



## **From Decent Homes to Sustainable Communities NFA response to DCLG discussion paper**

### **Summary**

The NFA welcomes the government's policy shift from decent homes to sustainable communities. The decent homes programme has been a remarkable success and has so far improved the lives of many tenants. While it is essential that resources continue to be made available to bring the remainder of the social housing stock up to the decent homes standard this only addresses part of the problem. We now need to ensure that tenants enjoy not only better conditions within their homes but that they live in communities that are safe, accessible and enhance their life chances.

As tenant led organisations that have proved their ability to both improve service performance and deliver major programmes on time and within budget and that have transformed and reinvented the way in which council housing is delivered ALMOs are well placed to contribute to this policy agenda.

ALMOs deliver high quality services and value for money. Their local focus means they are embedded in, and have an understanding of their community as they only work in one local authority area. With a culture of service improvement and real tenant involvement in decision making ALMOs have already demonstrated their willingness to innovate and proactively engage in initiatives that go beyond the management and maintenance of the stock and are designed to enhance the lives of all those living in ALMO neighbourhoods.

However, in order to deliver on national and local policy agendas it is essential that ALMOs are given longer term stability and financial freedoms. It is simply not possible to build new homes or manage existing assets effectively on short term five year contracts while being subject to an erratic and annual subsidy system.

It is also important that the government implements its commitments to tenants in terms of meeting decent homes and ensuring that councils cannot substantially change or wind up their ALMOs without tenant support and involvement.

The NFA would like to see the government implement financial freedoms for high performing ALMOs as soon as possible and consider the community ownership model put forward in the joint NFA/CIH/HouseMark report *ALMOs - a new future for council housing* which would enable ALMOs to access private sector finance and make better use of available resources.

The Housing Corporation should also resolve their internal rules that currently prevent ALMOs accessing social housing grant and place them on a level playing field with housing associations.

## **Getting the most out of public sector investment and assets**

ALMOs are proven delivery vehicles that have delivered large scale major projects on time (in many cases ahead of programme) and have produced both significant improvements in service delivery while also delivering the majority of local authority housing efficiencies.

They are the potential first choice partners for regeneration and are well placed to make better use of public sector assets, including demolition and replacement of stock where necessary. ALMOs, because they work within the local community, would also be suited to the promotion of mixed tenure solutions and to delivering broader neighbourhood functions on behalf of their home councils.

ALMOs have an excellent record on procurement and obtaining value for money both in terms of investment and management. They need to be given further opportunities to make the most of this expertise and experience in order to improve the supply of affordable homes using their unique local knowledge and service base. ALMOs already have partnerships with suppliers and developers, which provide economic and social benefits locally, while regional and sub-regional procurement partnerships are currently being developed.

The NFA welcomes the opportunities presented by initiatives such as the Housing Corporation's Northern Challenge but a review of the arrangements for social housing grant is needed so that a more equitable arrangement is in place to encourage a broader range of potential developers, including ALMOs.

Greater use of council owned and HRA land, where it is still available, could help develop affordable homes. The government needs to give further guidance and incentives to local authorities and other public sector bodies to release land for this purpose. The "disposal for best consideration" rules need to more clearly recognise the added social value and the "best outcome" that can be delivered by using land supply for affordable housing.

There is a need for government to allow greater flexibility and cohesion in its different funding streams. The decent homes programme has been very successful. However, a major failing has been that only the properties themselves have been improved. Common parts and environmental works have only been touched upon in the later stages of the programme where a 5% allowance has been made. Round 1 and 2 ALMOs did not have the benefit of this facility, which creates particular problems on flatted estates that need major works to lifts. In areas of major regeneration or and other designated areas of high investment needs attempts to co-ordinate programmes in a sensible fashion have been affected by decisions made on other programmes such as neighbourhood renewal.

Bringing decision making on key investment schemes together, perhaps through local area agreement arrangements, would aid more effective investment decisions in the future and enable resources to be directed

towards achieving specific impacts for the local community – which may be cross sector and include areas such as health, education, transport, housing etc.

### **Improve planning and a stronger role for local authorities**

The NFA welcomes the trend towards enhancing the local authority strategic role and the promotion of cross agency working. ALMOs are an excellent example of local authorities developing new forms of service delivery while allowing councils to continue to maintain overall control and ownership at local level.

ALMOs combine a local community base with a business like, entrepreneurial attitude. Their size and composition, and their non-political status, allows for faster decision making and a more dynamic approach to service delivery. They are able to focus on the tasks that fall within the remit of their agreement with the local authority. At the same time they must be able to deliver local authority objectives and work in partnership with other agencies.

As ALMOs are dependent on their local authority management contract and fee they can be trusted partners in delivering local objectives and have the ability to provide mixed solution approaches tailored to local circumstances. Because ALMOs work in one local authority area only, this ensures they have both a commitment to and an understanding of local issues and needs

Planning guidance PPS3 has the potential to increase the levels of affordable provision, and to enforce current PPG3 guidance – but this needs to go hand in hand with further incentives to release land for this purpose and to provide the necessary infrastructure.

Building Control regulations could be used to develop energy efficiency measures in the light of increased energy costs and to assist in meeting CO2 emissions targets.

### **Ways to lever in additional resources**

The housing asset owned by local authorities has increased in value both as a result of the general increase in property prices, and also because of the investment to meet decent homes targets. The increase is trapped and cannot be released, but flexibilities around this could enable real progress on meeting sustainable communities objectives and develop new affordable housing initiatives. This is tied up with the rule on public sector borrowing.

Option 3 of the proposals put forward in the joint NFA/CIH/HouseMark report *ALMOs - a new future for council housing* envisages a self-sufficient HRA managed by an ALMO which is no longer majority local authority owned. The council could have a minority and the tenants a majority share. The local authority would manage the HRA through a long-term service contract with the ALMO. The stock would remain council owned and the tenants would still be council tenants and the existing Board arrangements would also remain unchanged. However, borrowing would be private sector and off the balance sheet of the authority which would enable resources to go further.

ALMOs have already pushed the boundary of what is deliverable in a short space of time and are well situated, working in their community, to carry out other functions such as providing new affordable homes. While the decent homes programme has been successful in bringing the existing stock up to standard, in the longer term many properties will not be of the size and type to meet future housing needs. Furthermore, there is a desperate need to replace stock lost through RTB in order to help provide for newly formed and homeless households.

If ALMOs had financial freedoms they would be able to make longer term plans in terms of the business which could include carrying out any or all of the following functions, subject to their local councils' agreement:

- Decent homes plus – the decent homes standard is not that high and only delivers improvements within the property; many residents want to see equivalent improvements within their estates and neighbourhoods
- New build, replacement or remodelling of the existing stock
- Rationalisation of stock management in an area, eg, managing other landlords' properties within the ALMO locality
- Regeneration activities on behalf of council or market renewal partnerships
- Managing private sector properties under Housing Act 2004 selective licensing powers
- Offering services to home owners including decent homes in vulnerable private sector properties
- Neighbourhood management, including services such as cleaning, addressing anti-social behaviour, graffiti removal, etc

### **Ways to strengthen tenants role in decision-making**

ALMOs are customer orientated and offer genuine involvement and accountability in decision-making. We are committed to continuing to develop ways to further involve residents at all levels, including those not normally engaged in formal resident bodies and those in hard to reach groups. Three out of four local authorities with beacon status for *Improving housing services by involving tenants* have ALMO managed stock.

The NFA would like to see an exploration into the opportunities to engage tenants as financial stakeholders in the ALMO, sharing the financial benefits of it's success, or as 'shareholders' in the housing stock, benefiting from the added value of the stock and providing tenants with some form of financial stake and return on the capital value.

The government also needs to address the benefit rules, which effectively deter residents on housing and disability benefit from full engagement. Many tenant Board members, especially chairs, voluntarily work very long hours on behalf of their local community but are unable to receive any remuneration without losing access to benefit.

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