

TITLE:	ClwydAlyn Group Non-Executive Board and Committee Member Remuneration Policy		
DOCUMENT TYPE:	Policy		
DESCRIPTION:	The document sets out the ClwydAlyn Group's policy on remunerating for services in the capacity as Board and / or Committee Member and is based on the sector policy template issued by Community Housing Cymru. It sets out the level of remuneration, the remuneration review period and mechanism, performance criterion, expenses and termination. The policy relates to the ClwydAlyn Group's Contract For Services as Board / Committee Member.		
Equality Impact Assessment (EIA):	Yes/No	Date EIA approved:	n/a

Under Review

OWNER:	Rachel Storr-Barber
DEPARTMENT:	Governance
AUTHORISED BY:	ClwydAlyn Board of Management
DATE APPROVED:	21 May 2019
REVIEW DATE:	May 2021

VERSION CONTROL (to be used to schedule subsequent changes to parts of document i.e. not a full review)			
Section	Description	Approved By	Date Approved

1. INTRODUCTION

- 1.1 In 2017 following two letters written to RSL Chairs by Carl Sargeant, then the Cabinet secretary for Communities and Children (10 October 2017) and by Ian Williams, Deputy Director for Homes and Places, Welsh Government (13 October 2017) Welsh Ministers, for the first time, permitted RSLs to consider remuneration for their non-executive members.
- 1.2 Subsequently, CHC commissioned a legal guidance note 'Current position on payment of non-executive board members by Welsh RSLs' from Trowers and Hamlins (18 December 2017), which has been made available to RSLs and is included in this resource pack.
- 1.3 The relevant legislation is the Housing Act 1996, and Schedule 1 to the Housing Act 1996 is key in relation to remuneration of non-executive members.
- 1.4 Trowers and Hamlins view, in summary, is that prior to the letters of 10 and 13 October 2017, Welsh RSLs could not remunerate their Board Members without being in breach of Schedule 1 and that any payments that an RSL made in breach of Schedule 1 would be recoverable from the individuals who receive them. Accordingly, Trowers would before those letters have not advised any RSLs to make such payments and would not have advised any individual Board Members to accept such payments on those terms. It is Trowers' view that Welsh Government has now, by the letters dated 10 and 13 October 2017 referred to above, made clear that RSLs may pay their Board Members without breaching Schedule 1 of the Housing Act 1996 provided that they 'take due account of' what is contained in CHC's Code of Governance on the subject.
- 1.5 This policy does not form part of the Board and Committee Members' Agreement for Services and may be amended from time to time. The policy will at all times reflect statutory and regulatory requirements relating to remuneration and will be drafted and amended in accordance with all applicable legislation or regulations from time to time.
- 1.6 The ClwydAlyn Group Member Boards believe that non-executive remuneration is an important tool in ensuring that the Board and its committees are able to recruit and retain appropriately skilled, knowledgeable and experienced individuals to support delivery of strategic objectives.
- 1.7 Following guidance produced for the sector by Central Consultancy and Training and published by CHC in January 2018 the ClwydAlyn Group introduced remuneration for all its non-executive Board Members in January 2018.
- 1.8 At that time, in approving remuneration, the ClwydAlyn Group Boards collectively agreed that:
 - i. There was a clear business case for remuneration;
 - ii. All statutory requirements, Welsh Ministers regulatory requirements and CHC Code of Governance requirements had been met;
 - iii. It had created an open and transparent mechanism for establishing remuneration levels that was independent of the Boards, through delegation to a remuneration committee or equivalent, (including engaging the services of an independent adviser), and by using benchmarking/comparator data from the housing sector and/or other public, quango and not for profit sector

- iv. Approved remuneration levels were proportionate to the ClwydAlyn Group's size, complexity, diverse range of activities and resources;
- v. Remuneration levels did not exceed RSL sector norms;
- vi. Remuneration would be linked to the carrying out of specified duties (enshrined in a suite of non-executive Role Profiles, a Non-Executive Agreement for Services and Board and Committee Terms of Reference) against which performance will be reviewed after 3 years and thereafter as a minimum every two years;
- vii. Remuneration for non-executives would be fully disclosed on a named basis, in the audited annual financial statements;
- viii. Remuneration, and compliance with statutory, regulatory and Code of Governance requirements would be reviewed, by a sub-committee of the board with a remit covering non-executive remuneration, taking independent external advice as required, as a minimum every three years;
- ix. Board and committee skills requirements would be reviewed and updated and board and committee members would benchmark their individual skills against the requirements as a minimum every two years;
- x. A robust individual non-executive and collective board and committee appraisal scheme would be delivered annually for three years, and thereafter as a minimum every two years;
- xi. Non-executive recruitment, renewal and succession would be in line with agreed policies.

2. LEVELS OF REMUNERATION

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- 2.1 Remuneration levels will be reviewed as a minimum every three years by the Remuneration Committee to ensure that they remain in line with sector norms. Any changes will be approved by the ClwydAlyn Board, on a recommendation from the People Committee.
- 2.2 Remuneration levels will be benchmarked for guidance purposes only against relevant comparators (including but not limited to any available CHC benchmarking surveys, comparable practice in England and Scotland, other surveys of housing association non-executive remuneration, any other public, quasi-autonomous non-governmental organisation (quango), Welsh Government arms length bodies and not-for-profit comparators available at the time). The ClwydAlyn Group Members will aim to remunerate at levels +/- 5% of remuneration offered by similarly sized not-for-profit housing organisations. At no time will remuneration exceed 1% of our total turnover.
- 2.3 Where appropriate, consideration will also be given to the use of an independent external adviser to support the People Committee's work.
- 2.4 No provision is currently made for remuneration of Committee and Board Members sitting on more than one Board or Committee (i.e. only one payment will be made).
- 2.5 The remuneration of non-executive members will be published on a named basis in the annual audited financial statements.

3. REMUNERATED NON-EXECUTIVE MEMBER EXPENSES

- 3.1 Payments or reimbursements of expenses to a non-executive director who received board remuneration are treated as earnings for income tax purposes.
- 3.2 Reasonable Carer expenses incurred will be reimbursed for paid non-executives.
- 3.3 The Department for Work and Pensions guidance is clear that the DWP does not regard remunerated non-executive members as employees for the purposes of pensions' auto-enrolment.

4. GOVERNANCE TOOLKIT DOCUMENTATION

4.1 Non-Executive Role Profiles

Remuneration is linked to the carrying out of specified duties. Role Profiles for the ClwydAlyn Group Parent and subsidiary Board Chair, Deputy/Vice Chair, Board Members, Assurance Committee Chairs, Committee Members, Subsidiary Board Members will be reviewed and updated as a minimum once every two years as part of the robust Non-Executive Appraisal Scheme.

4.2 Board and Committee Terms of Reference

Remuneration is linked to the carrying out of specified duties. Terms of Reference for all Boards and Committees will be reviewed and updated as a minimum every two years as part of the robust Appraisal Scheme.

4.3 Non-Executive Member Agreement for Services

This is not a Contract of Employment because non-executive (SE) board members are not employees.

On appointment non-executive members will be expected to sign an Agreement for Services which details;

(i)	Period of appointment	(x)	Position on termination
(ii)	Time commitment	(xi)	Status
(iii)	Role and duties	(xii)	General
(iv)	Fees	(xiii)	Insurance
(v)	Outside interests	(xiv)	Data protection
(vi)	Confidentiality	(xv)	Notices
(vii)	Review process	(xvi)	Declaration
(viii)	Renewal of term of office	(xvii)	Law and jurisdiction
(ix)	Termination	(xviii)	Definitions

4.4 Recruitment, renewal and succession policies

Amplifying the open and transparent nature of all recruitment and selection, the nine year maximum service rule, and succession planning linked to skills required on the board and its committees.

5. GOVERNANCE PROCESSES

5.1 Induction and Continuing Learning and Development

- (i) The ClwydAlyn Group will keep up to date a Non-Executive (i.e. Board Member) Induction Programme and will update its rolling Non-Executive Continuing Learning and Development Plan as an outcome of the annual Non Executive Appraisal Scheme.
- (ii) Completing an agreed Induction Programme in (an agreed timescale) will be a requirement of continuing board and committee membership for all new members.
- (iii) Participating in individual and collective learning and development opportunities identified as relevant for the individual board and committee member will be a requirement of continuing board and committee membership.

5.2 Non-Executive Skills

- (i) ClwydAlyn, as Group Parent, will keep up to date a Board Statement of preferred composition and a Skills Matrix Audit which identifies the skills, knowledge and experience required by the board (and its committees and subsidiary boards) to deliver strategic objectives, manage the associated risks, provide leadership and stay in control of the organisation.
- (ii) The Board composition and Skills Matrix (Matrix) will be reviewed and updated as a minimum every two years.
- (iii) Individual non-executive members will be required to benchmark their own skills knowledge and experience against the skills required as a minimum every two years. This can be done as part of the Non-Executive Appraisal Scheme.
- (iv) Identified skills gaps may result in new individual and/or collective learning and development requirements for existing non-executive members.

5.3 Non-Executive Appraisal Scheme

- (i) For three years after the introduction of non-executive remuneration the respective ClwydAlyn Group Members will undertake a robust appraisal scheme at least once a year. After three years, the ClwydAlyn Group may choose to undertake a robust Appraisal Scheme as a minimum once every two years (or as required in their adopted Code of Governance)
- (ii) The appraisal scheme will incorporate:
 - Individual non-executive member appraisal, including a 1-1 interview with the relevant chair, during which individual performance targets will be agreed

- Collective board and committee appraisal.

(iii) An Appraisal Scheme outcome report will be presented to the ClwydAlyn Board on completion of each completed appraisal Scheme.

5.4 Code of Governance Compliance

The ClwydAlyn Group will benchmark and evidence its compliance with CHC Code of Governance requirements annually. Any areas of non-compliance will be reported to the ClwydAlyn Board, and (i) an action plan for achieving compliance put into place or (ii) areas of non-compliance explained.

6. PRACTICALITIES

6.1 Pay differentials: Remuneration will only be made for an individual's substantive position. There will be no additional payments for multiple positions (for example parent board member and subsidiary board member) or additional duties. However, ClwydAlyn acknowledges that different roles involve different responsibilities. When remuneration levels are reviewed, the Remuneration committee may make differential recommendations for levels of pay for different roles, for ClwydAlyn Group/Parent Chair, Subsidiary Chair, Assurance Committee Chair etc.

6.2 Remuneration will be paid to individual members monthly in arrears via ClwydAlyn payroll and will be net of any required deductions for tax and/or NI contributions. Members are responsible for providing the Company Secretary with all the necessary personal details to enable payments to be made. Payments will not be made to service companies.

6.3 Remuneration will continue to be subject to satisfactory performance. The Company Secretary will monitor individual members' compliance with their Deed of Agreement for Services, Role Profile and other governance requirements. In the event that any member fails to undertake their required duties or meet required performance standards, remuneration may be withheld.

6.4 In the event that a non-executive member fails to attend 2 Board meetings (including any meetings of Committees of the Board) without acceptable reason and prior notice within a period of 6 months and/or fails to properly undertake their duties remuneration may be reduced by such amount as the Chair of the Board determines.

6.5 Where an individual member does not wish to receive remuneration they will be provided with a Deed of Agreement for Services to which reflects their position and they will receive no fee for the duties they perform

6.6 Remunerating non-executive members can affect their tax position and entitlement to benefits. The overriding government policy in relation to these rules is to avoid fraud and to ensure that the public purse does not pay money to people who could be paid by someone else. Simply declining payment does not necessarily mean that a non-executive member's situation will be unaffected. The ClwydAlyn Group is conscious of the complexity surrounding such legislation and recommend that members seek their own independent professional advice. If necessary we can provide contact details of appropriate independent professional advisers for members to contact but will not bear the cost of any such professional advice.

6.7 The ClwydAlyn Group is committed to the development and continuous improvement of its appropriately skilled, knowledgeable and experienced board(s) and committees. Within this context it has an aspiration that the majority of its non-executive members should 'live or work' in the communities that the ClwydAlyn Group serves and for its board(s) and committee(s) to become more reflective of its communities.

7. LINKS TO OTHER GOVERNANCE TOOLKIT DOCUMENTS

- CHC Code of Governance
- Code of Conduct
- Terms of Reference – ClwydAlyn Group Boards and Committees
- Role Profiles – Chair, Deputy/Vice Chair, Board Member, Committee Chair, Committee Member
- Board Member Payments, Benefits and Expenses Policy or Probity Policy or similar
- Collective Board and Committee and Individual Board and Committee Member Appraisal Scheme
- Board and Committee Skills Strategy and Skills Matrix (Matrices)
- Board and Committee Member Recruitment, Renewal and Succession policies
- Declaration of Interests Policy.

8. EQUALITY AND DIVERSITY

8.1 The ClwydAlyn Group will ensure that this policy is applied fairly and consistently to all Board Members. We will not directly or indirectly discriminate against any person or group of people because of their sex, race, religion or belief, gender reassignment, disability, marriage and civil partnership, pregnancy and maternity, age, or sexual orientation.

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8.2 When applying these principles we will:

- act in line with the ClwydAlyn Group's Core Principles i.e. values, with respect and in consideration of the needs of individuals
- take positive action to reduce discrimination and harassment.

9. REVIEW

9.1 This policy will be reviewed at least every three years.

9.2 The ClwydAlyn Group will also ensure that regular reviews of the policy take account of any changes in regulatory guidance and good practice.