



ALMO and RSL governance

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Chief Executive

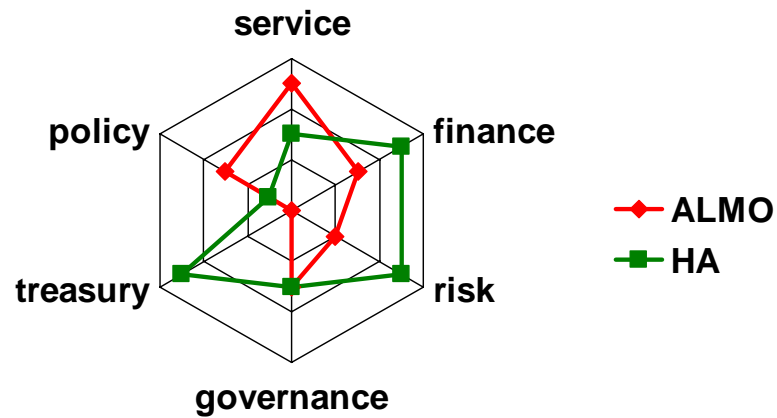


At the heart of governance

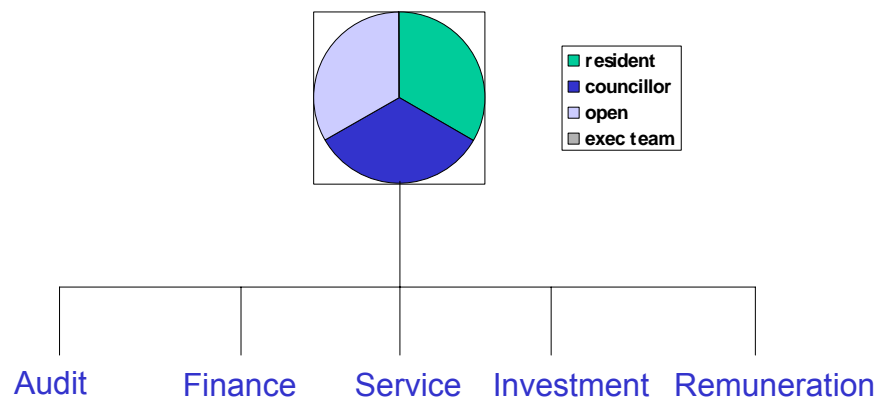
- Strategy
- Viability
- Governance
- Performance
- Risk management



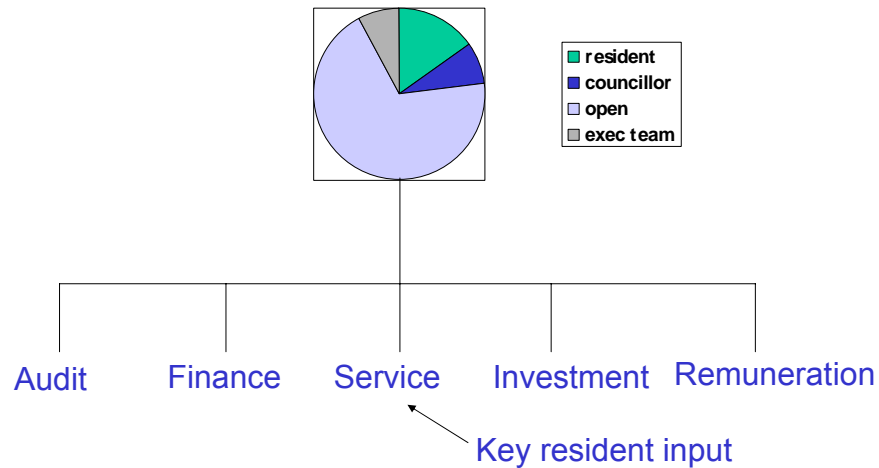
Dimensions – ALMO vs RSL



Governance structures ALMO



► moat Governance structures RSL ...(cont'd)



► moat Board membership

Ideal situation

- People are on the Board for what they can contribute to the wellbeing of the company and what it does, not 'who they are'
- Small is usually beautiful
- Consensual, not voting
- 'Edgy'
- Variety of skills, perspectives and personalities
- No 'constituency' represented by Board members
- Collective responsibility

Very different from political governance structures

► moat How has the Board role changed?

- Risk management is key
- Precedents and sector practice may not help
- Corporate self-awareness is key
- Treasury management and awareness
- What are we actually here for
- Some of these are new to ALMOs (and to some RSLs?), but development in today's environment makes them vital

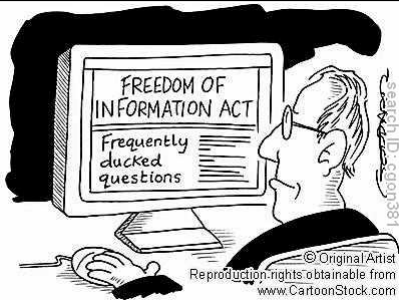
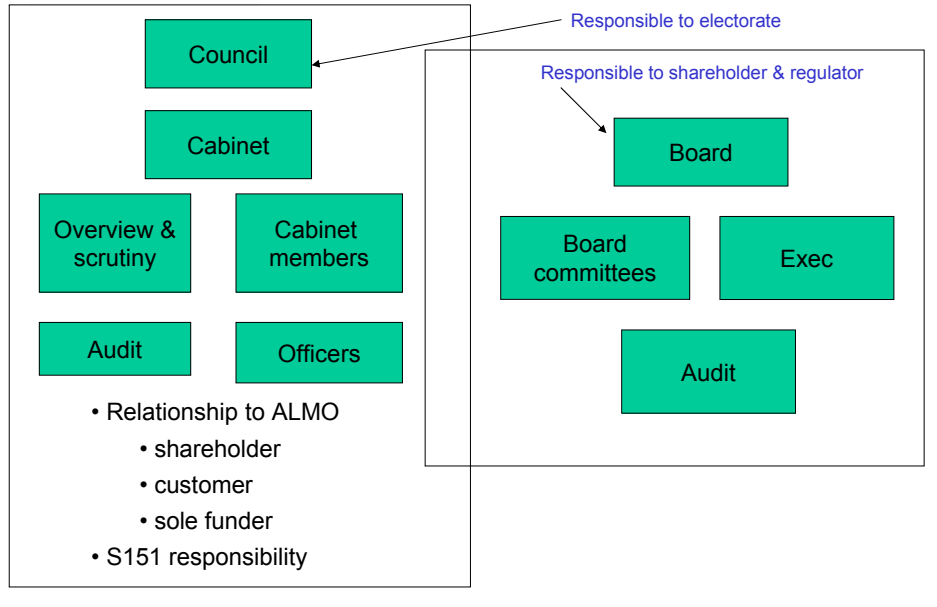
► moat Risk

- Risk is not necessarily a bad thing
- Unrecognised and unmanaged risk is absolutely a bad thing





The ALMO dilemma



Freedom of information

- ALMO boards subject to freedom of information – unintended consequences:
 - Less ability to fully explore risk and its management
 - Yet... open discussion about risk is vital
 - More awaydays?



Internal audit

- What if your internal auditors had a look at the Titanic at 3am on 15 April 1912?
- What would they see?



Governance relationships with public agencies/bodies

ALMO	Housing association
Local authority – limited understanding of company governance	TSA – good understanding of company governance
CLG – limited understanding of company governance	(Local authority if LSVT)
Audit commission – some understanding of company governance	Audit commission – some understanding of company governance

- Look widely for examples of good and poor governance in order to learn
- Recognise that some agencies you are responsible to may have limited expertise in company governance



So...

- Have you understood how the organisation's risks are changing?
- Have you understood the effects of the outside environment?
- Do you have the tools to test the organisation?
- Do you have a clear perspective of where the organisation is, and do you have the Board to challenge it?