards, board sub-committees and their parent local authorities. This is good practice; although the Regulator will be reviewing the standards, they have said organisations should be assessing themselves for compliance against the current standards.

Some ALMOs have commissioned external audits of their compliance with the Consumer Standards. As part of their preparation for the new regulatory world, some are also formalising the assurance and evidence structure they use to demonstrate compliance to local authorities. ALMOs also benchmark their work against other organisations to put results into context using, for example, HouseMark data.

The CWAG 2020 members survey shows that many members have traditionally relied on KPIs linked to the Consumer Standards to demonstrate compliance, and this continues to be the route to assurance for most local authorities.

Going forward, any basket of KPIs for Consumer Standards will need to be led by the Regulator’s new Tenant Satisfaction Measures (TSMs) and regulated landlords, including ALMOs, will begin collecting data for these in 2023. The first TSM results will be published in 2024.

There is currently considerable variation in how many KPIs are reported to local authorities by their ALMOs ranging from less than 20 to more than 70. Who sees KPI data in the local authority, what is reported routinely, what is reported by exception and how frequently KPIs are reported all differ from organisation to organisation.

A key point made by officers during our research is that this is normal. The right individuals at both the ALMO and the local authority must have the right information at the right frequency to provide assurance to the local authority (and the Regulator) that the organisation is well run, and this is likely to differ from ALMO to ALMO.

Resident engagement will play a crucial role in setting and monitoring standards. In Chapter Three, we reported feedback from the NFA Tenant Advisory Panel that data, KPIs and other information should be presented to tenants and residents in a useful and accessible format so they can give constructive feedback. The panel also stressed that KPIs and data need to be set alongside the lived experience of tenants and residents and should be used to shape conversations.

Finally, assurance is different from reassurance. There is a balance to be struck in setting comprehensive KPIs and yet not making performance monitoring so unwieldy that it hampers or duplicates the work of the ALMO.

Health and safety and building safety

Ensuring tenants are safe in their homes is the fundamental responsibility of any social landlord... Contracting out the delivery of housing management services does not contract out the responsibility of registered providers and local authorities to ensure compliance with the Consumer Standards, nor the requirement to ensure tenants are safe in their homes.¹⁴

Consumer Regulation Review 2019–2020

¹² Sector Risk Profile 2020, 1.7
¹³ Consumer Regulation Review, 2019–2020 2.7

¹⁴ Consumer Regulation Review 2019–2020, 2.3–2.5

The Building Safety Act and Fire Safety Act will enhance the regulatory regime for 'higher risk buildings', defined as buildings in England that are at least 18 metres high or have at least seven storeys and contain at least two residential units. This will be regulated through the new Building Safety Regulator in the Health & Safety Executive.

- Landlords will be expected to engage with tenants on the safety of their homes.
- Every high-risk building will require a building safety case (both new build and existing).
- Landlords with buildings in scope will appoint an **Accountable Person**. The **Accountable Person** will sit in the local authority.
- The government has consulted on Personal Emergency Evacuation Plans (PEEPs).
- The government has consulted on making electrical safety testing mandatory and this is likely to come into force in 2023.
- The government has made carbon monoxide alarms mandatory from 1 October 2022.
- The Fire Safety Act 2021 commenced earlier this year. It confirms that external wall systems (that is, cladding) and fire doors are covered by the Fire Safety Order. Landlords must therefore review fire risk assessments against it.
- A number of fire safety regulations commencing in January 2023 will add further obligations to the landlord's role.

As with all other aspects of the Regulator's focus, there is a strong emphasis on housing organisations making sure they have effective internal controls, oversight and risk management arrangements to meet their health and safety obligations, both current and any future.

The new Building Safety Regulator, based in the Health and Safety Executive (HSE), will add a further layer of required assurance. The Building Safety Regulator will share a Memorandum of Understanding with the Regulator of Social Housing.

The Social Housing White Paper aims to drive a culture change in the sector, particularly around health and safety and building safety. It places emphasis on tenants being reassured that they are safe in their homes and their landlord is performing well, but also wants to see effort to engage tenants' awareness of the measures that keep them and their buildings safe (see, for example, the work of MHCLG's **Building Safety Engagement Best practice group**).^{ix}



Tower Hamlets Homes consulted with its tenants and set up a Fire Safety Group to review fire risk assessments and all other aspects of fire safety.



South Tyneside Homes is now using Deeo's Twinnedit building management software to manage its building safety.



Lewisham Homes have gone through accreditation for the BS9997 standard.

Chapter Six: Conclusion

Local authorities and ALMOs have developed a range of different relationships and models based on their own local circumstances. Some ALMOs have developed considerable independence from their local authority, while others have a much closer management arrangement. Some ALMOs have maintained a tight focus on housing management and related services, while others have diversified into services delivered to meet other local authority strategic outcomes. A few ALMOs are part of group structures, and some have their own property portfolios and services.

Given this range and variety, this report does not seek to be prescriptive. It offers context and information which the authors hope will inform conversations between local authorities and ALMOs about the provisions of the Social Housing White Paper and the new regulatory environment, set against the challenges of emerging from COVID-19.

The Regulator of Social Housing and the new Building Safety Regulator will hold the local authority directly to account for the impact on tenants of how their homes are managed. Councils whose housing is managed by an ALMO will be ahead of the game. They already have a well-established management team that focuses on operational excellence, tenant and resident engagement and has an additional layer of governance structures to provide assurance.

However, the local authority must not only know that its homes and housing services are of high quality and well run, and that tenants are heard; in future they must also be able to prove this to the Regulator of Social Housing.

A key part of holding the local authority directly to account will be the Regulator's new power to hold a named individual within in the local authority to account; a second named person will also be responsible to the new Building Safety Regulator. These individuals need to be fully integrated into the assurance structures so that they can confidently and quickly give either Regulator(s) any proof of good systems and governance asked for.

The sector has a strong foundation for the future, but the Regulator of Social Housing and the Housing Ombudsman are picking up an increasing number of maladministration cases in the social housing sector. Some are from local authorities, some with in-house services and some with ALMOs. This period before the new regulation regime arrives is the best time for local authorities and ALMOs to put their house in order with a clear focus on good outcomes for tenants in all of their assurance frameworks.

Our members have told us that trust and a constructive relationship between council and ALMO is key to the success of the ALMO model. This, therefore, is an opportunity to review partnership arrangements and assurance mechanisms to make sure the ALMO/council relationship is fit for purpose for the future, while not attempting to duplicate the work of either partner.

The NFA and CWAG will monitor developments in policy and legislation and will keep members up-to-date and share good practice in this area over the next few years.

- i The Charter for Social Housing: <https://www.gov.uk/government/publications/the-charter-for-social-housing-residents-social-housing-white-paper>
- ii Building Safety Act: <https://www.gov.uk/guidance/the-building-safety-act>
- iii Fire Safety Act, <https://www.legislation.gov.uk/ukpga/2021/24/contents>
- iv Every Voice Counts, NFA, <https://www.almos.org.uk/policy/tenant-engagement/every-voice-counts-a-spotlight-on-tenant-engagement/>
Tenant Voice, NFA, <https://www.almos.org.uk/publications/tenant-voice-how-almos-listen-to-tenants-and-deliver-good-customer-services/>
- v Tpas/CWAG Tenant Engagement Good Practice Toolkit <https://www.councilswithalmos.co.uk/UserFiles/File/CWAG%20TE%20GP%20Toolkit%20-%20June%202020.pdf>
- vi Housing Ombudsman report, Housing Ombudsman Guidance for governing bodies
<https://www.housing-ombudsman.org.uk/wp-content/uploads/2021/07/Guidance-for-governing-bodies.pdf>
- vii Key documents for the Regulator of Social Housing can be found on the Regulator website
(<https://www.gov.uk/government/organisations/regulator-of-social-housing>) and include:
<https://www.gov.uk/government/publications/evaluation-of-rshs-in-depth-assessment-process>
<https://www.gov.uk/government/collections/sector-risk-profiles>
<https://www.gov.uk/government/publications/consumer-regulation-review-2020-to-2021>
- viii National Housing Federation Code of Governance, https://www.housing.org.uk/nhf_catalog/publications/code-of-governance-2020/
- ix <https://www.gov.uk/government/publications/the-social-sector-building-safety-engagement-best-practice-group-final-report>

Excellence in management and partnership: The council/ALMO relationship checklist



This checklist provides practical questions to support local authorities with ALMOs to prepare for the implementation of the Social Housing White Paper and regulatory changes, as well.

1. Overall council/ALMO relationship
2. The resident voice
3. Complaints
4. Performance monitoring function (clienting officers)
5. Audit
6. ALMO board and governance
7. Risk management
8. Health and safety and building safety

Council and ALMO officers having this conversation should understand where any findings or actions need to be reported to and those forums or colleagues made aware that checks are being undertaken. Where a key element of reassurance is missing, they should investigate and/or escalate.

Area	Do you have the necessary assurance?	Evidence/ Answer /plans for achieving assurance
Overall council/ALMO relationship		
Is there a formal structure for council/ALMO relationships in place?		
Are there clearly defined roles and responsibilities, both for organisations and individuals which avoid duplication of work?		
Do arrangements foster a partnership approach?		
Is there an open and honest culture where the ALMO could raise issues with the local authority and be supported to resolve them?		

Area	Do you have the necessary assurance?	Evidence/ Answer /plans for achieving assurance
How are new services or responsibilities integrated into the overall framework?		
Are there clear decision points with clarity over how decisions are recorded, agreed and communicated?		
Is there a process to monitor issues and concerns raised with the ALMO to make sure they are resolved?		

The resident voice		
Can the council assure itself that the voice of residents is shaping services within the ALMO? The Tpas/CWAG toolkit can be of assistance here.		
Does the local authority have assurance that the ALMO is effectively listening to residents (both those already more engaged, and those who have less contact with the ALMO)? Does this include assurance that the ALMO acts on feedback and communicates with residents about how their feedback has been used?		
Does the local authority have assurance that the ALMO is able to meet the regulatory requirements to measure and report on the Tenant Satisfaction Measures?		
Do residents have a clear route into the local authority if they are dissatisfied with the ALMO?		

Area	Do you have the necessary assurance?	Evidence/ Answer /plans for achieving assurance
Complaints		
Does the local authority have assurance that complaints are being effectively managed and that the ALMO/council do not have blind spots?		
Where complaint management sits across the ALMO and the local authority, is there an effective process to make sure complaints don't get lost or delayed?		
Performance monitoring function (clienting officers)		
Is the council performance monitoring function sufficiently resourced with the right skills and seniority to provide the necessary assurance within the council?		
How are clienting KPIs set and monitored?		
How does the council check the quality of data provided by the ALMO and have assurance that data systems are robust?		
What other information does the client team use to triangulate the data and reports that the ALMO provides?		

Area	Do you have the necessary assurance?	Evidence/ Answer /plans for achieving assurance
Does the client team have a formal way of flagging up risk and concerns to senior officers in the council?		
How does the clienting officer/ team interface with the various responsible individuals in the council? (e.g. named person for consumer standards, named person for health and safety and the Accountable Person if applicable)?		
Has the ALMO undertaken a review against the current Consumer Standards, Social Housing White Paper and other relevant legislation?		
How is compliance against these evidenced to the local authority? Does the local authority have sufficient assurance that they could quickly demonstrate compliance with consumer standards and other regulation/ legislation in a regulatory review?		
How are the ALMO's contributions to meeting wider council strategic objectives measured and acknowledged?		
Audit		
Are the ALMO/ local authority audit processes effective and do they provide the necessary assurance to the ALMO board and local authority?		

Area	Do you have the necessary assurance?	Evidence/ Answer /plans for achieving assurance
How is the audit programme shaped by the ALMO's risk profile?		
How does the ALMO audit compliance against the 'big 6' health and safety risks and building safety for higher risk buildings?		
How does the ALMO utilise external specialists and accreditations to demonstrate compliance and performance to the local authority?		
ALMO board and governance		
Does the ALMO board use the NHF Code of Governance or equivalent and report to the local authority on the results of regular reviews against the code?		
How does the local authority have continuing assurance of the good governance of the ALMO board?		
Risk management		
Does the council have assurance that strategic risks are identified and well managed by the ALMO; and that the risk profile of the ALMO and the local authority are aligned?		

Area	Do you have the necessary assurance?	Evidence/ Answer /plans for achieving assurance
How do risks identified by the ALMO feed into local authority business assurance frameworks? How does the ALMO identify and inform the local authority of new and emerging risks?		
Are there effective processes in place within the ALMO to manage contractors, including assuring high quality data and record keeping?		
Health and safety and building safety		
Does the local authority have assurance that all buildings, both higher risk and others, are safe?		
Has the resident voice shaped the approach to building safety and is there a resident engagement strategy for higher risk buildings if applicable?		
Does the local authority have assurance that a resident who has safety concerns can highlight them and get a response quickly?		
For those with higher risk buildings how does the local authority get assurance that all in scope buildings, are safe and their duties as an Accountable Person have been fulfilled properly?		

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Focus on... case studies
of council/ALMO relationships



Berneslai Homes - Barnsley Council

Strengthening governance and the board

Following the appointment of a new Chief Executive in 2019 and subsequent internal concerns about the ALMO's compliance status, an independent review of governance arrangements was commissioned.

The review found that there was not enough oversight for the board to be able to provide the necessary challenge and leadership for the organisation, and to ensure the right KPIs were being measured to provide sufficient assurance of compliance or performance.

In the current reactive regulatory regime, the ALMO may not have come to the notice of the Regulator. However, in a proactive regulatory review such as an IDA, these issues with governance and oversight would have been picked up.

A six-month action plan was developed in partnership with the council, and the Regulator was informed. The plan included:

- ▲ Changing the composition of the board to include more independents, particularly those with governance and compliance expertise; the board moved from the traditional third/third/third split to two tenants, two councillors, four independents and a new independent chair.
- ▲ Employing the consultancy DTP to work with board members to ensure they understood their role. Pennington Choices was employed to look at compliance systems.
- ▲ A review of KPIs and resetting of targets.
- ▲ A review of clienting arrangements.
- ▲ To deliver effective oversight, board members needed training; a new induction and board development plan was put in place.
- ▲ The Risk Assurance Framework now has a much greater focus on demonstrating assurance and management of risk. The approach to challenging and scrutinising the information that senior managers and the board receives has changed; they have assurance they need and information accurately reflects what is really happening.
- ▲ The Risks & Concerns Register goes to the ALMO's audit committee every quarter and a report goes to the main board (attended by the council clienting manager). The committee conducts deep dives into areas of risk and concern to assure itself that the organisation is effectively managing risk.

The Regulator was satisfied with the six-month action plan and did not take further action. The strong relationship between the ALMO senior management team and local authority leader, portfolio holder and clienting manager was also vital for maintaining the local authority's trust in the ALMO as a good vehicle for delivery of housing services.

A summary of Berneslai Homes' Assurance Framework arrangements is available on request.

Cheltenham Borough Homes - Cheltenham Borough Council

Partnership working and governance

CBHomes and Cheltenham Borough Council (CBC) have developed a mature partnership which is based on openness and trust, and a spirit of 'no surprises'. The local authority (LA) monitors the ALMO (driven by a close working relationship with the LA's Lead Commissioner for Housing) to assure itself that the ALMO is delivering against agreed high-level goals and the management agreement, and that it is a well-run organisation.

A framework of set meetings between CBHomes and the local authority have a range of agreed purposes, ranging from operational to strategic. They ensure timely setting of high-level goals, transparent and early sharing of information, and proactive and collaborative support.

Effective governance within CBHomes provides confidence to the LA that the business remains focused and high-performing, underpinned by transparency and accountability, and maintains a clear direction of travel that is informed by customers and other stakeholders. Annual reviews using the NHF Code of Governance and ALMO terms of reference documents ensure the board and committees remain effective.

Board papers are shared with the local authority Chief Executive, Lead Commissioner for Housing and the Cabinet Member housing portfolio holder, who also attends the meetings.

Board members are recruited against a skills matrix; a board learning and development plan and induction programme equip them with the skills and knowledge they need. The Chair conducts annual appraisals of non-executive directors and chairs of the committees conduct the board chair's appraisal.

CBHomes' effective collection, collation and dissemination of data and information plays a vital role in both the organisation's overall service delivery and its strong communication/collaboration with its LA.

- ▲ **Data Management:** CBHomes implemented the Aareon QL data management system in July 2019. This means that the majority of the organisation's data is in one place and there is a core dataset that everyone in the company can use day to day, which also generates KPIs. Specific areas of data are audited through the internal audit process while every area is subject to ongoing internal quality assurance checks. The organisation also has an Electronic Document Management System which is accessible to staff when out and about to check and maintain records. CBHomes is embedding a 'DataHub' that enables the handling and analysis of data from their main systems to inform decision making, enhance service delivery and maintain data quality.
- ▲ **Business/performance monitoring:** Monthly data is available to senior leaders, aligned to the delivery of the Business Plan. This includes progress against the company's 11 priorities and the KPIs aligned to them. This is shared quarterly with board and, every six months, the Audit and Risk Committee receive a broader suite of KPIs. They use this to call in areas that they would like further information on. This allows focus on areas that are often rated green (whereas naturally the board is more focused on areas rated red and amber). The committee scrutinises the activity and can direct Internal Audit into areas that it feels it needs more assurance on. Audit and Risk Committee inform and approve the annual internal audit plan. Performance reporting is shared with the Lead Commissioner for Housing at the local authority and forms part of the discussions at the local authority/ALMO liaison meetings every two months.

- ▲ **Customer insight:** quarterly telephone surveys are carried out by an external company providing a rolling 12-month figure for key perception and satisfaction questions, which are benchmarked. This is available to senior leaders in detail, with analysis. Findings are part of a suite of KPIs that go to board (quarterly) and Audit and Risk (every six months); a more detailed report goes annually to the board. All of this information is shared with the local authority's Chief Executive, Lead Commissioner for Housing and the Cabinet Member housing portfolio holder.
- ▲ **Risk Management:** CBHomes maintains a risk register currently containing around 20 corporate risks. This is reported quarterly to the Audit & Risk Committee (a sub-committee of the ALMO Board) as a report along with contextual notes, and to the board annually. Risk reports are shared with the Lead Commissioner for Housing at the local authority and form part of the discussions at the local authority/ALMO liaison meetings every two months.
- ▲ **Compliance:** a detailed risk-based compliance report is maintained and shared with Audit and Risk Committee and board. All of this information is shared with the local authority's Chief Executive, Lead Commissioner for Housing and the Cabinet Member housing portfolio holder.

Following a recent extremely productive external review of ALMO services and collaboration with the LA, CB Homes and CBC are working closely together to review how they can further improve communication and collaboration between the two organisations. This is a key area which needs regular attention to ensure that both organisations are fully focused and aligned on the key housing and community goals for Cheltenham as a whole.

Colchester Borough Homes (CBH) – Colchester Borough Council

Using the ALMO to deliver other local authority priorities

Colchester Borough Homes delivered its Council's Mercury Rising project in April 2021, a £11m redevelopment of the 1970's theatre in Colchester Town Centre. CBH's Design and Construction Management team designed, procured and administrated the project which was built to BREEAM standards and attracted funding from Arts Council England along with other local funders. The project started in 2016 and aimed to bring together all of the theatre's spaces, staff and production work into one modern, accessible and environmentally friendly building. CBH were well positioned to deliver the project having previously provided facilities management to the theatre and worked closely with the Council and the Executive Director of the theatre to see the project to completion. There were plenty of challenges including some impressive archaeological finds and keeping the project going throughout the pandemic, all of which were overcome through the long- forged relationship and trust the Council had in its ALMO.

Derby Homes – Derby City Council

Partnership and collaborative working

Derby Homes (DH) is the ALMO for Derby City Council (DCC), managing nearly 13,000 properties on behalf of the council. Founded in 2002, it has recently been awarded a third 10-year contract (2022-2032).

The local authority and ALMO have a partnership agreement which reflects the 'on ground' approach. Derby Homes is seen very much as part of the local authority and is part of the local authority's Team Derby, a citywide place-based partnership. As part of this, the ALMO Managing Director sits on the council corporate leadership team and the local authority Strategic Director of Communities & Place and Cabinet Member attend Derby Homes Board to observe.

The local authority is working to reduce silos across partners, but also within the local authority itself; the focus is on building relationships and tackling problems together from a cultural rather than organisation perspective.

The ALMO Board consists of three tenant board members, three councillors and three independents. A sub-committee of the board, the Operational Board, takes responsibility for performance and policy issues which affect tenants. A tenant majority sits alongside three board members who can refer decisions up to the main board if necessary.

Certain functions have been delegated to the **Operational Board**; it oversees performance from a tenant and resident perspective, can challenge poor performance, and reports and makes recommendations to the board and council if necessary. They also receive an annual value for money report which details formal measures and also HouseMark comparative data. The Operational Board receives a regular report on complaints and compliments.

A **formal partnership meeting** is held between the ALMO and local authority at least three times a year, chaired by a director of the council and attended by at least three council officers and the ALMO Executive Team. Officer-level service meetings are held across the Derby Homes Executive Team and Council Strategy Team. **Clienting** currently operates as part of wider teams. However, the council is moving to a single focused post on HRA and DH liaison to bring together these teams and speed up decision making.

Controls and risks are monitored by CMAP (Central Midlands Audit Partnership), a partnership of six organisations with DCC as the accountable body in legal terms. **DH's Audit Committee** monitors controls and risks alongside the formal accounts, while issues and deep dives can be escalated to the council's scrutiny committee.

The presence of challenging tenant and leaseholder voices in the system of governance helps to shift focus onto issues facing residents rather than relying solely on complaints (although these remain important). The ALMO operates and supports a number of different tenant forums. The Derby Association of Community Partners (DACP) is a residents' forum that is legally separate and supported by means of a grant from DH. DACP has a place on the Operational Board for their tenant nominee. The Leaseholders Forum also has a place reserved for their nominee. In addition, a customer voice panel is able to examine any area of operations that it chooses – for example, the group fed back to the council during its recent review of DH's management agreement. There is also a wider forum for tenants based on a 'non-meeting' basis for consultations that require a wider set of views. Satisfaction surveys are also carried out with tenants.

Lewisham Homes – Lewisham Council

Fire safety assurance via accreditation

In 2020 Lewisham Homes (LH) started the process of gaining accreditation to the BS9997 standard. BS9997 sets out a strategic organisational approach to fire risk management; while not housing-specific, it offers a framework which the organisation implements taking into account the legal and regulatory environment, its sector requirements, and the organisation and services provided. Ultimately it is about making buildings safer and being able to demonstrate that to residents and stakeholders.

Following a fire in 2011, LH had developed a robust approach to fire safety, with a dedicated fire safety team made up of former senior London Fire Brigade officers. There is active support from the ALMO Board and the Executive Team to build a positive health and safety culture. The ALMO was recently awarded five stars in a British Safety Council Occupational Health and Safety audit.

BS9997 was an opportunity to review arrangements and also to:

- provide robust assurance that the ALMO is meeting all the requirements of fire safety and related legislation;
- structure a best practice approach to fire safety which is organisation-wide;
- align the approach to fire safety with health and safety standards under ISO 45001, which the organisation already holds;
- demonstrate commitment to fire safety to residents and stakeholders.

As part of the work to achieve BS9997, LH moved from a fire risk policy to a fire risk management strategy. This covers fire risk assessment, resources and authority, fire safety training, control of work on site, maintenance and testing, communication and emergency planning. All policies and procedures were reviewed and a CEO Mission Statement was developed to show high-level commitment.

The BS9997 audit included intensive interviews with key staff, deep-dive investigations into FRAs and supporting records, and a full review of fire risk management arrangements. Accreditation was awarded in 2021. The accreditation is now the framework LH will use to implement the requirements of the Fire Safety Act, progress resident engagement work and develop building safety cases.

Six Town Housing – Bury Council

Reviewing the management agreement and strengthening governance

Six Town Housing was established in 2005. Based in Bury, it manages around 8,000 homes on behalf of the local authority. A new 10-year management agreement was put in place in April 2020.

Partnership is the fundamental principle of the new management agreement, set out in its Partnership Pledge and Principles. The challenge was to make this part of the agreement a 'way of being' rather than just words on paper.

A consultant worked with the council and Six Town Housing on the following areas:

- The completion of the housing review process to clarify responsibilities between Bury Council and Six Town Housing;
- How far, strategically, the council wants to move certain operations over time into Six Town Housing and what drives this.
- Recommendations on governance between the council and Six Town Housing, drawing on previous reviews, including the need for the council to have effective and efficient oversight of all functions, issues of mutual trust, and the accountability of board and committee members in relation to the Partnership Pledge.

The consultant recommended the following:

- Establishment of a Partnership Board to enact the management agreement and ensure increased alignment of the strategic direction and operational services of the council and Six Town Housing; and also to act as a collaborative forum between the council and Six Town Housing, promoting the Partnership Pledge and Principles in all its work. Chaired by the Cabinet Member for Housing and meeting quarterly.
- Establishment of two committees which are accountable to the Partnership Board. The Growth subgroup takes a themes-based approach, looking at areas including the Health & Housing strategy; Aids, Adaptations and Disabled Facilities Grants funding; the Capital Programme, Zero Carbon; and Private Rented Sector. The Performance and Improvement Committee enacts the performance and scrutiny commitments in the management agreement to promote a positive culture of continuous improvement.

The new governance arrangements are working well. They allow for shared strategic discussions and decision making; appropriate monitoring of Six Town Housing performance in relation to the management agreement; and identification of key shared projects through both the Performance Improvement and Growth groups. They are building trust and confidence and relationships are strengthening all the time. There is strong development of mutual understanding and support with more energy being directed into partnership working for the benefit of tenants and the wider customer base.

Solihull Community Housing – Solihull Metropolitan Borough Council (SMBC)

‘Strengthening governance as a partner of choice in Solihull’

Solihull Community Housing (SCH) are placed at the centre of the community in North Solihull, providing services to customers across 10,000 homes in the borough, including 37 high rise buildings.

Over recent years, the relationship with Solihull Metropolitan Borough Council (SMBC) has been highly collaborative and there continues to be a real ‘partnership approach’ between the two organisations.

Led by Fiona Hughes, Chief Executive, SCH has always had a clear focus on governance and performance, placing real value on transparency and a ‘no surprises’ ethos between SCH and SMBC. It is this foundation which provides a good opportunity to further strengthen the relationship, introducing an increasing level of maturity, as the housing sector faces very significant new challenges and moves towards greater regulation.

SCH and SMBC have jointly developed an accountability assurance and delivery framework shown in the schematic on page 16 which features:

- ◆ **Solihull Community Housing – SCH** – the delivery vehicle – both for current operational compliance against the existing consumer standards and delivery of new legislation on building safety and the management of social housing. The SCH board which leads the ALMO is a blend of experienced housing professionals, tenants, independent experts and Councillors. In recent months, the SMBC corporate director with the client function lead (also the Accountable Person for the purposes of the Building Safety bill) – has joined the board as a non-voting member.
- ◆ **SMBC Quarterly Monitoring Board (QMB)** – the formal board embedded into the management agreement where SCH account for performance and provide key strategic and operational delivery updates to SMBC senior officers and Councillors, Led by the Cabinet Portfolio Holder for Housing and Deputy Leader of SMBC.
- ◆ **Performance Partnership Group** – Officer led group supporting the QMB with operational level analysis of performance concerns along with maintaining a focus on wider delivery plan outcomes across the business and strengthening our approach to organisational interdependencies, in both directions.
- ◆ **SMBC Building Safety Board** – Led through SMBC to ensure their overall delivery of building safety across all aspects of the new legislation – SCH account here for the delivery and discharge of responsibilities relating to council housing stock and, in particular HRRB’s
- ◆ **‘Twin Hat Roles’** – SCH has a number of roles delivering back-office support, that work both for SCH and SMBC, one of the most significant being the Chief Finance Officer. These are shown on the left of the schematic reflecting a unique additional level of interdependency between SCH and SMBC.

Getting ‘Future Fit’

With the challenges across the sector around building safety and regulation, increased interventions from the Housing Ombudsman and the consultation around Tenant Satisfaction Measures, the next two to three years will be challenging for any organisation within the housing sector. Having an ALMO offers an opportunity for

SMBC to model best practice; bringing together the strength of local democracy through SMBC with the focus on excellent housing services through SCH. Both SMBC and SCH are confident that the new framework outlined above will deliver effective oversight of the new responsibilities.

SCH is taking a proactive approach to the sector challenges through a programme of evidence-led process reviews to provide a level of ‘self -testing’ against future sector requirements. Commissioned by the SCH executive team and led from the top by the Chief Executive, key focus areas include compliance, safety, data and technology. The remit is clear - to understand existing best practise and improvement opportunities and to provide proactive assurance to key council stakeholders.

South Tyneside Homes – South Tyneside Council

Shaping the building safety case

South Tyneside Homes (STH) have procured Deeo’s Twinnedit building management software for their four high-rise buildings. The system will bring together:

- ◆ full scans of each building with 2D and 3D drawings, enabling a virtual walkthrough;
- ◆ clear and precise information about every building which will shape the building safety case, including information on the height, structure, build materials, preventative measures and protective systems;
- ◆ up-to-date fire risk assessments, compartmentalisation surveys and compliance reports, for example gas safety certificates, as well as archived records;
- ◆ customer friendly fire risk assessments;
- ◆ fire evacuation video for customers;
- ◆ evacuation assessments and information about residents who need support evacuating;
- ◆ an up-to-date list of void properties.

STH are currently in discussions with the fire service to provide them with full access to the system which they can use to manage emergency response but also for assurance purposes, training and familiarisation with each building. The Regulator will also be provided with full access to the system to enable them to audit. The local authority Accountable Person will also have full access to the system so they can assure themselves that building safety is being effectively managed. The approach is one of openness and transparency with stakeholders and customers.

Twinnedit will be linked to the STH website so that high-rise residents can access information about their homes, including what they should do in the case of a fire and the systems that have been put in place in their homes to protect them. This will sit alongside other more traditional communication, including letters. STH’s building safety consultation with customers will also be held in the system.

Alongside Twinnedit, STH are introducing a new system (PIMSS Compliance) which will bring together compliance information in six areas: fire safety, asbestos, water safety, electrical safety, gas safety and lifts. As contractors are re-procured, they will be asked to use this system. It will cover all housing stock, including high-rise, housing plus (such as sheltered housing) as well as general needs stock.

Each compliance area will cover a number of sub-categories, and when workflows have been developed the system will make cross-compliance reports possible. For example, for fire safety, the system report will be able to record the status of all of these factors: fire risk assessments, outstanding actions from Fire Risk Assessments (FRAs), inspections and audits, emergency lighting checks, fire alarm testing and servicing, fire door inspections, AOV checks, gas suppression system checks and sprinkler system checks.

The system will centralise compliance management for all areas of statutory compliance, while reducing risk and increasing visibility of compliance to all stakeholders in real time.

Stockport Homes Group (SHG) – Stockport Council Framework for the local authority and ALMO relationship

SHG is a group structure consisting of Stockport Homes, ThreeSixty (construction company), Viaduct (development company) and Foundations (a charity). Stockport Homes manages approximately 11,000 properties on behalf of Stockport Council and delivers a range of related services on behalf of the council, including Homelessness/Housing Options, Disabled Facilities Grants, ASB and new build development.

There are no council representatives on the ALMO board, but board meetings are open and papers are freely available should council officers wish to attend as observers. All senior management and board performance reports/data are shared with the council's client officer and discussed as required. The Managing Agreement also includes a 'Council Impact Assessment' requirement with all board reports included in the process, and an obligation on Stockport Homes to proactively complete an assessment and discuss with the council any matters that may have a financial, reputational or legal impact on the council.

Formal liaison meetings are held across a number of levels: The ALMO CEO liaises with the Council Deputy CEO (Corporate Director of Place & Regeneration); the ALMO Assistant CEO liaises with the Council Strategic Housing Lead; the ALMO Director of Resources liaises with the Council Deputy CEO (S151 Officer). There is also officer liaison/ regular meetings across a number of areas including development, ASB and homelessness. In addition, there is a Strategic Liaison Group that meets quarterly with senior officers on both sides to discuss any emerging issues or joint working.

Key to this is the open and honest relationship between the ALMO and council with the sharing of all relevant data and reports, including in many cases in draft form, for open discussion. Ready access to the ALMO systems, and inclusion of the Strategic Housing Lead in the circulation of a wide range of information/ documents ranging from board/ senior management reports through to staff bulletins (access is provided to the ALMO staff intranet) ensures that all aspects of the ALMO operation is visible to the council (or available if requested), which together with the council Impact Assessment process requiring a proactive 'flag' of potential concerns ensures there is trust and assurance that the ALMO is delivering in accordance with reported performance.

In addition, Stockport Homes are currently undertaking an assurance mapping exercise which defines each of the areas of accountability for the organisation (e.g. Consumer standards, Economic Standards), the evidence to show that these are met, and who/how and when this is reported to the council.

Tower Hamlets Homes – Tower Hamlets LB Council Building safety and resident engagement

Following the events at Grenfell Tower, Tower Hamlets Homes (THH) quickly recognised the need to provide reassurance on fire safety to their tenant and leasehold residents.

THH began by meeting all its Tenants Resident Associations and determined the best way to approach reassurance was by setting up a Fire Safety Group to review fire risk assessments and all other activity in relation to fire safety.

The group was made up of board members, council residents and residents from other landlords drawn from the Tower Hamlets Federation of Tenants Associations. The group met quarterly and would review an agreed work programme. This enabled THH to share its knowledge and experience and share its work programmes for remediation works arising from risk assessments.

These activities gave residents confidence that THH was fully responding to their needs and building safety issues. Today this group continues to oversee all building safety matters under the broad compliance agenda. It has increased its membership and capacity by co-opting members with expertise in building and risk. The successes are:

- ◆ Development of a fire safety framework.
- ◆ Publication of fire risk assessments and actions.
- ◆ Prioritising investment decisions.
- ◆ Oversight of the response to the Fire Safety Act 2021 and the Building Safety Bill.
- ◆ Development and oversight of the THH compliance performance framework.

A review of the group's work has led to its relaunch, now with an extended remit to cover all aspects of building and fire safety in line with emerging legislation. This reflects the success of partnership working with residents.

The Barnet Group – Barnet Council

Framework for the local authority/ALMO relationship

The Barnet Group (TBG) is a wholly owned trading company of Barnet Council that has grown significantly since its creation in 2004 as Barnet Homes. The group's focus is on providing excellent local services and housing options for Barnet residents and excellent value for money for the London Borough of Barnet (LBB). The group employs over 1200 people, has a turnover of £90m (excluding major works) and provides a range of services.

Barnet Homes services

Service	Function
Barnet Homes	<p>Management and maintenance of 14,000 council homes</p> <p>Council statutory homelessness services, housing options and rough sleeper function</p> <p>Development and acquisition of new council housing through the Housing Revenue Account (HRA) and on behalf of wholly owned PRP, TBG Opendoor Homes</p> <p>Financial Management and planning of the HRA</p> <p>Management of council regeneration estates and increasing role in regeneration</p> <p>Policy & Governance – responsibility for housing strategy development</p> <p>Borough wide employment & training support - BOOST</p>
Open Door Homes Housing Association	Owning and letting a portfolio of 500 homes, growing to 1,000 in the next two years
Your Choice - Care & Support Services	<p>Three care homes</p> <p>Four day-services, independent living, respite and enablement services</p> <p>Assist – alarm assist service and mobile response</p> <p>Support for victims of domestic violence</p> <p>Welfare advice</p>
Let2Barnet, Bumblebee Lettings	Collaboration with PRS landlords

Governance

Over the last 15 years there have been several different arrangements in place relating to governance and scrutiny by LBB's Client-side team. These have been necessary to support the incremental growth of the group and to manage risk but the focus has always been on allowing TBG to take advantage of its ability to innovate and deliver in ways that the council is not always able to do.

The current model reflects a very 'thin' client side with the emphasis on governance being provided by the group board and Housing & Growth Committee, performance and delivery are managed through the delivery plan at a fairly high level, focused on outputs rather than detailed KPIs.

As the Group has grown reference to and review of the Management Agreement for Barnet Homes has become less relevant: not unimportant but a much more flexible approach has been adopted to take on new services or adapt them as needed. The focus has been on working within the HRA to deliver the best long-term value and management of the council's housing stock rather than a short-term income driven approach for Barnet Homes. The acceptance that there is one finite 'pot' of money to do many things is a vital part of the success of the governance and scrutiny approach as it ensures all parties are working together rather than against one another.

The following formal governance structures are in place to ensure scrutiny:

The Barnet Group Board (Non-Executive Directors) Meet quarterly	LBB Housing & Growth Committee Elected Councillors Meet quarterly	Client side (Strategic Review Group) (Council Officers & TBG Executive) Meet quarterly	Resident Board Residents (Tenants & Leaseholders) Meet quarterly
<p>TBG Strategy</p> <p>Risk management</p> <p>Delivery of TBG's objectives – Finance, People, Growth, Customers</p> <p>Resident voice (two resident board members & resident board)</p>	<ul style="list-style-type: none"> Agreement & oversight of Delivery Plan Agreement of housing strategy Public scrutiny & questions 	<ul style="list-style-type: none"> Formation of Housing Policy & Strategy Oversight of high level operational KPI's Discussion and influencing TBG Strategy to meet LBB objectives Developing and agreeing delivery plan 	<ul style="list-style-type: none"> Scrutiny of KPIs Deep dive service reviews Responsible for customer strategies

Note: This structure relates mainly to housing services. In its Care and Support service, TBG operates more like a traditional provider to LBB with delivery monitored through specific contracts.

In practice, the relationship between TBG and LBB is highly collaborative and fluid. Strategy and policy are developed through regular liaison and meetings and LBB are very rarely (if ever) involved in operational delivery. In addition, the Group Chair is a council appointment and has regular meetings with the council's Assistant Chief Executive who also attends board meetings as an observer.

Wolverhampton Homes – City of Wolverhampton Council Risk Management

Wolverhampton Homes operates under the umbrella of the City of Wolverhampton Council's robust performance management framework and is treated similarly to other service areas within the council from a performance framework perspective.

There are a number of client relationships that underpin this to ensure Wolverhampton Homes is fully aligned with the City of Wolverhampton Council (CWC) which makes it clear for our stakeholders in how performance is managed.

Key features of this framework include:

Board competency: The ALMO board has a full learning and development programme which focuses on strategy, finance, governance and leadership for individual members and the group.

The delivery of a one-day training by the Institute of Directors for all board members covered key aspects of their role such as board responsibility, commercial planning, prudent financial and internal control, effective challenge and risk management.

Subsequent development has taken place under the broader areas of strategy, finance, leadership and governance. Board members have recently completed the company's risk management eLearning training. Its focus was to ensure that, individually and collectively, the board can demonstrate the skills, confidence and competence to positively and constructively challenge the Senior Management Team and the Chief Executive on a range of issues.

Corporate Risk Register: The corporate risk register is a live document designed to be current, visible and open to scrutiny. It is reviewed monthly by the senior management team each of whom take accountability for each area of risk. Operational risk registers are updated on a quarterly basis by each senior leadership team member. Risks are monitored and where necessary escalated onto the corporate risk register, or vice-versa. Central monitoring of the risk registers is done by the Business Assurance team to ensure quality and consistency across all directorates.

Risk appetite is set by the parameters of the management agreement, service delivery priorities and in alignment with the local authority.

Business Continuity Plan (BCP): The corporate Business Assurance and Risk Management framework is reviewed bi-annually and approved by board. The Senior Leadership Team (SLT, made up of the Heads of Service) are accountable for the quarterly review and update of operational business continuity plans. This all links to their operational risk register to ensure the presence of the golden thread throughout.

Risk management training: A bespoke eLearning risk management training module developed by the organisation is mandatory for all staff, with trades staff undertaking specific risk training relevant to their role.

The emphasis is on building the staff's knowledge and understanding of their responsibilities and accountability, and in this way embed the principles of good risk management. SLT members each have a robust individual personal development plan intrinsically linked to the company's strategic objectives. Again, this links the golden thread to the life of the four-year strategic business plan.

Culture: The Senior Management Team fosters an open and transparent culture where staff are encouraged to ask questions and to constructively challenge at all levels. This approach is designed to ensure issues can be raised and managed, with a focus on the customer at the heart of everything the company does.

Internal audit: Wolverhampton Homes has a service level agreement with the City of Wolverhampton Council for its internal audit provision. This gives independent external assurance, and Internal Audit (CWC) are present at each Audit & Business Assurance Committee. Internal Audit also provide an annual forward plan driven by the key areas of risk for the ALMO. The external audit function is provided separately by an independent company.

ALMO/council meetings: Regular strategic high-level meetings are held between the ALMO and local authority, and risk and emerging issues are covered in these meetings. In addition, quarterly meetings are chaired by the Council's Director for City Housing and Environment.

As part of the governance framework, monthly meetings are held between the ALMO and the council's Housing Strategy Team. This is a regular opportunity to review risks, consider emerging risks and to discuss mitigating action or areas of support required. These meetings cover performance, finance and asset management. Performance is reported quarterly to the Council's Cabinet by the Council's Housing Team. Bi-annually, Council Officers and the ALMO Chief Executive/Company Secretary attend the Council's Scrutiny Committee to provide updates and answer any questions, providing a clear line of sight by Councillors of performance.

This proactive approach fosters a continued positive working relationship between the ALMO and the shareholder, the City of Wolverhampton Council.

Tenant scrutiny: The City Council scrutiny committee reviews areas of work and service delivery, including those provided by the ALMO. The Council is currently tendering for an Independent Tenant Scrutiny Contract (October 2021) to provide robust review, oversight and improvement of housing services, including the services provided by the ALMO.

Situation Reporting: Throughout the pandemic (from March 2020), a Situation Report (SITREP) was prepared regularly to keep shareholders informed of key issues, concerns, risks and any impact on service delivery. This information was reviewed daily by the Senior Management Team and the council were fully included in the information-sharing arrangements. This was also shared at the tactical meetings held internally with the Senior Leadership Team to provide a regular cascade of information across the business.

Your Homes Newcastle (YHN) – Newcastle City Council Framework for the local authority and ALMO relationship

YHN currently manages 25,000 properties, made up predominately of social rented properties, on behalf of Newcastle City Council. The current management agreement with the council runs until 2026.

There are four councillors on the YHN Board. Both main political parties elected to represent the people of Newcastle upon Tyne are represented on the board.

A formal Housing Revenue Account (HRA) governance document is in place which sets out the relationship, decision making and escalation procedures. It is specified in the management agreement that a delivery plan must be produced annually which sets out performance targets, the service review programme and provides a narrative on the legislative, financial and operational context in which YHN operates. NCC use this document to provide assurance that YHN is delivering on the Management Agreement.

A Delivery Plan is produced by YHN and scrutinised by NCC Cabinet on an annual basis. Cabinet also receive a six monthly report on YHN performance against the strategic targets.

There are five levels of governance arrangements:

- 📌 **Level 1** – Cabinet
- 📌 **Level 2** – YHN Board; NCC Investment and Delivery Group/ Directors Team
- 📌 **Level 3** – Joint quarterly performance board – financial and non-financial performance, including S151 issues
- 📌 **Level 4** – Strategic Board – strategic oversight of Housing Management: Capital Programme, Repairs and Maintenance
- 📌 **Level 5** – Housing Management Board; Capital Programme Board; Repairs and Maintenance Board

Management review targets are set annually in the Delivery Plan and reviewed quarterly via a formal report to the Finance and Performance Committee and an NCC quarterly monitoring meeting. YHN have six management review targets to achieve which include a mixture of qualitative and quantitative measures.

Cabinet and the Director's Team are fully briefed in the performance of the HRA and the annual delivery plan. Officers at various levels of seniority provide a comprehensive understanding of performance, risk and delivery priorities.

YHN's Managing Director (MD) attends weekly Directors Team meetings at NCC to ensure YHN have an input in decision making and work collaboratively with NCC on key programmes and projects. The MD also attends Cabinet and Policy Cabinet meetings to keep abreast of key decisions. An NCC representative is invited to YHN's Board and committee meetings. If issues are escalated to the Strategic Group (Level 4 above) then a joint workshop approach is used to respond to the issues and identify a solution.

The clear governance structure ensures compliance with the management agreement and delivery plan. NCC attend all board and Committee meetings to assure themselves that YHN is complying with all regulatory measures. A close working partnership has been established at all levels of the organisation with ongoing regular dialogue and joint working programme. This approach has fostered an approach where problems or issues are discussed and agreement is reached on solutions.

