



Independent review of Stockport's housing management arrangements

Executive summary: review
and recommendations



11th December 2024

Final version

Introduction, context and approach

A strategic review of housing management arrangements was undertaken

Stockport Homes Group (SHG) is a wholly-owned arm's-length management organisation (ALMO) of Stockport Metropolitan Borough Council (SMBC), responsible for the management of c.13,000 homes that make up the council's housing stock. This review of existing ways of working between SHG and SMBC seeks to understand the areas of strength displayed by both SHG and SMBC, along with the areas for development and associated recommendations for improvement.



Strategic context

Stockport continues to face significant housing challenges in line with local authorities across the country. Increasing demand paired with continuing financial pressures (across both housing and wider local public services) necessitates organisations to deliver as effectively as possible.

SMBC has adopted an ALMO approach to the management of its housing stock, with SHG taking responsibility for delivery across the borough. After a spike in the number of ALMOs established in the early 2000s with the intent to allow greater focus on housing delivery, many have been subsequently dismantled as local authorities have sought to bring them closer in terms of overall control and increased focus on financial viability.



Context of SMBC and SHG arrangements

Established in 2005, SHG has continued to manage SMBC's housing stock over the last 19 years. Originally established for a period of 10 years, the current ALMO arrangement was retained in 2014 following an options appraisal and consultation and a 27-year management agreement is now in place.

Although Stockport is the least deprived borough across Greater Manchester, it still faces significant challenges. Areas such as Brinnington rank in the top 2% of deprived areas nationally and there is currently an estimated 30,000 low-income households. There are significant funding gaps highlighted in the asset management plan, meaning that, like other authorities, Stockport faces pressures to afford all the demands placed on its HRA, and this problem is growing.



Approach to this review

Although performance is high compared with other organisations, concerns have been raised on: tenant satisfaction in specific neighbourhoods, the ability to address strategic challenges, and members' ability to influence improvement. The purpose of this review is to identify areas of existing strength and opportunities for improvements, as well as to provide a view as to whether these can be addressed effectively within the current ALMO model or whether closer working, or even integration, would provide greater assurance of delivery.

Over a seven-week period, a combination of desktop analysis of data and documents, engagement with 70+ stakeholders (including members, tenants, SMBC officers and SHG staff) and comparable analysis has taken place. Findings have been structured around five overarching themes to help categorise recommendations and next steps.

Overarching summary and critical next steps

A set of recommendations has been proposed; these should be taken forward with joint accountability across both organisations

Deloitte was commissioned to undertake a full, independent review to help determine the right model for managing Stockport's housing stock, given legislative and regulatory changes that have taken place and the financial challenges facing the housing revenue account (HRA). The review included considering whether the ALMO model continued to be the right one for Stockport.

Headline findings

Overall operational performance by Stockport Homes Group (SHG) is strong compared across the sector. Analysis of key data, including tenant satisfaction measures (TSMs) and value for money (VfM) benchmarking has emphasised SHG as a high performing ALMO when compared to other ALMOs and housing providers. These positive metrics provide a foundation for continuing to maximise performance in terms of overall tenant satisfaction, repairs and maintenance, ASB, and other core measures.

Notwithstanding strong operational performance, the review has highlighted concerns about disparity in performance levels in some neighbourhoods, evidenced by member casework, a lack of strategic focus in the current arrangements on tackling the key housing challenges Stockport faces and the need for improved governance arrangements to give members more involvement in influencing the housing agenda.

The overall recommendation is to retain the current ALMO arrangements and to address the changes required to meet strategic challenges within this model. The model itself is not a cause of the issues identified in this review and retaining the ALMO model while addressing the improvements will make the best overall use of resources.

Overarching takeaways



Overall performance by SHG is positive. Analysis of key data has emphasised SHG as a high performing ALMO when compared to others within the sector and stakeholders recognised that SHG frontline staff are committed to tenants. However, there are neighbourhoods where members' casework indicates that the tenant experience does not always correlate with this performance data.



Challenges and areas of development would not be resolved by a change to the overarching ALMO model. Given the findings from this review, it is recommended the ALMO model is retained, though a number of changes need to be made to the way SHG and SMBC work together to address strategic challenges and make effective use of resources. It is recommended that should there be substantive changes to the sector such as government funding linked to certain delivery vehicles or changes to tax/NI that impact ALMOs differently from councils, then the ALMO model is reviewed



An effective relationship between members, SMBC officers and SHG is crucial for addressing strategic challenges. To deliver effectively for Stockport, there needs to be a greater focus from SMBC in setting more clearly its strategic intent (and the role of SHG in delivering to this) and from SHG in bridging closer to SMBC at all levels, to better align its vision, strategy, culture and operations. Members need to feel that they have the appropriate mechanisms to influence this.

Theme 1: Strategic direction

A clear strategic direction is necessary to ensure that both organisations are prepared for the strategic challenges on the horizon

Within an ALMO model, the not-for-profit ALMO delivers housing services on behalf of the council, which has a much wider remit for service delivery to citizens. For any ALMO to deliver effectively, its council needs to set a clear strategic direction on what it is trying to achieve and how the ALMO will contribute to the delivery of this ambition. Strategic direction encompasses the overall objectives set for an organisation, as well the documented strategy for delivering to these and the overarching leadership and management of these strategic objectives.

What is currently working well



Strategic leadership – SHG’s board has developed over time and is now comprised of a robust membership that demonstrates both depth and breadth of expertise relevant to SHG’s overall purpose. Roles are understood and carried out in accordance with key governance frameworks.



Strategic documentation – Analysis of a range of documentation highlighted that both SMBC and SHG have invested time in developing a set of strategic documentation that set out clear ambitions for the borough.

Areas of development and opportunity



Strategic direction – Whilst the ALMO drives operational delivery, the council retains responsibility for providing clear strategic direction. There are strategic housing challenges facing Stockport, and there is insufficient strategic direction from SMBC and insufficient strategic conversations happening within SHG on preparing for these.



Strategic focus – Although SHG’s current articles give them scope for carrying out a wide range of activities complementary to the housing management function, stakeholders felt that this breadth might distract focus from delivering on key strategic challenges and may best be delivered by other Stockport partners/organisations.



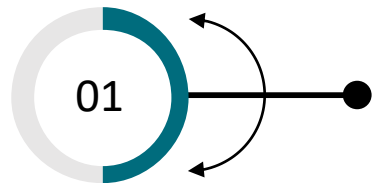
Leadership representation – There are varying views about how ‘arm’s-length’ the ALMO should be. Consideration should be given to creating mechanisms by which members can be closer to strategy-setting. This would enable them to share their views and be assured that these are being taken on board.

The building blocks for a shared strategic direction are in place but more work is needed to provide confidence that both organisations are focused on the strategic challenges faced by Stockport. SMBC and SHG need to agree the appropriate mechanisms within which strategic direction will be provided by SMBC and monitored on an ongoing basis to ensure all resources are focused on meeting those strategic challenges.

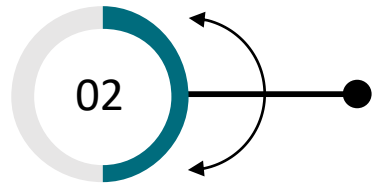
Theme 1: Strategic direction: recommendations and outcomes

Several recommendations will build on the basics to embed a clear sense of strategic direction

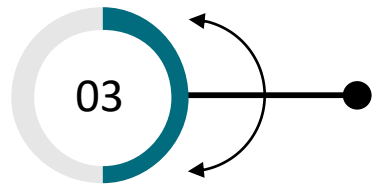
There is opportunity for SMBC and SHG to reset the approach taken regarding strategic direction for the benefit of both organisations and tenants that require SHG;s services. A collaborative approach is centred around partnership working and this is recommended to underpin the recommendations outlined below.



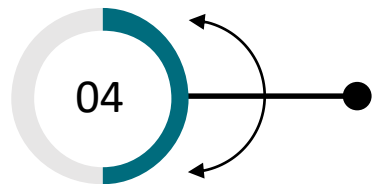
SMBC to facilitate a review of the management agreement that is currently in place with SHG, developing a newly defined agreement that has regular reviews built in. This will help to reset the relationship between SMBC and SHG, with clearer roles and responsibilities, to facilitate a new way of working agreement that allows both organisations the ability to respond flexibly to future challenges.



SMBC to work with SHG to enhance existing communication and collaboration mechanisms outside of formal governance mechanisms. A streamlined, regular set of communication channels should be established between SMBC and SHG to tackle key strategic issues as and when they arise, to enable a more agile and collaborative approach.



SMBC to ensure there is alignment on which are the priority services it expects SHG to focus its resources on in the interests of tenants, ensuring coherence with the activities of wider Stockport partners and the most efficient use of resources across the public and voluntary sectors.



SMBC to work with SHG to strengthen the representation of SMBC members and officers in appropriate forums, so that there are sufficient opportunities for SMBC to set the strategic direction of SHG.

Theme 2: Governance and scrutiny

Robust governance and scrutiny are critical for decision making and effective service delivery

Analysis of documentation and engagement with stakeholders highlighted that governance and scrutiny mechanisms are in place across both organisations, underpinning both delivery and the ALMO arrangement. However, there are opportunities to improve on what is currently in place, with a specific focus area being on the relationships currently held with members to ensure they are appropriately involved in decision-making and have the right levels of information to do so.

What is currently working well



Multi-layered scrutiny and assurance – Different assurance mechanisms are evidently present at various levels of decision making. Quarterly assurance meetings involve the SLT from both organisations, embedding accountability and responsibility for service delivery through regular engagement.



Proactive compliance culture – SHG has been proactive in their approach to governance, introducing additional forums such as a consumer regulation board, with assigned dedicated leads for each regulatory standard. Independent governance reviews are also commissioned to support internal audit activity.

Areas of development and opportunity



Member scrutiny – During stakeholder engagement, most members said they did not feel that the existing mechanisms for their own governance and scrutiny of housing issues worked as well as it should. A lack of clarity on agenda-setting and how strategies are initiated hinders their ability to shape the strategic direction on housing issues and scrutinise SHG's performance. Many members also said that SHG do not work with or respond to them in the same way as council departments, leading to a weaker link between SHG and the democratic process



Tenant scrutiny – Ongoing reporting links with tenants are seen as productive; tenant representatives would like SHG to provide updates on how previously agreed actions have been progressed. We understand from SHG that this is already underway with the Aspire panel, and it should continue.



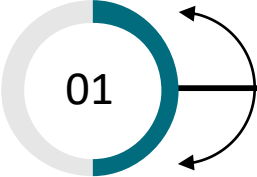
Officer/staff-level scrutiny – Whilst quarterly assurance meetings attended by SMBC and SHG SLT-level officers provide a backbone to the partnership, current arrangements do not give sufficient focus to the strategic issues facing housing and decision making around this, leading to missed opportunities for intervention that could benefit residents and manage strategic risk to the borough

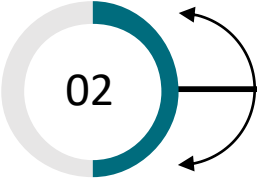
SHG has developed a solid core culture of compliance and governance, demonstrating awareness of its importance and embedding some key mechanisms to support this. There is a need to strengthen the ties between SHG and members so that members can effectively execute their governance and decision-making role in relation to council housing.

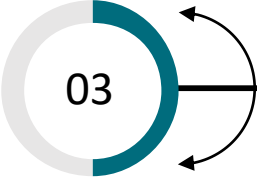
Theme 2: Governance and scrutiny, recommendations and outcomes

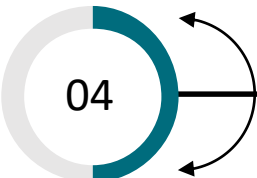
Recommendations focus on strengthening the links to members and tenants

The recommendations below address the concerns and areas of improvement across different stakeholder groups, aligning back to the challenges that were highlighted during engagement and analysis of available, governance-related documentation.

- 

SMBC to empower members to drive the agenda of SHG, enabling greater influence of activity and decisions that need to be taken. Stockport's housing decisions will benefit from increased member engagement, more robust scrutiny of decisions and greater transparency in SHG's operations.
- 

SMBC to work with SHG to optimise officer-level governance and scrutiny forums where possible, maximising accountability to colleagues where it makes sense to do so: this will facilitate more effective decision-making, enhanced risk management and stronger alignment between SMBC's & SHG's strategic priorities.
- 

SHG to strengthen monitoring and accountability of the ASPIRE panel, continuing to develop an agreed action plan to be reported on regularly, and to explore potential options for the ASPIRE panel to be more involved in the collection of tenant satisfaction measures (TSMs) from tenants to further promote accountability and transparency. This should lead to improved delivery of action plans agreed between the ASPIRE panel and SHG, enhanced transparency and greater trust with tenant representatives.
- 

SMBC and SHG to jointly review and redesign reports and data presented by SHG across member, officer and tenant representative forums, to ensure they are more accessible to those without housing-specific expertise and avoid technical jargon. Clear explanations of TSMs and wider corporate KPIs to be provided to audiences, explaining their connection to SHG's and SMBC's strategic objectives and the data collection methodologies used: this will enable members, officers and tenants alike to better scrutinise SHG's performance and propose impactful next steps.

Theme 3: Performance and delivery

Performance is strong across several areas, including value for money and tenant satisfaction measures (TSMs)

The backdrop of increasing demand for services places greater pressure on SHG to deliver an effective service to tenants across the borough. Several different performance measures have been analysed to gain a holistic view of where SHG perform well and opportunities for development, including analysis against peers using HouseMark data.

What is currently working well



Tenant satisfaction measures (TSMs) – SHG are high-performing across all 12 perception and 14 management TSM measures set by the Regulator for Social Housing, with average scores across each category higher than comparators across Greater Manchester and HouseMark. Significant areas of strength, such as the positive contribution SHG has on the neighbourhood, were stand out measures. Specific areas, such as compliance, arrears rates and tenant satisfaction were all identified to be favourable for SHG in comparison to other ALMO organisations.



Value for money (VfM) – Submissions to HouseMark for eight VfM metrics include six that classify delivery as ‘relatively good performance and low cost’, which is commendable within the current landscape. The two outliers were aligned to ‘relatively good performance but at high cost’. These areas are additional investment services that bring better outcomes to the service overall, such as Money Advice, which other organisations do not provide which inflated the relative cost result when compared with others.

Areas of development and opportunity



Corporate performance report – SHG is not meeting 6 out of 22 performance metrics (Dec 2024). The review recognises that these are stretch targets and SHG is still performing above most other providers on these KPIs; they should continue to work towards achieving their stretch targets.



Member casework – There is a disconnect between the positive performance data and the anecdotal evidence of members’ case work which includes some very poor tenant experiences. This was notably worse in some specific neighbourhoods. Effort needs to be made to understand this disconnect and to use the richness of data from members’ casework alongside the performance data to drive prioritisation and decision-making.



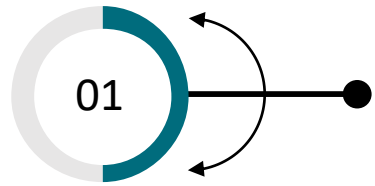
Data collection methods – SHG favours face-to-face data collection when obtaining performance scores. There is a need to consider a mix of face-to-face and digital methods of data gathering, as analysis has identified face-to-face is likely to lead significantly better responses from tenants. They will still need to take into account accessibility in doing this.

SHG is a high-performing organisation that delivers value to the borough. When compared across the Greater Manchester region, with other ALMOs and across the housing sector, it is delivering value for money. The overall proportion of tenant dissatisfaction with services is low. That said, low quality of service has real life impacts for those that are affected.

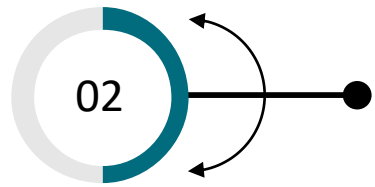
Theme 3: Performance and delivery, recommendations and outcomes

Targeted actions will help SHG to focus on performance-related development areas

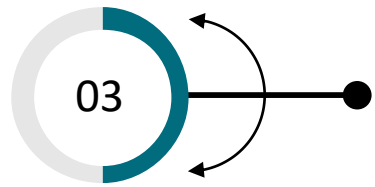
SHG has a strong foundation in this space; the following recommendations are made to build on these in order to improve performance and delivery KPIs further, benefiting tenants and ensuring delivery contributes to the wider regeneration and place agenda set by SMBC.



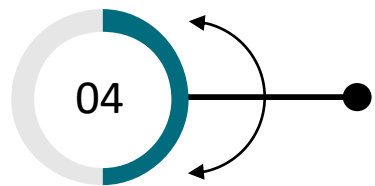
SMBC and SHG to jointly develop targeted locality plans that focus on agreed priority areas where tenant satisfaction is lowest, tailoring to the specific challenges and issues experienced by each locality: this should create an opportunity to bring members closer to SHG delivery as well as improving satisfaction across existing localities that report low satisfaction, delivering better services to tenants and improving SHG metrics.



SHG to continue current work to develop approach to obtaining TSM data from tenants through a wider variety of collection mechanisms. Embedding digital collection mechanisms, in line with other housing providers, should ensure a greater spread of views are collected and create greater confidence that the TSMs provide the most accurate and representative view on SHG's performance. SHG will need to be mindful of accessibility in doing this. SHG should also provide clarity to tenants on what specific interaction they are being asked for feedback on when they request feedback.



SMBC to conduct a review of development capacity across SMBC and SHG and implement the optimum model to meet SMBC regeneration ambitions and affordable housing challenges, making the best use of skills, capacity and resources across the two organisations and maximising potential for external investment.



SHG to continue and further develop its practice of carrying out in-depth service reviews, reviewing existing processes for specific areas where opportunity has been identified, including responsive repairs and complaints handling: identification of process-specific areas of inefficiency that can be removed or refined to deliver a better outcome for tenants and improve satisfaction scores for SHG.

Theme 4: Ways of working



Effective ways of working between SMBC and SHG are essential to jointly address the strategic challenges facing Stockport

Housing has a critical role to play in the delivery of the One Stockport vision. At present both organisations have separate and distinct cultures which do not always align; greater focus is needed to overcome organisational boundaries and differences between teams; different delivery approaches, such as shared services, need to be explored to maximise efficiency.

What is currently working well

-  **Commitment and passion of staff** – There was unanimous agreement from members, officers and tenants that frontline staff are working hard to deliver. In patch-based operations, frontline staff are on first-name basis with tenants and ward councillors, maximising trust across neighbourhoods; this is a significant strength of SHG.
-  **Collaboration on specific initiatives** – Officers and staff in both organisations and Greater Manchester Police highlighted SHG and SMBCs openness to collaborate across teams on case work, with a positive approach
-  **Strength of culture** – SHG emphasises continuous improvement, positive branding and supporting staff with resilience as a way to help attract and maintain talent in a competitive market and in supporting staff in often complex roles and difficult circumstances

Areas of development and opportunity

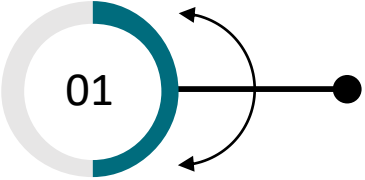
-  **Wider collaboration** – **Members perceive** that tenant casework is sometimes not prioritised and is only expedited if they get involved. There could be greater **collaboration between SMBC & SHG** on wider council priorities where housing could be part of the solution to wider council priorities. Key strategies, such as communication approaches, are perceived to be developed by each organisation separately which creates incoherence for residents and potential inefficiency.
-  **Perceptions of ways of working** – **Member perceptions** of SHG focus on a perceived defensiveness, particularly when challenged on performance, lack of accountability and poor accessibility to key staff members as compared to council officers. **SMBC staff perceptions** highlight SHG is often viewed as operating independently, prioritising its own successes over joint achievements, hindering strategic alignment. **Tenant feedback** reveals concerns about communication, particularly during repairs and complaints processes. A lack of clarity regarding service responsibilities and eligibility criteria further fuels perceptions of inconsistency and unfair treatment. **SHG staff** perceive that they are not involved in council discussions or decisions in the same way that other resident-facing services would be, leading to missed opportunities and tensions.

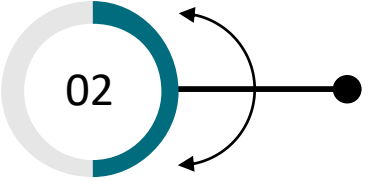
SHG demonstrates significant strengths, including dedicated staff, successful collaborative initiatives and a positive internal culture. However, challenges exist in achieving wider collaboration between the council and SHG, particularly in addressing member perceptions and fostering a stronger sense of joint purpose and partnership between SMBC and SHG. In the interest of residents, both organisations need to address communication gaps in both directions, clarifying roles and responsibilities, and promoting successes as joint successes for Stockport.

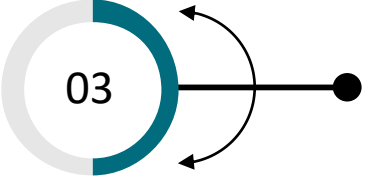
Theme 4: Ways of working, recommendations and outcomes

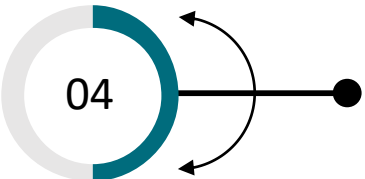
There are opportunities to improve ways of working

Maximising collaboration and communication will be critical for overcoming challenges across the sector. More significant actions may be required to deliver efficiencies that cannot be achieved through a purely collaborative approach, such as considering different delivery models for corporate areas.

- 

01 SMBC to work with SHG to explore options for shared services of back-office functions, joint procurement areas and other key functions that may enhance tenant and resident experience: there may be efficiencies to be gained through streamlining operations across SMBC and SHG to reduce overall costs and improve service delivery for Stockport's residents and tenants. Other examples for shared services or joint teams could include communications and data teams.
- 

02 SMBC to drive options and opportunities for face-to-face collaboration on regular occasions and for certain meetings / forums: closer collaboration, improved communication and a stronger sense of partnership that is led by SMBC could be addressed through an increase in face-to-face contact time (across all grades).
- 

03 SMBC and SHG to work together to address member perceptions and maximise transparency across ways of working and collaboration between teams at all grades: this should build trust and confidence in the partnership between SMBC and SHG, leading to greater support for the proposed agreement. Closer working is likely to have indirect benefits across the other themes.
- 

04 SHG to document service offerings for residents and tenants comprehensively to avoid confusion or ambiguity (e.g. option to provide an updated view of all services via digital forums, such as the SHG website); This will enable tenants and residents to be more informed on housing services provided, with enhanced accountability and improved continuous improvement in service delivery. It will create improved clarity of services, clearer expectations for tenants and improved customer satisfaction. This should include where some people are eligible for a service that others aren't e.g. disabled people are eligible for some services that others are not, but without openly sharing this, some tenants may feel they are not provided with a services they are entitled to

Theme 5: Data and insight

Data is an increasingly important strategic asset to inform delivery and decision-making

Regarded as a strategic asset that can be used to inform decision-making, data and associated insight will be key for guiding and informing priorities during times of increasing challenge given the finite resource that is required to deliver an expanding demand for services. Data confidence is essential, while efficient technology is required to store, utilise and manipulate data.

What is currently working well



SHG data strategy – SHG’s dedicated data strategy demonstrates a proactive approach to utilising data effectively. This is a positive first step. Stakeholders highlighted that data-sharing on case work was happening well, in the interests of service users and residents.



Data application – SHG demonstrates through action their desire to maximise the use of data and insight. Analysis and stakeholder engagement has highlighted a commitment to utilising data and insight to help guide and inform actions or areas of development.

Areas of development and opportunity



Strategic alignment – There is inconsistent recognition of data as a strategic asset jointly across SMBC & SHG, with a need for greater collaboration between data teams to align strategies and leverage insights for shared goals, possibly through the use of shared data architecture.



Data application – There is some evidence of data being used to inform action plans and address key tenant concerns (e.g., repairs, complaints, communication), and there are opportunities to enhance data collection through more specific feedback mechanisms to gain deeper insights into tenant experiences and guide targeted improvements.



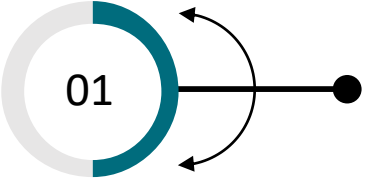
Reporting and benchmarking – Reports do not always focus on strategic issues and without more granular data collection and analysis, have not clearly highlighted the strategic challenges faced. There is a lack of a consistent approach to data collection, sampling and reporting across SHG and SMBC which limits comparability and understanding of performance and risks raising concerns around data validity.

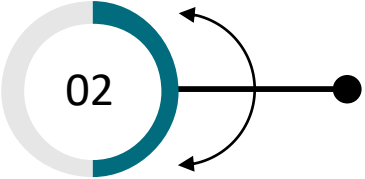
SHG’s development of a data strategy is a good starting point. SHG has rich insights into a sub-set of Stockport residents (tenants and leaseholders) that can and should be used for the benefit of Stockport overall. SMBC and SHG have separate data strategies and teams; these teams need to be allowed to invest time in working together to develop a common vision, purpose and set of priorities for the housing sector across the borough.

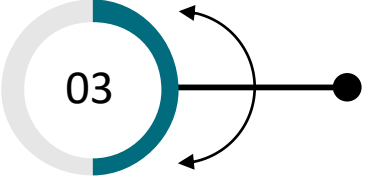
Theme 5: Data and insight, recommendations and outcomes

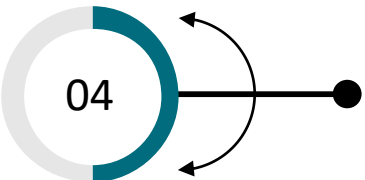
Recommendations range from data strategy through to application

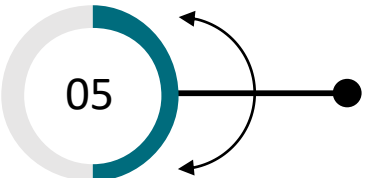
Both SHG and SMBC need to establish the right foundations for data to be utilised effectively for tenant benefit.

- 

Supported by SMBC, SHG to consider the implementation of a data literacy programme / training material across both organisations that enables data to be used as a strategic asset. Data should be consistently leveraged effectively across both organisations, leading to better-informed decision-making, improved performance monitoring and enhanced service delivery.
- 

SMBC and SHG to collaborate around updating data sharing agreements and data governance guidelines to allow for more meaningful data sharing to take place. These will support more effective data-driven decision-making, leading to better-targeted interventions, improved service outcomes and enhanced accountability that will ultimately have a significant impact on tenant satisfaction.
- 

SMBC to work with SHG to review and embed a consistent data quality standard across both organisations, from data collection and capture through to data reporting. This will create increased trust and confidence in data, leading to more reliable insights, better-informed decision-making and improved accountability. Improvements in data standards and quality will require the underpinning technology to effectively store data that can be easily accessed.
- 

SHG to review data capture/collection methods from tenants regarding service performance (e.g. feedback/complaint capture forms) to enable greater specificity. This should facilitate a greater level of insight and understanding for SHG to make better informed decisions, including more detailed and accurate reporting for performance.
- 

SHG to revise data reporting methods/documentation to suit different audiences (e.g. members) and implement changes aligned to audience requirements. A review of how SHG presents key data and information that matches the needs of different audiences will make sure a more accurate understanding of performance is gained by all.

This publication has been written in general terms and we recommend that you obtain professional advice before acting or refraining from action on any of the contents of this publication. Deloitte MCS Limited accepts no liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

Deloitte MCS Limited is registered in England and Wales with registered number 03311052 and its registered office at 1 New Street Square, London, EC4A 3HQ, United Kingdom.

Deloitte MCS Limited is a subsidiary of Deloitte LLP, which is the United Kingdom affiliate of Deloitte NSE LLP, a Member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”). DTTL and each of its Member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients. Please see www.deloitte.com/about to learn more about our global network of Member firms.

© 2024 Deloitte MCS Limited. All rights reserved.