

ALMO Board member remuneration survey 2010



1 Introduction

The National Federation of ALMOs has commissioned a survey of Board remuneration in ALMOs. The objective of the survey was to provide information for members on practice in the sector.

A questionnaire was sent to all 70 ALMOs and participating organisations were asked to provide information in the following areas:

- Number of Boards and committees in the structure
- Time commitment expected from Board members
- Impact of remuneration on Board performance, if any
- Levels of payment
- Review of payment
- Payment of out-of-pocket expenses.

The information outlined in this report was collected in the first quarter of 2010/11. Comparisons are provided with payment in the housing association sector, where applicable.

2 Participating ALMOs

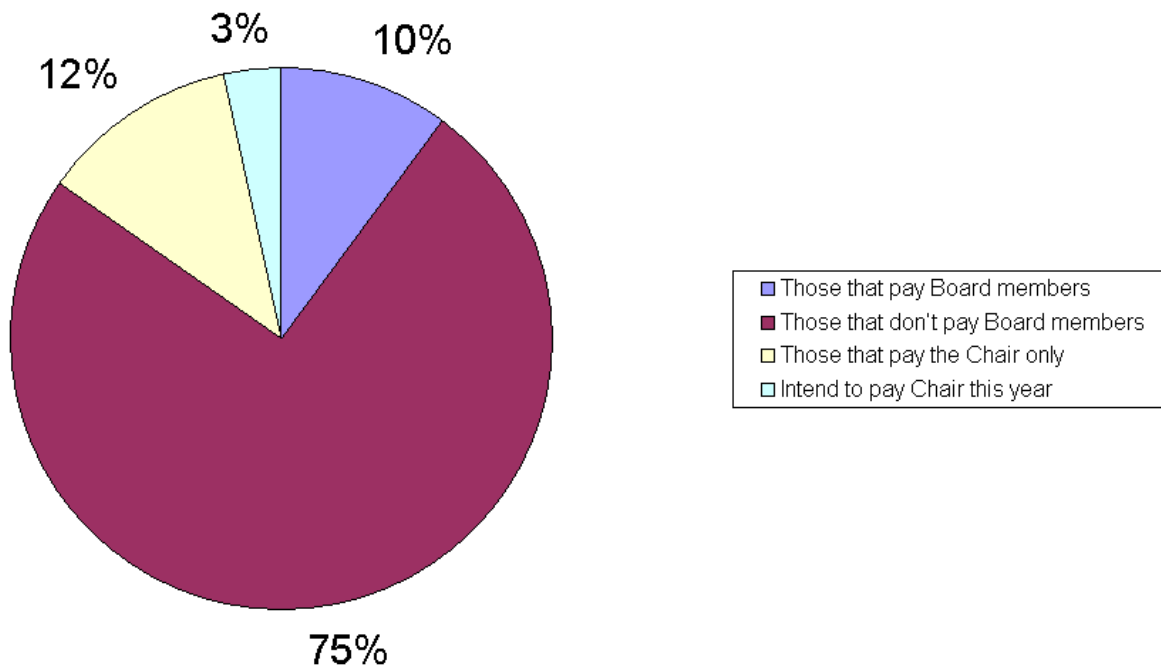
The survey was sent to all 70 ALMOs nationally and 59 organisations responded to the questionnaire, representing a response rate of 84%. Those that responded are listed below:

2010 Rotherham	Enfield Homes
A1 Housing	Gateshead Housing Company
Aire Valley Homes Leeds	Golden Gates Housing
Ashfield Homes	H&F Homes
Barnet Homes	Hackney Homes
Berneslai Homes	High Peak Community Housing
Blackpool Coastal Housing	Hillingdon Homes
Bolton at Home	Homes for Haringey
Brent Housing Partnership	Homes for Islington
Carrick Housing	Homes for Northumberland
Charnwood Neighbourhood Housing	Homes in Sedgemoor
Cheltenham Borough Homes	Hounslow Homes
Colchester Borough Homes	Kensington and Chelsea TMO
Dale and Valley Homes	Kirklees Neighbourhood Housing
East Durham Homes	Lambeth Living
East North East Homes Leeds	Lewisham Homes
Eastbourne Homes	Newark and Sherwood Homes

Newham Homes
 Northwards Housing
 Nottingham City Homes
 Poole Housing Partnership
 Rochdale Boroughwide Housing
 Rykneld Homes
 Salix Homes
 Sandwell Homes
 Sheffield Homes
 Solihull Community Housing
 South Essex Homes
 South Lakes Housing
 South Tyneside Homes

St Georges Community Housing
 St Leger Homes of Doncaster
 Stevenage Homes
 Stockport Homes
 Sutton Housing Partnership
 Tower Hamlets Homes
 United Residents Housing
 Welwyn Hatfield Community Housing
 Trust
 West North West Homes Leeds
 Wigan and Leigh Housing
 Wolverhampton Homes
 Your Homes Newcastle

3 Payment details



The above chart provides a breakdown between paying and non-paying organisations including those where only the Chair is paid. Ten percent of those that responded are paying all Board members and 15% are paying Chairs only. In addition, 64% of respondents stated that they had considered payment and rejected it.

A number of organisations have said it is too early to comment on the benefits or otherwise of payment; however, five organisations commented that this had impacted positively in their situation with better attendance, more focussed decisions and a more business-like approach.

In comparison, 39% of housing associations pay Board members.¹

¹ All housing association comparisons are from Insight Board member survey 2009

Levels of payment

Levels of payments vary considerably ranging from:

- Under £3,000 to £9,000 plus to Chairs of ALMOs, with the majority of those paying in the £6,000 to £9,000 band
- £1,000 to £6,000 is paid to Vice Chairs and other Board members

In comparison, housing association payments are much higher, ranging from:

- £2,000 to £25,000 to Chairs
- £3,000 to £16,000 to Vice Chairs
- £2,000 to £8,000 to committee Chairs
- £1,000 to £18,000 to other Board members

Twenty percent of respondents stated that pay is reviewed annually.

The survey asked ALMOs to explain how they deal with Department of Work and Pensions (DWP) requirements for Board members who are on benefits. Most ALMOs – 88% – do not pay Board members who are on benefits. Three pay up to £3,000 per annum and one pays over £3,000. ALMOs that pay Board directors who are on benefits advised them that Board members are individually responsible for the notification of eligible income in tax and welfare benefit calculations and that they should seek specialist advice and discuss with the DWP, Customs and Revenue and any other appropriate agencies their individual circumstances. However, ALMOs themselves provide support and advice to help Board directors understand what the implications of Board member payment might be for them in relation to receiving benefits. One ALMO has sought an agreement from the Parliamentary Under Secretary of State for the DWP to the formation of a remuneration committee as an appropriate means of removing the possibility of unpaid sums being taken into account as notional income for any Board member in receipt of any form of state benefit. This committee takes into account individual circumstances and may decide not to pay the Board member if it feels the member would be adversely affected. This means those Board members are not refusing payment themselves and, therefore, any member who is in receipt of benefits is not in breach of the benefit rules. In comparison housing associations' experience also shows that there is a distinction between portfolio holders and non-portfolio holders, and therefore paid and unpaid members. Those members receive similar advice.

The survey also asked respondents to identify payment to councillors. The majority of respondents do not pay any of their Board directors including councillors. Nine ALMOs, which pay or plan to pay Chairs only, currently have independent Chairs in place and have not commented on paying future Chairs if they are councillors. Only seven ALMOs either pay their councillors directors or provide allowance for attending meetings. The range of payment varies from maximum £5,000 per annum to £40 allowance for attending each meeting and councillors are treated as any other Board director. ALMOs that pay councillors directors have reached agreement with their local authorities and obtained

written confirmation as regards payment, as councillors do not receive an allowance from the local authorities for serving on ALMO Boards. A couple of ALMOs have included this point in the Articles of Association and in the Remuneration Panel's Terms of Reference. Payments have a maximum cap on what can be paid to a council-nominated director and allowances are no more than a comparable duty within the council's scheme.

4 Board benefits and expenses

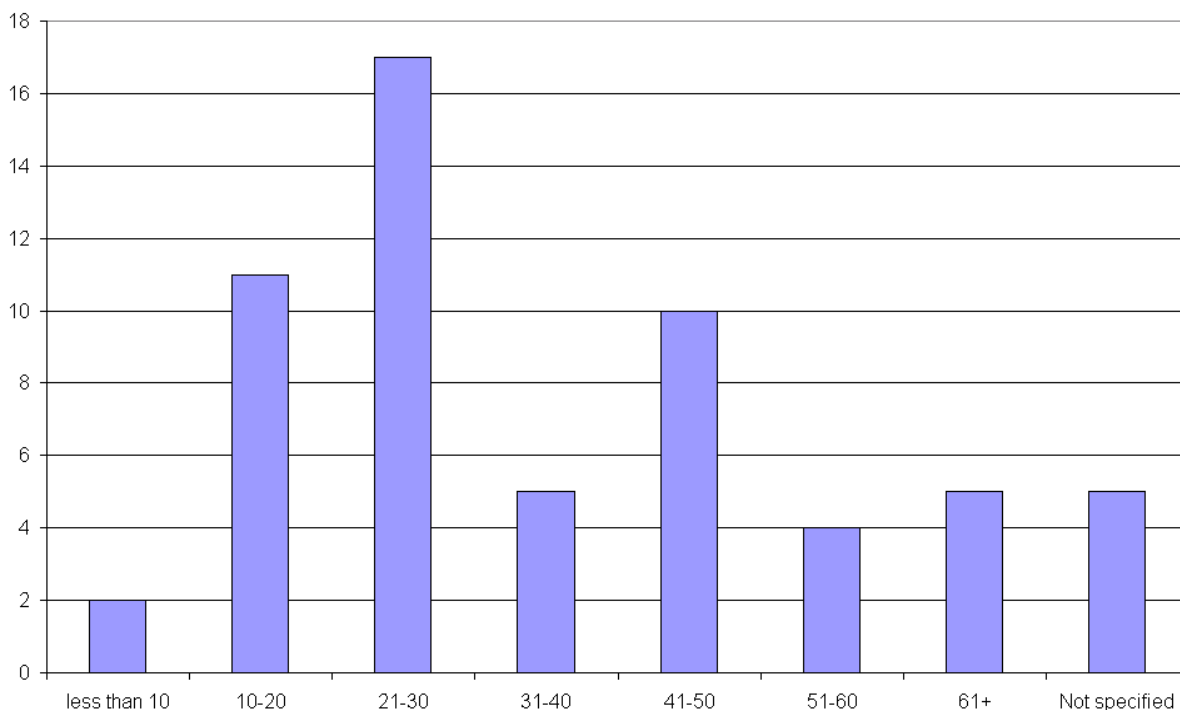
In addition to payment, most ALMOs provide benefits and expenses; however, 10% of respondents said they did not provide this.

The majority of ALMOs have an expenses policy and mainly pay travel and subsistence to their Board directors for attending meetings within a policy framework that mirrors that of the council. Some ALMOs offer their tenants and independent directors reasonable expenses for broadband usage, computer consumables, stationery, phone calls and dependent carers' and child care allowance.

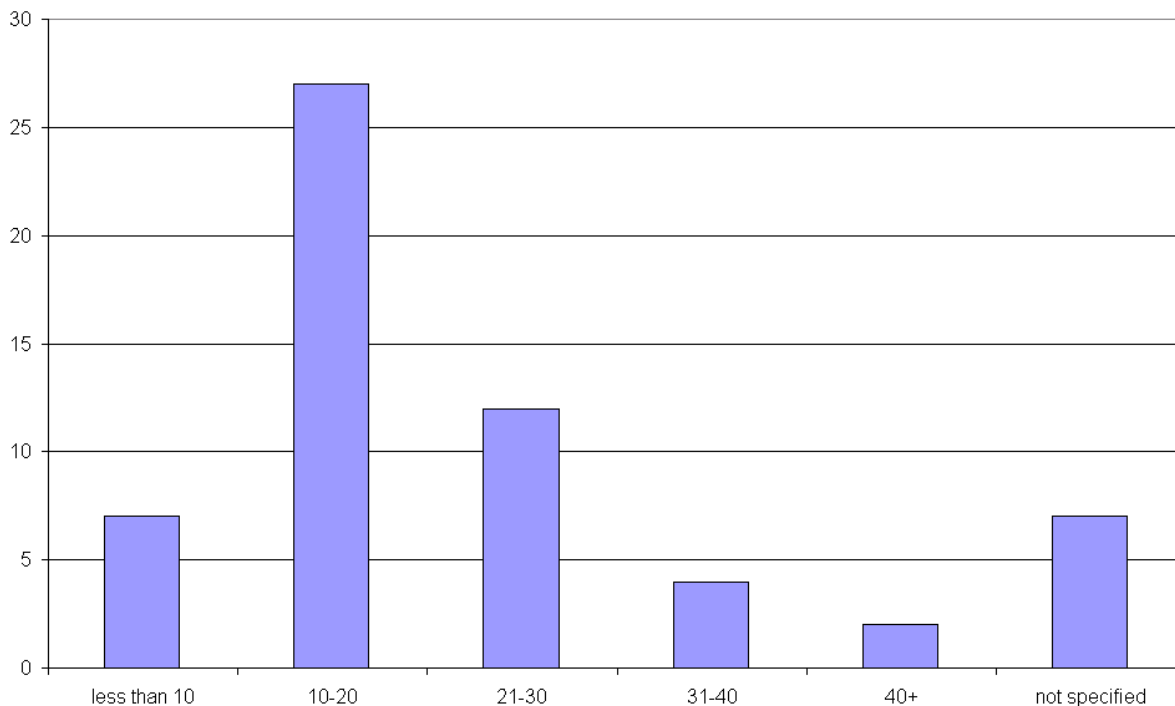
5 Time commitment

This section provides information on the time Board members are expected to commit to ALMO business. This is again very varied and ranges from less than ten to 61-plus days per annum. The graphs below provide further information. It is also worth noting that actual time spent on Board business is often more than 'contractually' identified.

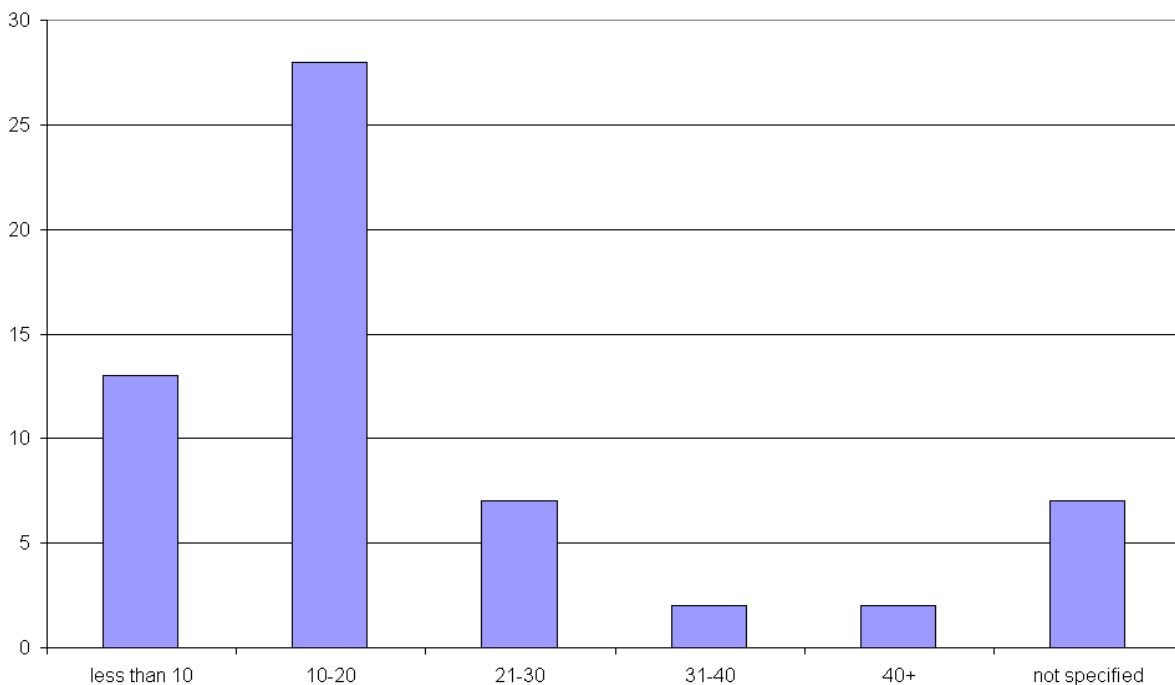
Chairs – days per annum



Committee Chairs – days per annum



Board members – days per annum



6 Comparisons with housing associations

Some comparisons have already been provided with data from housing associations in the relevant sections above; however, the information below may also be useful to consider in developing a business case for payment.

Between 2008 and 2009, payment in housing associations increased from 12% of the sector to 39%. Of those that pay their Boards, 86% believe the business case for payment has been fully or partially met, including attracting high calibre candidates.

Of those that pay their Boards, 52% stated that they had difficulty attracting under-represented groups. This still remains very much a challenge for the sector as a whole.

Of those that pay, 62% have a turnover of between £10m and £20m.

7 Observations

The number of ALMOs who have chosen to pay their Boards is small and therefore it is difficult to draw any conclusions on its impact on governance performance in the sector. In any case, payment is only one tool in the box for organisations when reviewing governance performance, and should sit alongside role profiles, appraisals, code of conduct, training and development.

There is some evidence in the housing association sector that payment can attract a different set of skills, talent and add to diversity through payment.

NB For more detailed survey data analysis please see enclosed Annex 1.

NFA
August 2010

Annex 1 – survey data analysis

Responses received	%	number
Responded	84	59
Did not respond	16	11

Payment	%	number
Those that pay Board members	10	6
Those that do not pay Board members	75	44
Those that pay Chair only	12	7
Intend to pay Chair this year	3	2

Board pay	%	number
Yes	64	38
No	17	10
Not applicable	19	11

Chair days	%	number
less than 10	3.4	2
10-20	18.6	11
21-30	28.8	17
31-40	8.5	5
41-50	16.9	10
51-60	6.8	4
61+	8.5	5
Not specified	8.5	5

Committee members days	%	number
less than 10	11.9	7
10-20	45.8	27
21-30	20.3	12
31-40	6.8	4
40+	3.3	2
Not specified	11.9	7

Board members days	%	number
less than 10	22	13
10-20	47.5	28
21-30	11.8	7
31-40	3.4	2
40+	3.4	2
Not specified	11.9	7

Pay review	%	number
Not applicable	71	41
End of term	2	1
Six months	0.0	0
Annually	20	12
Every two years	7	4
Other	0.0	0

Provision of supplementary payments	%	number
Yes	5	3
No	47.5	28
Not applicable	47.5	28

Payment to tenant Board directors	%	number
Yes	15	9
No	54	32
Not applicable	31	18

Payment to LA nominees	%	number
Yes	9	5
No	64	38
Not applicable	27	16

Claim for out of pocket (OOP) expenses	%	number
Yes	93	55
No	0.0	0
Not applicable	7	4

OOP expenses policy applies to all members	%	number
Yes	78	46
No	10	6
Not applicable	12	7

Chair payments	%	number
Not paid/not applicable	71	42
Allowance only	3	2
Up to £3000	2	1
£3001-£6000	3	2
£6001-£9000	14	8
£9001+	7	4

Vice Chair payments	%	number
Not paid/not applicable	85	50
Allowance only	5	3
Up to £3000	5	3
£3001-£6000	5	3
£6001-£9000	0.0	0
£9001+	0.0	0

LA nominees/councillor payments	%	number
Not paid/not applicable	88	52
Allowance only	5	3
Up to £3000	5	3
£3001-£6000	2	1
£6001-£9000	0.0	0
£9001+	0.0	0

Board payments	%	number
Not paid/not applicable	83	49
Allowance only	5	3
Up to £3000	10	6
£3001-£6000	2	1
£6001-£9000	0.0	0
£9001+	0.0	0

Sub Chair payments	%	number
Not paid/not applicable	96	57
Allowance/expenses only	2	1
Up to £3000	2	1
£3001-£6000	0.0	0
£6001-£9000	0.0	0
£9001+	0.0	0

Tenant payments	%	number
Not Paid/not applicable	88	52
Allowance only	5	3
Up to £3000	5	3
£3001-£6000	2	1
£6001-£9000	0.0	0
£9001+	0.0	0

Sub Vice Chair payments	%	number
Not paid/not applicable	98	58
Allowance/expenses only	2	1
Up to £3000	0.0	0
£3001-£6000	0.0	0
£6001-£9000	0.0	0
£9001+	0.0	0

Independent payments	%	number
Not paid/not applicable	88	52
Allowance only	5	3
Up to £3000	5	3
£3001-£6000	2	1
£6001-£9000	0.0	0
£9001+	0.0	0

Sub Board payments	%	number
Not paid/not applicable	98	58
Allowance/expenses only	2	1
Up to £3000	0.0	0
£3001-£6000	0.0	0
£6001-£9000	0.0	0
£9001+	0.0	0

Other payments	%	number
Not paid/not applicable	95	57
Expenses only	0.000	0
Up to £3000	3	2
£3001-£6000	2	1
£6001-£9000	0.0	0
£9001+	0.0	0