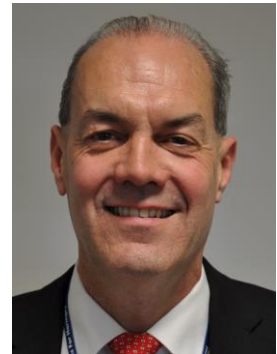


## IH 50

### Comment piece by Eamon McGoldrick, NFA Managing Director

#### ALMO Governance - All Change!

Over the last 20 years, Housing Associations have been adapting their governance arrangements to meet the challenges of diversification beyond the provision of social housing. Whilst their governance evolution has felt steady and incremental, ALMOs in comparison, have been going through a significant amount of changes in a relatively short period of time.



ALMOs as a housing delivery model are still only 15 years old and all of them started with Government prescribed governance arrangements. ALMO Boards had to be made up of one third of the following constituent groups: Council nominees, resident representatives and independents. This was all very sensible at the time. Councils own ALMOs, so not surprisingly needed to have influence, but not total control. Residents as service users were put at the heart of the new governance model and independents were recruited to bring fresh eyes to the running of these fledgling organisations.

Fast forward to 2017 and so much has changed! Government stopped monitoring ALMOs when Decent Homes funding ceased and Councils were given new freedoms with the Localism Act to manage their own businesses.

At the same time, Councils up and down the country started to explore what services could be delivered via their ALMO. In some cases, this was about controlling outcomes from a distance and for some Councils this was an opportunity to deliver services without involving the private sector. While ALMOs are essentially housing management companies, they have great flexibility and it is no surprise to see innovative Councils asking them to build new homes or deliver other public services such as Adult Social Care, highways maintenance or running energy companies.

However, all this evolution has brought new challenges to the ALMO sector when it comes to governance. ALMO Boards need to reassure their parent Councils that they are fit for purpose to take on these different services. For example, many ALMOs took on independent Board members with experience of procuring and delivering large refurbishment programmes at the height of the Decent Homes programme. Would these skills still be appropriate if the Council asked its ALMO to take on public realm services or homelessness assessment?

Residents have been invaluable in shaping the delivery of improved services, but are they as interested in a business case to deliver services to other landlords in their locality? Some ALMOs have had honest conversations with their residents about their roles in this new world of mixed service delivery. Many residents understandably enjoy being at the centre of the ALMO governance structures, but they also get great fulfilment from monitoring performance, residents' satisfaction and the scrutiny of the customer experience. As a result, ALMOs like Derby Homes have set up an Operations Panel with a majority of places given to resident representatives. This gives tenants and leaseholders an opportunity to get involved in high level strategic planning, as well as scrutiny of services delivered directly to them

Some Councils have decided to reduce their representation on ALMO Boards. This is a huge vote of confidence and has freed up Director positions for residents and independents

Two ALMOs (Shropshire Towns and Rural Housing and Northampton Partnership Homes) have staff representatives on their Boards. This is very innovative and sends a clear message that staff delivering services have a key role to play in ensuring the success of their ALMO.

In the last few years, we have also seen the emergence of ALMO owned subsidiaries to build new homes or generate new income. A few ALMOs are now part of Group structures. These models have clear benefits, but also present some new challenges. For example, do you need to make payments to recruit Directors with the necessary skills and experience for these new governance models? It seems like a logical step, but parent Councils may not be so keen when they are implementing financial cuts themselves.

Also are there enough Board members out there? With subsidiaries, there is a need to find more Directors. ALMOs work in very closely defined geographical areas and there are only a certain number of individuals available to fill some positions.

These challenges are not going away and ALMO governance will continue to evolve at pace.

Comment piece for Inside Housing published in May 2017.