



## SPECIAL HOUSING SERVICES COMMITTEE

11 APRIL 2005

Report of the Director of Housing Services

### **APPOINTMENT OF LOCAL AUTHORITY NOMINEES TO THE ALMO BOARD**

#### **purpose of the report**

To seek Committee approval of the process of appointing local authority nominees to the shadow ALMO Board which will be undertaken once an announcement of successful ALMO applications is made in May 2005.

#### **background**

- 1 The 2004 ALMO Guidance explains that a Board of Directors will manage the ALMO. This Board should include tenants, local authority nominees and independent members with experience of social housing, regeneration, social cohesion, finance and other ALMO responsibilities. The ALMO Board can include local business people or other representatives of the community.
- 2 No one group should be in a majority on the Board. Wear Valley District Council has set out in the ALMO bid that a Wear Valley ALMO Board will be made up of 15 members, with an even balance between tenants, local authority nominees and independent members.
- 3 The 2004 ALMO Guidance states that it may help to demonstrate the ALMO's operational independence from the council if the Chairperson is not a local authority nominee.
- 4 This report seeks to explain the process for the nomination of local authority ALMO Board members. The report is divided into the following sections:
  - Community Housing Task Force "ALMO Governance Resource Pack" 2004;
  - Wear Valley District Council's ALMO Bid;
  - Human resource implications;
  - IT implications;
  - Legal implications; and
  - Recommendations.

#### **almo governance resource pack 2004**

- 5 It is generally acknowledged that there is very little guidance on the nomination of local authority Board members. The 2004 ALMO Guidance does not set out how local authority nominees are appointed, nor does the ALMO Governance

Resource Pack dedicate a chapter to the process (as it does with tenant Board members and independent members of the Board).

- 6 The ALMO Governance Resource Pack does set out the role and responsibilities of ALMO Board members, stating that all ALMO Board members are equal and do not represent any particular interest or constituency. As a company Director, Board members must vote in the best interest of the organisation.
- 7 ALMO Board members have a responsibility to serve the whole community equally. Equality of opportunity needs to be a core objective of the organisation and therefore the Board. In promoting good governance the Board should ensure:
  - Their own membership reflects the community they represent; and
  - Recruitment to the Board, committee or advisory structure is fair and transparent and positive action principles are followed where there is under representation

#### **wear valley district council's almo bid**

- 8 The council's ALMO bid states that local authority appointments for ALMO Board membership will be identified following an announcement of successful applications.
- 9 The bid also states that the nomination process will adopt the following principles:
  - Council appointments will be serving Councillors; and
  - Councillors serving on the Board should not play a significant role in decisions within the Council that relate to the ALMO and its functions
- 10 The Community Housing Task Force (CHTF) has advised that the five local authority appointments should reflect the political make up of the Council.
- 11 The CHTF has recommended that potential local authority appointments should be sympathetic with the overall objectives of the ALMO and have the capacity to make effective contributions to the ALMO's overall governance.
- 12 The council should also consider the following when nominating local authority Board members:
  - The skills, knowledge and experience of potential Board members;
  - Gender, race and age profiles in relation to the local community; and
  - Clarification of the roles and responsibilities of position including the consideration of potential and significant conflicts of interest.

- 13 The same consideration should be given over declaring interests as tenant Board members and their membership of representative tenant organisations. Local authority nominated Board members should declare their interests in terms of their membership of Committees that deal with ALMO business.
- 14 Protocols will be agreed for local authority nominated Board members who act as advocates or representatives for particular issues, or as the ALMO Governance Resource Pack refers to as “constituency work”.

### **the appointment process**

- 15 Taking into account the relevant guidance Committee may wish to note that the principles of the appointment process require:
  - Council appointees will be serving Councillors;
  - Councillors appointed should not play a significant role in decisions within the Council that relate to the ALMO and its functions in order to avoid conflicts of interest;
  - Appointments should reflect the political make up of the Council;
  - Councillors appointed should be sympathetic to the overall objectives of the ALMO and be able to contribute the necessary skills, knowledge and experience to contribute effectively to the ALMO’s overall governance; and
  - Reasonable consideration of gender, race and age profiles in relation to the local community.
- 16 It is proposed to seek nominations for appointment at the Annual Meeting of the Council so that consideration may be given to Committee membership and membership of outside bodies.

### **independent board members**

- 17 Following the appointment of Councillors and tenant board members consideration will be given to the method of selecting independent board members.

### **human resources implications**

- 18 The nomination process should be transparent and fair and should be reflective of national and council equal opportunity legislation.

### **legal implications**

- 19 The council must ensure that the Article of Association, terms of Reference and a Register of Interests are developed to clearly set out the responsibilities and roles of ALMO Board members and their relationship with the council and customers.

## **financial implications**

- 20 According to the 2004 ALMO Guidance, ALMO Board members are not currently paid, nor are they in receipt of expenses. However in line with the arrangements that already apply to Board members of Registered Social Landlords (RSLs), Ministers have agreed that ALMOs should have the same opportunities as RSL Boards for deciding whether to pay Board members to help ALMOs address any problems with recruitment, high turnover, retention and Board performance. This will apply from the start of the 2005/06 financial year. The ODPM will issue good practice on this issue.
- 21 The Council can decide whether or not to pay ALMO Board members or issue expenses. The Council should be mindful however, that payment may significantly effect the benefits of Board members, as it will be regarded as an income and must be declared to the government.

## **RECOMMENDED**

- 1 Committee agrees the proposed process detailed in the above report for appointment of Council nominated shadow ALMO Board members.
- 2 Committee notes that local authority nominations for shadow Board membership will be made at the Annual Meeting of the Council.

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<b>Officer responsible for the report</b>	<b>Author of the report</b>
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**SPECIAL HOUSING SERVICES COMMITTEE**

**11 APRIL 1005**

Report of the Director of Housing Services

**APPOINTMENT OF TENANT ALMO BOARD MEMBERS**

**purpose of the report**

- 1 To seek Committee approval of the process of appointing tenants to the shadow ALMO Board, which will be undertaken once an announcement of successful ALMO applications is made in May 2005.

**background**

- 2 The 2004 ALMO Guidance explains that a Board of Directors will manage the ALMO. This Board should include tenants, local authority nominees and independent members with experience of social housing, regeneration, social cohesion, finance and other ALMO responsibilities. The ALMO Board can include local business people or other representatives of the community.
- 3 No one group should be in a majority on the Board. Wear Valley District Council has set out in the ALMO bid that a Wear Valley ALMO Board will be made up of 15 members, with an even balance between tenants, local authority nominees and independent members.
- 4 The 2004 ALMO Guidance states that tenant Board members should be elected by their fellow tenants to ensure they are genuinely representative.
- 5 This report seeks to explain the process for the appointment/election of tenants ALMO Board members. The report is divided into the following sections:
  - Community Housing Task Force “ALMO Governance Resource Pack” 2004;
  - The appointment process;
  - human resource implications;
  - IT implications;
  - legal implications; and
  - recommendations

## **almo governance resource pack 2004**

- 6 According to the Community Housing Task Force's "ALMO Governance Resource Pack" (August 2004) being a tenant representative is very different from being a tenant Board member.
- 7 The ALMO Governance Resource Pack states that to establish an ALMO Board, the Council must develop an Articles of Association (which is a document that sets out the internal regulations that cover procedures, meetings, directors and other administrative issues of a company) and defines the responsibilities of ALMO Board members, including tenant Board members.
- 8 The Articles of Association will ensure that all ALMO Board members are equal and do not represent any particular interest or constituency. As a company Director, Board members must vote in the best interest of the organisation. In reaching decisions at Board meetings, tenant Board members can raise concerns of tenants on issues, but are prevented from being mandated to take decisions in a particular way by other external organisations they are members of.
- 9 The ALMO Governance Resource Pack is emphatic in its statement that ALMOs have a responsibility to serve the whole community equally. Equality of opportunity needs to be a core objective of the organisation and therefore the Board. In promoting good governance the Board should ensure:
  - Their own membership reflects the community they represent; and
  - Recruitment to the Board, committee or advisory structure is fair and transparent and positive action principles are followed where there is under representation.
- 10 Tenants Board members are not on the Board in lieu of consultation and involvement of other tenants; they are equal partners in all of the decisions of the Board. This means that tenant Board members have an equal responsibility for service delivery success and failures, the expenditure of resources and the recruitment and deployment of staff.
- 11 In entering this new relationship between tenant and the ALMO particular attention should be paid to Terms of Reference of the ALMO Board, the Article of Association and a Register of Interests including:
  - Ensuring tenant Board members neither receive favourable or unfavourable treatment in terms of housing management in particular allocations and transfers of property, reporting repairs or nuisance and the recovery of rent or housing benefit arrears;
  - Declaring membership of tenant associations and representative organisations;
  - The same consideration should be given over declaring interests as Council representatives and their membership of Committees that deal with the

ALMO business, as for tenant Board members and their membership of representative tenant organisations;

- Declaration of interest and participation in budget decisions on modernisation and capital programme should be considered where tenants are members of associations in areas effected;
- Protocols should be agreed in advance for tenant Board members who act as advocates or representatives for particular issues. For local authorities this may be termed constituency work. This should include training on dealing with issues acting as advocates for constituents in complex structures, holding advice surgeries. It should include the difference between investigating legitimate policy or performance failure and promises to deliver outcomes;
- Clear and defined policies will help tenant Board members identify performance failure that can be remedied and policy failure that needs reviewing; and
- Ensuring that the ALMO continues to consult and involve tenants in all areas of decision making and tenant Board members do not become a substitute for effective and full consultation.

12 The ALMO Governance Resource Pack stipulates that membership of the Board by tenants should not be seen as the summit of tenant participation. A strong tenant's federation is important, as is participation in the management of the Board.

### **the appointment process**

13 The Customer Panel ALMO Steering Group consists of 12 members of the Customer Panel, who meet every month to discuss the ALMO process and advise the council on consultation processes and the appointment of tenant Board members.

14 The Customer Panel ALMO Steering Group met on the 22 March 2005 to discuss the role of the ALMO Board and the recruitment of tenant Board members.

15 The group was concerned that nominations and subsequent elections may result in larger housing estates, with more tenants, having more "elector power" and returning a majority of Board members, which would not reflect the geographic diversity of the area. The group was concerned that this could leave smaller housing estates, in more rural areas of the district, feeling excluded from the process and ultimately the ALMO Board.

16 As a result of these discussions it is proposed that the recruitment of tenant board members is undertaken in the following way:

- Once an announcement of successful applications is made, an invitation to nominate prospective tenant Board members will be published in a tenant newsletter, the local press and/or in a letter to all tenants.

- Nominations will be sent back to either the council or to PS consultants for collection.
- The names of nominated tenants will be submitted to a sub group of the Customer Panel ALMO Steering Group. The sub group will be made up of Customer Panel representatives who have not put themselves forward as a candidate for election.
- The sub group will meet to discuss the nominations and will select the appropriate names to go forward for election. This selection process will be undertaken in accordance with the following criteria:
  - Equal opportunities policy,
  - The specifications of the ALMO Board member recruitment pack (which will set out the applicant exclusion criteria)
  - The need for full representation of the district's community
- The sub group will be advised throughout the selection process by Jon Holden of PS Consultants the Independent Tenant's Advisor and a council personnel officer;
- Once tenant candidates have been selected their names will be put forward for election in an all tenant newsletter and in the local press;
- It is envisaged that this process will take the form of a postal vote. Both PS Consultants and the electoral section of the council's Central Resources department will advise on this process;
- Once the votes are returned, counted and verified the five successful candidates will be named as the tenant shadow Board members of the ALMO; and
- Reasonable consideration of gender, race and age profiles in relation to the local community will be given.

### **independent board members**

- 17 Following the appointment of Councillors and tenant board members consideration will be given to the method of selecting independent board members.

### **human resources implications**

- 18 The council will have a personnel representative present throughout the tenant board member candidate selection process. The representative must act in an advisory capacity and must ensure that the selection process is transparent and fair and undertaken in accordance with national and council equal opportunity legislation.

### **legal implications**

- 19 The council must ensure that the Article of Association, terms of reference and a Register of Interests are developed to clearly set out the responsibilities and



roles of ALMO Board members and their relationship with the council and customers.

### **financial implications**

- 20 According to the 2004 ALMO Guidance, ALMO Board members are not currently paid, nor are they in receipt of expenses. However, in line with the arrangements that already apply to Board members of Registered Social Landlords (RSLs), Ministers have agreed that ALMOs should have the same opportunities as RSL Boards for deciding whether to pay Board members to help ALMOs address any problems with recruitment, high turnover, retention and Board performance. This will apply from the start of the 2005/06 financial year. The ODPM will issue good practice on this issue.
- 21 The council can decide whether or not to pay ALMO Board members or issue expenses. The council should be mindful however, that payment may significantly effect the benefits of Board members, as it will be regarded as an income and must be declared to the government.

### **RECOMMENDED**

- 1 Committee agrees the proposed process as detailed in the above report for the appointment of tenant board members.

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