

**INDEPENDENT REVIEW OF STOCKPORT'S HOUSING MANAGEMENT
ARRANGEMENTS: FINDINGS, RECOMMENDATIONS AND ACTION PLAN**

Report of the Director of Place Management

1. INTRODUCTION AND PURPOSE OF REPORT

- 1.1 This report provides a summary of the findings and recommendations of the independent review of Stockport's housing management arrangements which was commissioned following a Council Meeting resolution in February 2024.
- 1.2 The report outlines a plan of actions which the Council intends to carry out to address the priority recommendations of the review.

2. BACKGROUND

- 2.1 The Council Meeting resolved in February 2024, in the process of agreeing the 2024/5 budget, to undertake a full, independent review to help determine the right model for managing Stockport's council housing stock, given legislative and regulatory changes that had taken place and the financial position the Council was in. This included considering whether the existing ALMO model – Stockport Homes – continued to be the right one for Stockport, its tenants and residents.
- 2.2 The overarching requirement for the review was 'to analyse the current housing management arrangements for Stockport within the national housing market and housing provider context and the local circumstances experienced in Stockport, based upon information provided by the Council and Stockport Homes (SHG)'. This had the following key elements:
 - a) Review performance, outcomes and best practice of delivery undertaken by comparable housing providers and local authorities in order to undertake a high-level strategic review of the current delivery arrangements against the needs of tenants and Stockport's strategic aims.
 - b) Identify how SHG performs at a strategic level for Stockport tenants, for the wider community and against SMBC strategic aims – what works well and where improvements could be made to provide the best possible outcomes for the Borough with the resources available, whilst prioritising services to tenants and meeting regulatory standards.

- c) Review the interaction and alignment between Stockport Council and SHG in delivering the Borough Plan, identify areas for improvement and how the resources available can be maximised to deliver the best outcomes for residents and the Borough in the current and future financial context, whilst prioritising the needs of tenants in the housing management service.

2.3 Following a procurement exercise Deloitte were appointed to undertake the review, which commenced in late September 2024.

2.4 The review was intended to be primarily a review of documentation and desk analysis of performance against comparator organisations to form a view of whether the existing ALMO model continued to be the right one for Stockport. Over 100 documents and datasets were reviewed with focus on critical strategic and operational documentation to accurately understand key information. These included:

- One Stockport Housing Plan
- Stockport Housing Partnership annual report
- SHG delivery plans
- Council reports
- Statistical information on performance and benchmark information

2.5 To test what the documentation was saying and to secure a breadth of perspectives to inform the desk research, a number of stakeholders were engaged with.

- Members via Group Leaders
- Council officers
- SHG Board and officers
- Tenant representatives

2.6 It is important to note that the brief did not include for the provision of a representative independent survey of tenant perspectives, given the large amount of data already collected on the tenant experience. Instead, the review sought to assess existing tenant feedback and validate this through interviews with a small number of tenants who were identified in meetings with Members as being able to provide insight from their experiences, and with a focus group with SHG tenant representatives.

2.7 The review took the key elements of the brief and sought to address these by analysing what is currently working well – particularly in comparison with other public sector housing providers, where there were areas for development and opportunity and what recommendations there were for making improvements to the arrangements. Throughout the whole process, the proposition of whether the existing ALMO model – Stockport Homes - continued to be the right one for Stockport was tested.

2.8 The assessment of the existing arrangements in relation to the elements of the brief was examined in five broad themes:

- 1) Strategic direction
- 2) Governance, oversight & scrutiny
- 3) Performance and delivery
- 4) Ways of working
- 5) Data and insight

2.9 The review was completed at the end of November 2024 and the final full report and executive summary are now available.

3. FINDINGS OF REVIEW & RECOMMENDATIONS

3.1 Headline Findings

3.1.1 The key headline finding is that overall operational performance by Stockport Homes Group (SHG) is very strong when 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, anti-social behaviour (ASB) and other core measures.

3.1.2 Like almost all social housing providers, there are significant financial challenges going forward for the Stockport Housing Revenue Account (HRA). The main issues include:

- Social rents are controlled and restricted by Government policy approaches which have had a detrimental impact on viability over several years
- Local authorities were encouraged to 'buy out' of the national housing debt model linked to future rent increases which were then constrained leaving Councils with high levels of debt and reducing income
- Building cost inflation and additional regulatory arrangements have added to asset management costs affecting the ability to develop affordable investment programmes to maintain Decent Homes Standard
- Increasing demands and expectation on social housing, including repairs and maintenance, compliance and building safety and the forthcoming Awaab's Law
- The cost of adapting properties to meet low/net zero carbon
- Reduced income stream due to Right to Buy outstripping new developments

These challenges are exacerbated by the housing market context, with increasing numbers of households struggling to afford their housing. It is essential that the Council and SHG work closely to address these challenges and collectively focus HRA resources in meeting the challenges

- 3.1.3 The very strong operational performance of SHG does not detract from real performance concerns raised by some tenants and disparity in performance in some neighbourhoods, particularly evidenced by Member casework. The review also found that the Council and SHG should strengthen their collective focus on tackling the key housing challenges that Stockport faces, particularly around asset management and achieving Net Zero. The review also found scope for improvement in governance arrangements between the Council and SHG to give Members greater influence of the housing agenda and oversight of performance.
- 3.1.4 Given the overall operational performance highlighted above and the view that areas for development and improvement could be addressed by refining rather than replacing current arrangements, the overall recommendation is to retain the current ALMO arrangements, building on the strong focus that this model delivers. The review found no evidence that bringing the services fully back within the Council would improve performance and that there was a risk that it could reduce focus on housing management. By taking the actions recommended to strengthen Members' strategic oversight and overall performance and governance, the current model can be amended so that it continues to deliver a high-quality service overall but can respond to the significant housing challenges faced in Stockport and can more effectively deliver the Council's strategic aims.

3.2 Strategic Direction

- 3.2.1 A clear strategic direction is necessary to ensure that both the Council and SHG 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. 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 as the documented strategy for delivering to these and the overarching leadership and management of these strategic objectives.
- 3.2.2 Factors which the review highlighted as working well in this area were good strategic leadership from SHG Board and the range of strategic documentation that exists between the Council and SHG.
- 3.2.3 Areas of development and opportunity included a need to enhance dialogue between the Council and SHG on how the strategic challenges facing Stockport are going to be addressed. Comments were expressed by some

review participants that the wide range of which SHG currently engage in might distract focus from delivering on key strategic challenges, and some current activities might be best delivered by other Stockport partners or organisations. The review found that mechanisms could be created to give Members more opportunity to be closer to strategy-setting for the housing agenda.

3.2.4 The review makes the following recommendations in relation to strategic direction:

- 1) Council 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
- 2) Council to work with SHG to enhance existing communication and collaboration mechanisms outside formal governance mechanisms
- 3) Council to ensure there is alignment on which are priority services it expects SHG to focus its resources on in the interests of tenants
- 4) Council to work with SHG to strengthen the representation of Members and officers in appropriate forums

3.3 Governance, Oversight and Scrutiny

3.3.1 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 that they are appropriately involved in decision-making and have the right levels of information to do so.

3.3.2 Factors which the review identified as working well were the multi-layered scrutiny and assurance that were in place and a proactive compliance culture at SHG.

3.3.3 Areas of development and opportunity involved improving Member scrutiny arrangements, enabling tenant representatives to receive updates on how previously agreed actions have been progressed and improving the focus on strategic issues at Council/SHG officer level.

3.3.4 The review makes the following recommendations in relation to governance, oversight and scrutiny:

- 1) Council to empower Members to drive the agenda of SHG, enabling greater influence of activity and decisions that need to be taken
- 2) Council 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
- 3) SHG to strengthen monitoring and accountability of the ASPIRE panel, continuing to develop an agreed plan to be reported on regularly, and to explore 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
- 4) Council 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

3.4 Performance and Delivery

3.4.1 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 were analysed to gain a holistic view of where SHG perform well and opportunities for development including analysis against peers using HouseMark data.

3.4.2 SHG's high performance across all 12 perception and 14 management TSM measures set by the Regulator for Social Housing and the 6 out of 8 value for money metrics submitted to HouseMark (where SHG were found to be 'high performing and low cost') were highlighted by the review as evidencing what was working well in the current arrangements.

3.4.3 Despite high performance in nationally developed measures, the review found that Member casework provided anecdotal evidence of some tenant experiences, which were notably less strong in some specific neighbourhoods. A key area for development was to be able to understand this disconnect and use the richness of data from Members' casework alongside the performance data to drive prioritisation and decision-making. The review also suggested a need to widen methods for collecting data from tenants when obtaining performance scores.

3.4.4 The review makes the following recommendations in relation to performance and delivery.

- 1) Council 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
- 2) SHG to continue current work to develop approach to obtaining TSM data from tenants through a wider variety of collection mechanisms
- 3) Council to conduct a review of development capacity across the Council and SHG
- 4) 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.

3.5 Ways of Working

3.5.1 Effective ways of working between the Council 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 the Council and SHG have separate and distinct cultures which could align better. It is important that SHG's strategies and plans explicitly deliver the wider objectives of the Council and ways of working promote effective collaboration. Different delivery approaches such as shared services need to be explored to maximise efficiency for Stockport's overall investment.

3.5.2 The review found strong commitment and passion from SHG staff to deliver on the frontline and an openness to collaboration across teams on case work. Their strong organisational culture had helped to build a talented workforce and achieve many outstanding successes as an organisation.

3.5.3 Areas of development and opportunity included addressing perceptions about prioritisation of Member casework and improving collaboration between the Council and SHG on wider Council priorities, strategy development and communication approaches. A wider need to address respective perceptions between the Council and SHG and communications and involvement between the organisations and to tenants was identified.

3.5.4 The review makes the following recommendations in relation to ways of working.

- 1) Council 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
- 2) Council to drive options and opportunities for face-to-face collaboration on regular occasions and for certain meetings/forums

- 3) Council and SHG to work together to address Member perceptions and maximise transparency across ways of working and collaboration between teams at all grades
- 4) SHG to document service offerings for residents and tenants comprehensively to avoid confusion or ambiguity

3.6 Data and Insight

- 3.6.1 Data is an increasingly important strategic asset to inform delivery and decision-making. It is key to 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.
- 3.6.2 The review identified SHG's data strategy, its proactive approach to using data effectively and commitment to utilising data and insight to help guide and inform actions or areas of development as areas that were currently working well.
- 3.6.3 The review identified a need for greater alignment, consistency and collaboration between data teams at the Council and SHG as a key area for development, along with enhancing opportunities to improve data collection and application in pursuit of improving the tenant experience. Reports could use data better to highlight strategic challenges faced. More detailed and granular analysis will enable issues to be identified earlier and members to be reassured about the evenness of performance across the whole of the portfolio.
- 3.6.4 The review makes the following recommendations in relation to data and insight:
- 1) Supported by the Council, SHG to consider the implementation of a data literacy programme/training material across both organisations that embeds data to be used as a strategic asset
 - 2) Council and SHG to collaborate around updating data sharing agreements and data governance guidelines to allow for more meaningful data sharing to take place
 - 3) Council 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
 - 4) SHG to review data capture/collection methods from tenants regarding service performance to enable greater specificity
 - 5) SHG to revise data reporting methods/documentation to suit different audiences and implement changes aligned to audience requirements

4. PROPOSED RESPONSE AND ACTION PLAN

- 4.1 The review concludes that SHG is a high performing ALMO which has delivered a very good service for the overwhelming majority of its tenants since its inception.
- 4.2 The scale of the housing challenges faced by the Borough - particularly demand for affordable housing, the pressure on the asset management plan and the requirements of net zero - have become so great that changes to the current approach are required if the quality of the current service is to be maintained whilst making the necessary interventions to address the challenges.
- 4.3 The review makes 21 wide ranging recommendations reflecting the broad scope of the review and it is proposed that these are accepted in full and incorporated into revised agreements and delivery plans as appropriate.
- 4.4 Key draft priority actions have been identified and it is proposed that, subject to scrutiny comments, they are discussed with the SHG Board with a view to implementing the thrust of the proposals as far as possible in the financial year 2025/26. These have been identified on the grounds that they will address multiple recommendations of the review and:
 - make a clear and explicit contribution to addressing the strategic challenges of the asset management plan, the supply of affordable housing and net zero
 - improve the experience of SHG tenants in those areas where satisfaction is currently lowest
 - give Members improved oversight of and involvement in strategic housing issues and housing management for the SHG tenants in their Wards
 - make the best use of all the financial, staffing and systems resources currently at the disposal of the Council and SHG

4.5 The following draft actions are proposed for priority implementation subject to discussion with Scrutiny and Stockport Homes Board.

1. Ensure strategic alignment between Council and SHG to deliver One Stockport, One Future ambitions
<ul style="list-style-type: none">• Good Homes<ul style="list-style-type: none">– Ensuring we have the right development model across SMBC and SHG to deliver new accessible and affordable housing in the Borough– Doing all we can jointly to make sure that the Council's housing stock is the best it can be within the resources available• Thriving Neighbourhoods<ul style="list-style-type: none">– Embedding housing management at the heart of the Neighbourhoods and Prevention agenda through SHG active involvement in programme• Best Health & Care<ul style="list-style-type: none">– Recognising the significant contribution of SHG within the Locality Board and continuing to build upon this.
Themes/Recommendations: Strategic Direction

2. Identify resource from HRA for Council to work with SHG and lead wider strategic review of portfolio and investment requirements ensuring that the Housing Capital Programme complements investment needs of the Borough
<ul style="list-style-type: none">• Review overall capital programme to meet challenges of decent homes and net zero expectations, building on existing work undertaken and data held• Analysis of stock condition, together with wider factors such as demand, neighbourhood management and complaints• Develop costed renewal options for those locations or property types where significant challenges exist, such as Lancashire Hill and sheltered housing schemes• Engage local Members and residents in development of key estate plans
Themes/Recommendations: Strategic Direction, Performance & Delivery

3. Strengthen Member Direction & Oversight At All Levels

a) At strategic and boroughwide operational level

- **Introduce Quarterly Cabinet Sub-Committee involving:**
 - Portfolio Lead, Finance Lead and Deputy Leader supported by Director of Place Management, S151 Officer, Deputy Chief Executive

Focus:

 - SHG Chief Executive and relevant staff to present to Members on:
 - Performance Management including assessing VfM of non-core activity
 - Shaping of delivery plan, capital programme
 - Council officers to present with SHG support on strategic direction
 - SHG Board Chair to attend annually
 - Assuming the Council's responsibility for SHG Board outlined in SHG's Articles
- **Provide opportunity for Scrutiny to undertake detailed oversight of SHG performance and strategic direction through Quarterly or 6-Monthly reporting:**

Focus:

 - Performance management
 - Strategic direction
 - Delivery plan, capital programme
- **Discontinue Member Committee Meeting and replace with the Cabinet Sub-Committee referred to above**

Themes/Recommendations: Strategic Direction, Governance, Oversight & Scrutiny, Performance & Delivery, Ways of Working, Data & Insight

3. Strengthen Member Direction & Oversight At All Levels b) Establish mechanisms for Member scrutiny at Area Committee and neighbourhood level
<ul style="list-style-type: none"> • Recognising the success of SHG previously reporting to Area Committees and reintroduce reports to Area Committees by appropriately senior SHG Neighbourhood leads– frequency to be dependent on amount of SHG stock in neighbourhoods: <ul style="list-style-type: none"> – providing ward level performance information – providing updates on neighbourhood level improvement initiatives – opportunity to challenge & question with specific area focus – opportunity to raise trending issues in neighbourhood casework • Work with SHG to communicate and adapt as necessary protocols for responding to Member enquiries and casework issues: <ul style="list-style-type: none"> – protocols for Members to access SHG staff – points of contact and escalation mechanism – Member enquiries system and quarterly reporting on progress resolving issues • Provide for Ward level Member housing forums to address specific issues
Themes/Recommendations: Governance, Oversight & Scrutiny, Performance & Delivery, Ways of Working, Data & Insight

3. Strengthen Member Direction & Oversight At All Levels c) Conduct neighbourhood ‘deep dives’
<ul style="list-style-type: none"> • SHG to use data and Member casework to identify neighbourhoods where performance and satisfaction are lowest • Council/SHG to agree mechanism for prioritising and resourcing ‘deep dives’ • SHG to link in with local Members, Council neighbourhood structures and key partners and residents to agree actions for improvement in neighbourhood • Council and SHG Officers to ensure improvement plans align with Neighbourhoods & Prevention strategies & Locality Board programmes • Monitoring impact of improvement plans & reporting back to Area Committee/Cabinet Member meeting/scrutiny
Themes/Recommendations: Performance & Delivery, Ways of Working, Data & Insight

4. Build upon existing strong SHG Board Governance through introduction of appropriate arrangements to increase Council influence

- In line with the adopted NHF Code of Governance and in line with the Council's arrangements with its other associated bodies, the council will work with SHG to review the most appropriate governance structures for the future including Board membership and attendance (subject to changes in the Articles).

Themes/Recommendations: Strategic Direction, Governance, Oversight & Scrutiny, Performance & Delivery

5. Increase Housing & SHG Visibility at Council CLT

- Council CLT to focus on housing in widest sense on quarterly cycle
- Review SHG performance and strategic direction on quarterly cycle with SHG Chief Executive presenting with relevant staff
- SHG Chief Executive and SLT to discuss draft Quarterly Cabinet Member meeting papers with CLT on quarterly basis

Themes/Recommendations: Strategic Direction, Governance, Oversight & Scrutiny, Ways of Working

6. Support the ongoing work to develop Shared Services Arrangements & Improve Integration as part of the Council's MTFP proposals

- Council through the Shared Services Board to lead the development of shared service arrangements initially focusing on 'back office' services
 - Council to identify wider areas for future integration in other areas where there is scope for efficiency across Stockport Council and its associated bodies.

Themes/Recommendations: Performance & Delivery, Ways of Working, Data & Insights

- 4.6 The Deloitte report makes a range of recommendations that all need to be considered with a detailed action plan developed. It is proposed that officers will work with Stockport Homes to ensure that all recommendations from the review are responded to and tracked with an action plan in place by the end of the March 2025.

5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 5.1 A key factor underpinning the review has been to consider how the financial resources currently deployed across the Council and SHG collectively can be used more effectively to address the significant housing challenges that the Borough faces and so it is not anticipated that implementation of the recommendations of the review will have any additional financial requirements.
- 5.2 As part of the Council MTFP proposals for 2025/26, a savings target has been set for the Council to reduce overall expenditure by achieving greater operational integration between the Council and its wholly-owned subsidiaries (Stockport Active CIC, Stockport Homes Group and Totally Local Company). This is being progressed as a separate workstream across all four organisations with an overall savings target of £0.500m to be achieved by the Council across all four organisations in total. Delivery of shared services arrangements, which are a priority action arising from this review, will be essential to delivering this savings target.
- 5.3 The proposed retention of the ALMO arrangements, but with closer strategic alignment and integration with the Council and enhanced Member oversight and scrutiny mitigate the risk and that current high levels of performance decline or opportunities for innovation are curtailed, as has sometimes been the case when ALMOs are fully reintegrated back into the Council. A joint action plan for implementation will ensure the risks of any changes impacting upon performance to be assessed prior to implementation.
- 5.4 The focus of specific resource on portfolio investment requirements mitigates the risk that insufficient attention is paid to meeting the strategic housing challenges that Stockport currently faces.
- 5.5 The increased level of Member oversight at area and neighbourhood level mitigates the risk that performance levels in those areas where satisfaction is lowest does not improve.

6. LEGAL CONSIDERATIONS

- 6.1 It is not proposed to change the fundamental company structure of SHG or the legal arrangements which currently exist between the Council and SHG. It is likely that changes will be required to SHG's Articles of Association to revise their Board membership. This will be done as part of the review of the Management Agreement.
- 6.2 The proposed changes to the Council's scrutiny arrangements of SHG, including the dissolution of Members Committee and the establishment of a Cabinet Sub-Committee will require a decision of the Cabinet and will require changes to the Council's constitution and scheme of delegation with the current Committee's terms of reference being transferred.

7. HUMAN RESOURCES IMPACT

- 7.1 With the exception of priority action 6 – to develop shared services arrangements and improve integration – there will be no major human resources impact of the proposed actions within the Council or SHG.
- 7.2 The development of shared services arrangements is being progressed as part of the Council's 2025/26 MTFP proposals. At this stage it is not possible to accurately assess the specific impact on staff at the Council and its partner organisations. This will be addressed in relevant business cases as they are developed for implementation of the shared services arrangements.

8. EQUALITIES IMPACT

- 8.1 At this stage, there are no proposals to change the range of services that SHG provides to its tenants and other residents of Stockport. The proposed priority actions are primarily focused on the interface between the Council and SHG and taking action to improve performance in those areas where satisfaction is currently lowest.
- 8.2 Should changes arising from the increased integration between the Council and SHG result in proposed changes to service delivery or staffing arrangements, a specific Equality Impact Assessment will be completed.

9. ENVIRONMENTAL IMPACT

- 9.1 The proposed priority action to lead a strategic review of portfolio and investment requirements has been specifically included to contribute to addressing net zero expectations in relation to the Council's housing stock.

10. CONCLUSIONS AND RECOMMENDATIONS

- 10.1 Scrutiny are asked to provide comments on these proposals.
- 10.2 Cabinet are asked to consider these proposals together with any comments arising following scrutiny committee meeting, and if thought fit:
 - 10.2.1 accept the findings of the independent review.
 - 10.2.2 delegate authority to the Director of Place Management in consultation with the Cabinet Members for Finance and Resources and for Economy, Regeneration and Housing to develop a joint action plan to address the recommendations of the report including dialogue and discussions with the Board and Chief Executive of Stockport Homes Group.
 - 10.2.3 delegate authority to the Director of Place Management in consultation with Cabinet Members for Finance and for Economy, Regeneration and Housing to progress the draft priority actions to include dialogue and discussions with the Board and Chief Executive of Stockport Homes Group.
 - 10.2.4 delegate authority to the Director of Place Management and Assistant Director for Governance in consultation with Cabinet Members for Finance and for Economy, Regeneration and Housing to undertake all actions necessary to establish the Cabinet Sub-Committee for Housing and disestablish the Members Committee.

BACKGROUND PAPERS

There are none

Anyone wishing to inspect the above background papers or requiring further information should contact Mark Glynn by email at mark.glynn@stockport.gov.uk