

## Future of Housing Management: Options Appraisal

### Appendix 2

#### Latest Government guidance for councils considering the future of their ALMO housing management services, **December 2011**.

##### *Purpose*

1. About half of all council housing is managed by ALMOs. ALMOs have successfully delivered much of the Decent Homes investment programme, ALMOs have proved very popular with tenants and residents and in many areas have become key local providers of neighbourhood services.
2. As a number of the original management delegations and funding contracts between councils and ALMOs are now drawing to a close, councils are considering how best they can deliver their ongoing housing investment and management services into the future.
3. The reform of the HRA subsidy system will also bring major changes to the system of council housing finance and to the way in which councils view stock management. It is therefore timely to remind those councils who intend to review their housing management of the need for thoroughness and openness.
4. Councils are continually having to reassess how best to deliver all their services, including the provision of housing management. ALMOs are not immune from the need to drive value for money savings and spend tax payers money wisely.
5. When determining the future of their ALMOs, councils will need to consider a number of important and competing factors. These include the wider financial, organisational and local political landscape within their councils, alongside the views of tenants.
6. This document sets out the Government's guidance on the processes that councils should undertake when considering taking housing management functions back in-house. This note strengthens previous guidance issued by the Department.

##### *Current Position*

7. The Government believes that the decision to take ALMO housing management functions back 'in-house' should remain a local one. Councils in England are currently required to seek consent from the Secretary of State under section 27 of the Housing Act 1985 where it seeks to transfer all or part of its housing management functions to an ALMO. There is no requirement for a council to seek consent when taking ALMO housing management functions back in-house.

Government does not propose to alter these arrangements.

8. Guidance issued by the Department in 2004 was consolidated after the Review of Arms Length Housing Management Organisations issued in June 2006. The Review considered a number of scenarios for taking forward the work of ALMOs, including the process should a council decide to take housing management back in-house following a consultation with tenants.
9. The Review recommended that any change in housing management arrangements should be the subject of a test of opinion no less rigorous than the test undertaken on transferring housing management functions to the ALMO.
10. The document went on to emphasise the importance of consulting and working with tenants and outlined the possible consultation mechanisms, including questionnaires, telephone surveys and ballots. A combination of options rather than a single favoured option was considered to be appropriate. This remains the case.

#### *Future arrangements*

11. Government does not believe in imposing any unnecessary additional regulations or burdens on councils. The Government does not consider it necessary to impose upon all councils with ALMOs a mandatory duty to hold a ballot of their tenants when considering taking housing management functions back from their ALMOs.
12. However, in line with the principles set out in the Review document, Government considers that in the interests of fairness and consistency, councils that had held ballots to gauge tenant opinion before transferring their housing management functions to an ALMO should also similarly hold a ballot when considering taking housing management functions back from the ALMO. This is important as it allows tenants to express their opinion in a similar manner to the original ballot.
13. For those councils that did not hold a ballot to test tenants' opinions but chose to use an alternative method, they may of course choose to hold a ballot. There are no plans to require those councils to follow a particular course of action.
14. However, it is expected that the consultation exercises undertaken by all councils considering the future of their ALMOs should be as comprehensive as that undertaken when transferring those functions to the ALMO originally. This could be either through a ballot or a full survey or other locally appropriate method.
15. Ballots and other tests of opinion should not however be seen as a "be all and end all" solution, but as part of an ongoing, process of engagement. Any council considering undertaking an options review of its housing management arrangements should notify the Department as soon as possible in the

process, as part of its wider commitment to demonstrate the openness of the process.

### *Tenant Engagement & Consultation*

16. There are a range of steps that councils will need to consider and undertake when consulting their tenants on the future for their ALMOs. The list is not definitive and councils will wish to undertake the level of consultation which they consider is appropriate locally.
17. Councils should ensure that the information provided to tenants must be accurate and impartial. Tenants should have the opportunity to make a meaningful contribution to process leading to the final decision,
18. All tenants should have the opportunity to have a say in the final decision, either through a ballot or other comprehensive consultation process, and the process should be overseen by an external organisation, to ensure that it is fair and valid. Tenants could also be provided with an Independent Tenants Adviser (ITA) paid for by the ALMO/Council.
19. Councils should ensure that tenants have the opportunity to shape the options, and be consulted from the outset. Tenants should be given the opportunity to be included in any project group leading the work and be allowed to scrutinise the council's process.
20. The aims and objectives of the review, plus timescales, processes, and criteria for short listing options and the final decision making, should be clearly set out and be publicly accessible.
21. Councils should carry out a full cost-benefit assessment exercise and risk analysis of the implications for the councils' wider housing service. Preferably, this should be externally validated. *(Risks should include potential loss of key staff and how that might affect implementation of self financing and major capital programmes, including decent homes, so that they fully understand the financial rationale for any decision they take).*
22. The council must clearly set out the pros and cons of the various options reviewed, demonstrate the potential impact on residents, and explain the reasons for recommending its final option(s).
23. The ALMO Board and employees should be allowed to contribute fully in any housing management review process. ALMOs and councils should work collaboratively towards an agreed outcome.
24. ALMO officers and their boards should cooperate fully with any review and assist their council to undertake any review in a timely and professional manner. In that way, any call on costs and resources can be minimised.

### *Conclusion*

25. It is clear that the best run councils and ALMOs are those where both parties work together collaboratively on behalf of tenants to ensure that the services they provide are efficient and value for money. Undertaking a thorough

consultation exercise on the future of an ALMO and housing management is no different.

26. The Department recognises that there will be local differences in the way councils and ALMOs undertake their tenant consultation exercises. It is imperative that the views of tenants should be at the centre of these considerations,
27. If the Council intends to support the ALMO going forward, then clear funding streams for this must be identified, and a council decision ratifying such expenditure should be included in any consultation material
28. ALMO housing management option reviews should be transparent and tenants should have all the information available so that they have the opportunity to be fully engaged in the process from the outset. The underpinning rationale remains that the level of consultation and engagement should be at least as comprehensive and robust as undertaken to transfer the housing management functions to the ALMO originally.
29. The Department does not intervene directly in disputes between councils and their ALMOs but will provide assistance and support as appropriate to try to ensure that reviews are conducted satisfactorily.

**December 2011**