

<b>MEETING</b>	Six Town Housing Board
<b>DATE</b>	10 June 2009
<b>SUBJECT</b>	Remuneration of Board members
<b>STATUS</b>	FOR PUBLICATION
<b>CONTACT OFFICER</b>	Julia Shepherd Board Governance Officer
<b>TELEPHONE/EMAIL</b>	0161 686 8000 <a href="mailto:j.a.shepherd@sixtownhousing.org">j.a.shepherd@sixtownhousing.org</a>

**1. INTRODUCTION**

- 1.1 Board previously rejected payment for Board Members at the Board Meeting on 16 April 2008 as recommended by the Audit and Standards Committee at their meeting of 15 November 2007. Since then payment for Board Members has been reviewed by many ALMO's, and Six Town Housing took part in a Board Remuneration Project carried out by Michael Guest Associates on behalf of Eastbourne Homes which has recently been shared with Six Town Housing and is attached at Appendix 1.
- 1.2 In June 2003, the Housing Corporation gave RSL's the option to pay Board Members up to a maximum of £20,000 per annum based on the size and complexity of the organisation. Ministers agreed that ALMO's should be given the same opportunity to pay their Board Members and guidance was published in October 2004. In 2008 the maximum amount of £20,000 was increased to £25,000 in line with inflation.

**2. SUMMARY**

- 2.1 As discussed previously, payment for Board Members would need careful thought and consideration as any payment would need to be funded by the Management Fee and would need the approval of the Local Authority. Support from tenants and the Local Authority via consultation would need to be evidenced as a case for payment, and the considerations would be:

- Would payment improve the quality of governance?
- Is there a clear desired outcome, which justifies payment?
- Do we have problems with recruitment and retention of Board members?
- Do we struggle to find Board Members with the right skills?
- Would it be in the interest of Six Town Housing, the Local Authority and its residents to use funds in this way?
- Would tenants receive a decision to pay board members positively?
- Could payments to tenant board members be divisive?

Should Board agree to the payment of members in principle, there would need to be further debate around a number of issues including:

- Who would be paid? All board members or chair only?
- How much would be paid and on what basis?
- What impact would paying board members have on councillors in line with The Local Authorities (Companies) Order 1995 or board members in receipt of benefit?
- How would payments be administered and by whom?
- How do we consult with stakeholders including tenants and the local authority?
- How do we monitor the impact of board payments to demonstrate that tenants are receiving a better service by paying Board Members?

### **3. KEY ISSUES**

#### **3.1 IMPACT ON CUSTOMERS**

3.1.1 If Board were to recommend payment, for Board members, they would need to consider the following options for payment:

3.1.2 Direct payments and Honoraria as detailed in Appendix 1

3.1.3. Payment for loss of earnings at a set rate per hour, to be agreed, with an annual limit.

3.1.4 Payment for all Board Members at a rate to be agreed for Chair of Board, Vice Chair of Board, Committee Chairs, Board Members with no Board Member eligible to receive more than one payment.

Any of the above options would mean an increase in the Management Fee to cover the additional cost, or would need to be funded from existing budgets.

#### **3.2 RISK MANAGEMENT**

3.2.1 If payment was approved by Board and also through consultation with tenants, there would need to be a process to measure the impact of the remuneration on customer outcomes.

<b>Statement from Director of Corporate Services</b>	Should a decision be made by Board to further investigate the payment of board members, an assessment of associated risks would be considered as part of this research.
--	---

#### **3.3 FINANCIAL IMPLICATIONS**

3.3.1 There is currently no budget allocated for payment of Board Members. The Management Fee for 2009/10 has been accepted by the Executive Management

Team. The fee for 2009/10 includes a slight increase for inflation and agreed service developments. There is no budget available within existing resources and there will not be a significant level in the reserves. If payment was approved it would need to be taken from existing budgets resulting in a cut of services to tenants

<b>Statement from Finance and Business Development Manager</b>	There are no direct financial implications arising from this report. However if Board were to decide that payment of Board Members was acceptable, appropriate and feasible then the full financial implications would need to be identified by the Company Secretary as part of the further investigation. If a scheme of payments was to be introduced the funding for this would need to be identified clearly and should be agreed with the Council, as redirecting existing Management Fee resources for this purpose may not be seen as appropriate.
--	--

### **3.4 EQUALITY AND DIVERSITY IMPLICATIONS** (include details of any issues that have been identified from the Equality Impact Assessment)

3.4.1 If payment was recommended, care would need to be taken to ensure equality for all Board Members. Initially Councillors and Tenant Board Members could be adversely affected by this decision.

### **3.5 STRATEGIC OBJECTIVES**

3.5.1 See below.

<b>Statement from Chief Executive</b>	Six Town Housing has made a commitment to improve the quality and condition of customers' homes, create safer cleaner neighbourhoods and to support vulnerable people. Tenants may feel that if additional money is available, this could be utilised to further improve services
---------------------------------------	---

## **4. RECOMMENDATIONS**

4.1 It is recommended that Board:

4.1.1 Note the contents of the report;

4.1.2 Reject the payment of Board members as recommended by the Audit and Standard Committee at their meeting on 30 April 2009.

**OR:**

4.1.3 Consider the information presented in order to agree whether payment of Six Town Housing Board Members would be acceptable, appropriate and feasible in principle for

Six Town Housing. If so delegate authority to investigate further to the Company Secretary;

**5. BACKGROUND**

5.1 ODPM Guidance on Payment of ALMO Board Members October 2005

Housing Corporation Good Practice Note June 2007

Michael Guest Associates Ltd.

**6. OPTIONS/ISSUES**

6.1 As detailed in briefing note.

**7. CONSULTATION**

7.1 Michael Guest Associates Ltd.

**TRACKING/PROCESS**

<b>EMT</b>	<b>WORKING GROUP</b>	<b>LIAG</b>	<b>COMMITTEE</b>
<b>01.06.09</b>			<b>30.04.09</b>
<b>BOARD</b>	<b>COUNCIL</b>	<b>OTHER</b>	
<b>10.06.09</b>			