

## NFA submission to the LGA Housing Commission

### Summary

The NFA believes that arms-length management organisations (ALMOs) can play a key role in addressing some of the most pressing housing issues across the country. Over their 14 year existence ALMOs have diversified and developed, becoming flexible local housing companies that work with their parent councils, other public sector bodies and the voluntary sector to manage and develop neighbourhoods, providing support and opportunity for the communities they serve. We believe our members are uniquely placed to help improve the lives of their tenants and deliver homes to meet local housing needs and would urge both local authorities and the government to further explore the possibilities with the sector.

### Introduction

ALMOs were first established in 2002, managing council housing on behalf of their parent local authorities. The NFA represents all ALMOs across England. Our members have evolved over time and are now flexible local housing companies which are diverse both in their structures and the services they provide to their councils and communities. There are now 38 ALMOs which manage nearly half a million council properties across 41 local authorities.

As our members are primarily the delivery vehicle for their parent local authorities, the NFA has focused its submission on the areas where our members can make a direct impact rather than on the strategic issues of place shaping, community and infrastructure which our member's parent councils would lead on.

We seek to address the following:

- **Housebuilding:** how our members can facilitate house building and the powers and flexibilities required to ensure delivery;
- **Employment, welfare reform and social mobility:** how ALMOs can continue to support tenants into gaining employment and;
- **Health and quality of life for an ageing population:** how they can provide specialist housing and extra care schemes for their elderly residents and what services can they can provide to prevent onward costs onto social care and health services.

### Housebuilding

Our members are keen to continue to use their expertise to develop affordable homes and add particular value to local areas through their development programmes. Our member's development programmes have, in the main, been making use of existing HRA land and have been tied to regeneration efforts or to redesigning areas on existing council estates which were disused and attracted anti-social behaviour.

Our members have a track record of success in delivering and managing new homes to a high standard. In 2015 they delivered nearly 2,000 new homes as their own developments or on behalf of their parent local authority as well as in partnership with others. The ALMO sector built a total of 903 new social or affordable homes in 2015, a significant 67% increase on the year before.

Recent government policy changes have made delivering new homes harder and the policy to reduce social rents by 1% year upon year for the four years from 2016 is one of the main causes of a projected slowdown in building new homes in the ALMO sector.

The Housing and Planning Bill also contains legislation to make councils consider selling off their high value voids with the proceeds being used to reimburse housing associations for giving Right to Buy levels discounts to tenants buying their own homes. This fundamentally takes away the control councils were given over their housing assets and resources in the self-financing settlement put in place less than five years ago, in 2012. This will potentially undermine the positive changes that have been happening as a result of those reforms; such as better asset management and a significant increase in council house building.

Prior to the Summer Budget, the sector had planned to supply 12,269 new properties, through new build and acquisitions, over the next five years this has now reduced to 10,633. This loss of approximately 1,600 new homes is only an indicative figure and may be reduced even further as decisions are still being made by the majority of our members and their parent councils on how to make the necessary savings within the HRA<sup>1</sup>.

We believe that much of the potential output is ***only achievable by councils and their flexible local housing companies***. Much of the land for new building by councils and their ALMOs is associated with existing estates, including replacement of unpopular or obsolete stock, using garage and commercial sites or unlocking 'backland' or garden land that is rarely used. Therefore, our members are best-placed to assemble such sites and work in liaison with existing residents of estates affected by new development. They are also able to use their local housing knowledge to fill the gaps in the housing market and provide homes of the right type and tenure to ensure investment is sustainable. These sites often unlock further development in the private sector by making areas more attractive for investment and unlocking difficult areas as evidenced by the mixed tenure of properties they delivered in the last year (please see our Annual Survey Findings - Changing with the Times which has been enclosed for your reference).

In actively pursuing new build, our members have shown themselves to be flexible and unconcerned about who owns assets. They have also showcased their ability to adapt to a changing financial climate and work with partners to ensure development happens in their areas.

Examples of the varied local offers which ALMOs have helped develop are included below:

### **Derby Homes**

Derby City Council and Derby Homes worked together with the Osmaston Community Association of Residents (OSCAR) to deliver a community led housing bid to the HCA to create

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<sup>1</sup> See enclosed Changing with the Times – 2015 Annual Survey Findings, p.7

95 homes, 40 of which are for rent at affordable levels, on a challenging inner city site which previously had travellers occupying the site and significant contamination issues.

The Council also arranged a joint venture (JV) for developments within a wider area with a major developer to deliver a larger number of homes in a nearby area. Derby Homes is using this JV to deliver refurbishment of a former shop premises purchased at auction and will manage and own the affordable housing that results from these developments. The approach is generally to use developers to take sales risk where there is a mixed development, with each partner concentrating on their own areas of expertise (e.g. Council strategy/planning, developer construction/design/sales, ALMO or RP Housing management)

### **The Gateshead Housing Company and Keelman Homes**

Keelman Homes was originally set up as a charitable subsidiary of The Gateshead Housing Company during the second half of 2009 as a regeneration vehicle for a village in Gateshead called Kibblesworth to demolish 94 3 bed properties and replace them with 81 social rented properties, 13 shared ownership and 54 for sale.

Changes in government policy led to a change in the articles of association and membership of Keelman Homes' so that the ALMO and the Council no longer "owned" the charity. By changing the ownership of Keelman Homes the council agreed that there was the potential to increase the amount of new affordable homes, by using new funding resources from the HCA and/or private sector.

### **St Leger Homes of Doncaster**

St Leger Homes of Doncaster is currently working with a private development company QSH (Quality Social Housing) on a *Pathway into Affordable Home Ownership in Doncaster* project. This involves St Leger Homes of Doncaster acting as managing agent for QSH (Quality Social Housing) for 106 properties (20 bungalows for over 55's, 1 flat and 85 houses) within an affordable rent to buy model.

Tenancies will be allocated as assured shorthold tenancies (12months) at affordable rents with an option to purchase during the period between the 1<sup>st</sup> and 5<sup>th</sup> anniversary dates. A percentage of rent paid (up to 50%) will go towards a deposit / discount at time of purchase and the regular payment of rent will count as a positive credit history for those tenants with no or adverse credit history.

### **Eastbourne Homes Investment Company Ltd**

Eastbourne Homes have been working with their local authority Eastbourne Borough Council to support the establishment of a separate wholly owned local authority company to help achieve the Council's housing objectives in a way which is consistent with its regeneration and economic development aims. Having delivered 100 units within the HRA over the period 2013 to 2015, a new asset holding company was set up in May 2015 and is taking forward housing and economic development delivery outside of the HRA. The Council and the EHIC Board have an ambition to deliver 230 units over the next 3 years and the new company has already purchased its first scheme and are in discussions on stalled sites locally.

## **Powers and flexibilities required to deliver more**

New models and joint ventures are important routes and innovations to make use of but take a long time to get off the ground and will only get us so far. By far the simplest and easiest way to continue to build new council housing is through the self-financed HRA. The current barriers and restrictions will cause council and ALMO development to slow down again in many places unless greater financial freedom and flexibility is given. We recommend that the government:

- Unlock the potential to invest in council housing by supporting the removal of the HRA borrowing caps and relying instead on prudential borrowing rules to enable councils to invest in new homes.
- Reverse the recent policy changes on self-financing (i.e. the sale of high value assets, Pay to Stay and payments to the Treasury) and restore council control over resources and assets locally.
- Reform the Right to Buy arrangements so that local authorities retain 100% of the receipts from sales and have more flexibility to make use of them to build new homes locally

## **Employment, welfare reform and social mobility**

Our members are ideally placed to support residents in finding and sustaining employment. ALMOs have continuously pledged their support to tackling unemployment within their areas and this year is no exception. 85% have initiatives or mechanisms in place to tackle unemployment. 27 (69%) have apprentices working within their organisation with currently 280 apprentices working within the sector.

ALMOs are trusted agencies working with people in the community. They deliver services directly to a known and understood customer base, meaning targeted support can be delivered to improve aspirations and life chances in some of the most deprived neighbourhoods. Our members have a proven track record of delivering employment programmes, such as the European Social Fund employment schemes directly to customers and others. Access to resources within communities, such as training facilities within communities allows employment and other support to be delivered in local areas. Examples include:

### **Stockport Homes and B4Box**

Stockport Homes and B4Box have come together to develop a ground-breaking collaboration to tackle worklessness in the area. B4Box is a unique social venture delivering construction work in the marketplace which specialises in employing and at-the-same-time training people from disadvantaged groups who were previously distant from the labour market.

Stockport Homes has used client leadership and intelligent procurement practices to commission B4Box in a truly collaborative way that has enabled 14 new apprentice jobs for £1million of construction spend which shatters the construction industry norm of 1 trainee per £1million. Furthermore, because of B4Box's specialism in employing people from disadvantaged backgrounds, each new employee was previously long-term unemployed and from an additional hard-to-reach group including young people not in education, employment or training, ex-offenders and people with drug, alcohol or mental health issues.

### **Northwards Housing: Yes project**

Northwards Housing set up Yes, an independent community interest company, in August 2013 with the aim of providing job opportunities, training, business advice, money advice, and work/voluntary experience to tenants and residents throughout North Manchester. Based in Newton Heath, where more than half of residents claim HB, Yes aims to reduce the impact of welfare reform and lower the unemployment rate in the area by directly helping tenants to gain new skills and employment. This includes encouraging local business to ring-fence some of their vacancies for local people.

### **Wolverhampton Homes: LEAP**

The Learning, Employment and Achievement Programme (LEAP) supports tenants to access training, work experience and apprenticeships. Designed with tenants, LEAP has three key-stages:

- Developing pre-employment skills ranging from gaining qualifications to preparing for work skills
- An eight week expenses-only work experience placement
- A twelve month paid apprenticeship and chances to study for an NVQ.

Following completion of an apprenticeship, tenants have the opportunity to join the ALMO's staff pool and LEAP apprentices are automatically considered for every Wolverhampton Homes job vacancy.

### **Six Town Housing: Steps to Success**

'Steps to Success' (S2S) takes a 'building block' approach to helping young people address a range of issues affecting their quality of life. Personalised, intensive support aims to end benefit dependency through confidence building, positive behaviour change and developing life skills along with accessing learning and employment opportunities.

### **Barnet Homes Welfare Reform Task Force**

Barnet Homes' Task Force provides advice and support for residents on getting in to work, housing options and benefits advice. These services were also extended to those renting privately who did not approach the council directly for housing support.

23 ALMOs now have DLOs and three have a separate repairs or subsidiary company. Alongside showing that efficient, well managed DLOs can deliver savings and improve tenant satisfaction, DLOs also enable our members to employ workers within the community as well as apprentices at the start of their careers. This helps stimulate the local economy and reduces unemployment in the areas which they manage.

A few of our members are using their DLO's to deliver their new build properties. Nottingham City Homes, for example, used their own DLO to build five brand new homes on a disused garage site in 2013. They are currently on site at another old garage site building eight new two-bedroom properties. They found that using their in house workforce showed a great return for the Nottingham pound – using the nationally recognised economic multiplier model LM3, every £1 invested resulted in a minimum of £1.65 being put back into the Nottingham economy.

### **Powers and flexibilities required to deliver more**

For our members to continue providing these valued services they require stable income levels and financial freedoms and flexibilities to ensure sustainability.

- We recommend that the Government exempt Councils and ALMOs from the 1% rent cut for the next 4 years in order to allow them to invest in tackling worklessness and driving economic growth in some of the most deprived areas of the country.

### **Health and quality of life for an ageing population**

One area that many ALMOs have been delivering on over the past few years is the provision of specialist housing for the elderly with Northwards Housing, The Gateshead Housing Company, Six Town Housing and Sutton Housing Partnership showcasing their Extra Care and Sheltered Schemes and sharing good practice across the sector. Other examples include:

#### **Newark and Sherwood Homes**

70% of their tenants are older people so providing suitable housing and services for them is a priority. Recently they developed a new sheltered scheme last year completed a new build development of high quality bungalows providing Extra Care and Supported Housing within a small rural village in the district. The key project aims were to help meet the existing need for accessible older persons' accommodation and to deliver this to a quality that really enabled the tenants to enjoy their home and engage in the wider community.

The project combined both high standards of physical development and the option of an Intensive Housing Management Service which has been developed by Newark and Sherwood Homes to meet the needs of older and vulnerable residents whose needs were previously met through the Supporting People Fund.

#### **Solihull Community Housing**

Solihull Community Housing developed Safe and Sound, a specialist housing care and support service, to help meet the needs of their ageing community. Solihull Council has commissioned Safe and Sound to provide a 'one-stop shop' of support and wellbeing services that embed early intervention and prevention options for all residents.

Safe and Sound is available to all Solihull residents – not just SCH tenants and leaseholders. The service objectives are to:

- Promote choice and control for the individual

- Reduce cases of social exclusion and isolation
- Support people to develop independent living skills
- Support people to work towards their individual outcomes in relation to housing, money, life skills, health, safety and their contribution to the community
- Reduce the need for emergency, intensive health or social care interventions
- Provide a responder service for people who have limited or no levels of support from family members or carers
- Use assistive technology to enable people to live safely in their own homes
- Enhance the quality of life of people and their carers

**Powers and flexibilities required to deliver more**

As evidenced here ALMOs could have a significant role in their communities in helping to deliver public health campaigns, providing help to solve the funding crisis in social care and generally supporting work to improve the health and wellbeing of their ageing communities. Our members could also start to look at what services they could provide to low income owner-occupiers or tenants and landlords in the private rented sector to help improve housing issues, health and wellbeing outcomes in those tenures too.

Enclosed for further information:

2015 Annual Survey Findings - Changing with the Times  
Safe and Well: Improving health and well-being in our communities July 2015

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