



ALMO NEWS FOR ALMO OFFICERS ISSUE 1: APRIL 2003

ALMOs pass the half-a-million homes landmark

Expressions of interest in bidding for ALMO Round 3 cover 200,000 tenanted homes, according to ODPM figures. Coming on top of the 360,000-plus from Rounds 1 and 2, this makes ALMOs the fastest growing sector in social housing with more than half a million homes already.

Further details of Round 3 released by the ODPM show that:

- 14 local authorities have expressed an interest
- £1,500 million is the total funding asked for from 2004/05 to 2010/11
- This produces an overall average of £7,600 per tenanted home
- Averages per authority from their returns show requirements from £2,000 to £13,000 per home
- Almost £400 million is being requested from 2004/05 to 2005/06 (about £700 million is available for new ALMOs over this time).

More will be known after the closing date for Round 3 bids on 16 May.

The National Federation of ALMOs produced bidding guidance for Rounds 3 and 4. It has received positive comments from Round 3 contenders and is available from the NFA website.

National Federation of ALMOs lobbying

With the ODPM and Housing Inspectorate

The NFA steering group met with senior officials from the ODPM's Local Authority Housing team and the Chief Housing Inspector on 4 April. Further sessions will be held at regular intervals. Highlights of the first meeting include:

- NFA to be consulted on review of housing inspection
- Working party set up to look at how freedoms for three star ALMOs will operate, including NFA representation
- ODPM to review how far local authorities can delegate legal powers to ALMOs and produce guidance (The NFA conveyed its disappointment that ALMOs cannot yet serve anti-social behaviour orders under the government's recent proposals)

- ODPM clarified the use of the Building Cost Model and payment of subsidy for Round 1 and 2 ALMOs (Details are in the Technical Matters section of this newsletter).

With the Minister

On 30 April a delegation of board members and officers from the NFA will meet Tony McNulty – the housing minister with responsibility for ALMOs. Topics on the agenda are:

- Developing the long term future for ALMOs including the role in regeneration and new freedoms for three star ALMOs
- Ensuring ALMOs are recognised in government policy
- Levelling the playing field to give ALMOs similar powers and opportunities to housing associations.

With other professionals

We have also been active as the conference season gets into gear. The NFA's Alistair McIntosh debated the future of local authority housing with National Housing Federation chief executive Jim Coulter at the Association of Public Sector Excellence (APSE) conference. APSE represents local authority direct labour organisations. The chair of the NFA Gordon Perry plus Hugh Broadbent from First Choice Homes (Oldham) are both scheduled to speak at the Chartered Institute of Housing conference in Harrogate in June.

NFA website goes live

Our website launches this week and will contain:

- All the key legislation and guidance on ALMOs
- A library of documents from ALMOs including bids and delivery plans
- NFA briefing papers
- Dedicated section for board members

The address is www.almos.org.uk.

Your temporary log-in details are –

Username – arms
Password – 350022

Please note that these will be amended shortly, we will send you these details as soon as possible.

New subscribers

A warm welcome to our founding members:

Ashfield Homes
Barnet London Borough
Brent Housing Partnership
Carrick Housing
Cheltenham Borough Homes
CityWest Homes
Colchester Borough Council
Easington District Council
First Choice Homes Oldham
Hillingdon Council
Hounslow Homes
Islington Council
Kensington & Chelsea TMO
Kirklees Neighbourhood Housing
Leeds South Homes
Lincoln City Council
Poole Borough Council
Rochdale Boroughwide Housing
Sandwell Metropolitan Borough Council
Sheffield City Council
Sutton London Borough
Tristar Homes Limited
Warrington Borough Council
Wigan & Leigh ALMO

Joining the NFA is simple. Call us on 01723 350022 or e-mail almos@hfta.co.uk for details.

Technical Matters

In this issue we look at two technical issues on which the NFA steering group sought clarification from the ODPM at the meeting on 4 April:

Use of the Building Cost Model (BCM)

Instead of stipulating a guideline level of bid per home as it did for Rounds 1 and 2, the ODPM has developed a Building Cost Model to more accurately capture the costs for Rounds 3 and 4. Those in earlier rounds will also fill it in for monitoring purposes. The NFA sought advice on its operation and the ODPM position is as follows:

- In order to validate costs before making allocations for years three and four, all of the Round 1 ALMOs should provide a range of information to the ODPM including a completed BCM.

- It would be best if this reached the ODPM by early May. This is not a formal deadline but it will avoid congestion with assessment of Round 3 bids.
- ODPM's sequence is to sort out in order:
 - Round 1 allocations for their years three and four (2004/05 and 2005/06)
 - Bids for Round 3 leading to conditional allocations around July for their years 1 and 2 (also 2004/05 and 2005/06)
 - Round 2 allocations for their years 3 and 4 (2005/06 and 2006/07 - though the latter will be subject to the 2004 Spending Review)
 - Round 4 bids in the first quarter of 2004.
- The ODPM understood that Round 2 ALMOs were more concerned with inspection than allocations for years three and four at this stage. BCM and other information from Round 2 ALMOs will be requested in the summer.
- The ODPM motivation is about maintaining an audit trail, to demonstrate to ministers and if necessary the National Audit Office that funds are being allocated on a rational and fair basis. Round 1 ALMOs are not facing a new competition for funding. The ODPM expects that some Round 1 ALMOs may say that their forecast costs have gone up since they bid - in which case verifying the sums in the bid should not be too difficult. If it turns out that an ALMO demonstrably needs significantly less money then it will be given an allocation less than its bid. The ODPM cited an example of an ALMO that had taken a very pessimistic view on subsidy that may not be correct – thus they might not require all the ALMO funding initially bid for to reach the Decent Homes standard.

The building cost model is available from the NFA website.

Subsidy arrangements

Round 1 and 2 ALMOs had been advised previously by the ODPM that subsidy would be available at the rate of 10% for the life of loans undertaken in connection with the ALMO works. This is the basis on which promises have been made to tenants and commitments entered into with the local authority and other partners. The response of the Local Authority Housing Division of the ODPM (LAH) was as follows:

“LAH said that they could give an undertaking that subsidy would continue at the rate of 10%, falling to 8% when Minimum Repayment Provision was abolished, at least for the period covered by ALMOs' capital allocations and their programmes for achieving the Decent Homes target - i.e. until at least 2005/06 for Round 1 ALMOs and 2006/07 or 2007/08 for Round 2 ALMOs. This reflected the fact that additional funding for ALMOs was primarily intended to enable then to

meet that target. LAH agreed to write to all Round 1 and 2 ALMOs and their parent authorities to confirm the position.

Before reaching a decision on whether this rate of subsidy could or should continue beyond these dates, LAH would need to explore the implications further with Round 1 and 2 ALMOs.”

The NFA will continue to press the ODPM to maintain the 10% subsidy for Rounds 1 and 2 till 2010 because:

- Commitments have been entered into with tenants and others in good faith that should not be withdrawn
- The additional subsidy will allow ALMOs to improve revenue based services and so complement the improved houses with improved estate management (the Round 1 and 2 ALMOs do not have the 5% flexibility on funding for regeneration allowed for Rounds 3 and 4 – all the money must go to Decent Homes)
- The current approach reduces the value of the incentive that encouraged the Round 1 and 2 bidders to start the ALMO ball rolling
- Restricting subsidy to the period needed to meet the Decent Homes standard penalises those that meet it early (they get subsidy at 10% for a shorter period).

It is accepted that the transition towards prudential borrowing may bring change in any case.