
Group policy on Governing Body Remuneration

Contents	Page
1. Introduction	3
2. Aims and Objectives	3
3. Approach to Board remuneration	3
4. Setting payment levels	5
5. Director's Duties	6
6. Monitoring of performance	6
7. Disclosure	7
8. Legal and Regulatory Framework	7
9. Equal Opportunities impact	7
10. Policy Review	7

1. Introduction

- 1.1 The standards of governance required from Registered Social Landlords (“RSLs”) continue to increase and the Group is committed to ensuring that it has in place strong, effective governance. The Scottish Housing Regulator (“SHR”) sets out Regulatory Standards of Governance in its Regulatory Framework. The SHR states that:

“the people on the governing body, and the skills and knowledge they collectively have, are the most significant contributors to the good governance of an RSL”

- 1.2 We take seriously our duty to ensure that we have in place what is necessary to achieve and maintain effective governance of the Group, which plays a critical role in its success and in protecting the interests of tenants and service users. For governance to be effective, it is essential governing bodies have the appropriate blend and depth of skills and experience. Board remuneration is one of the ways to assist in attracting and retaining those with the talent, skills and experience we need for key non-executive positions in the Group, in what is a competitive market place.

2. Aims and Objectives

- 2.1 The Wheatley Housing Group is a large, complex group which operates in a regulated environment. The Governing Body Remuneration Policy is intended to set out our approach to non-executive remuneration, for different roles and in different parts of the Group, in a clear way; and to demonstrate how we assess value for money. As an organisation in the public eye, and as a matter of good business practice, we also want to give others confidence that our remuneration arrangements are transparent, considered and proportionate.

- 2.2 This policy is a Group Policy and aims to:

- set out our approach to remuneration of governing body members
- set out how we determine the level of remuneration
- set out how we review levels of remuneration
- set out how we assess performance of those who receive remuneration.

3. Approach to Board remuneration – Our Principles

- 3.1 The Wheatley Housing Group operates a group structure, with a mix of Boards across the Group. For the purposes of the policy, the Boards are distinguished as either the Group Board or Subsidiary Board. Committees refer to Group Committees.

- 3.2 In determining our approach to Board remuneration for any Board within the Group, we will take account of the following factors:
- The size, complexity and resources of organisation (or Group)
 - The likelihood that offering payment would improve governance by widening the talent pool; being competitive in the non-executive market place; and ensuring successful recruitment and subsequent retention of governing body members with the skills and experience we need
 - That payment should be linked to specific duties against which performance can be assessed
 - The experience of other UK landlords operating on a similar scale and of similar complexity; and
 - Expert advice from our legal advisors and governance consultants.
- 3.3 Our overarching policy position is that, taking account of the above, we will use remuneration as one of our mechanisms to improve our governance and attract and retain the Board members we will need in the future.
- 3.4 The terms of reference of the Group Remuneration, Appointments, Appraisal and Governance (“RAAG”) Committee include specific responsibility for reviewing and making recommendations to the Group Board in relation to remuneration policy, and this includes the Group Policy for Board remuneration. The final decision on Board remuneration policy and on payment levels rests with the Group Board.

3.5 Group Board

- 3.5.1 The Group Board has overall responsibility for governance across the Group; and its governing body members have the highest level of responsibility and accountability. The role of the Group Board is distinct from that of Subsidiary Boards, with the Group Board having ultimate responsibility for all group-wide issues and the performance and viability of the Group.
- 3.5.2 A high level of skills and experience are needed from its Board members. Non-executive roles on the Wheatley Board are, therefore, remunerated to attract and retain the talent needed.
- 3.5.3 The payment of Group Board Directors shall be on the basis that they will be expected to act as Directors of other entities and Committees within the Group and also discharge other duties outside formal meetings. With the exception of where they act as Chair of a Committee or Subsidiary Board, there shall, therefore, be no additional remuneration for work outside the Group Board. Where they are also the Chair of another entity or Committee, there may be additional remuneration as indicated in the payment classes in this policy, with the exception of the Group Chair and Group Vice-Chair, who are not additionally remunerated for chairing any Committee or Subsidiary.

3.6 Subsidiary Boards

3.6.1 Non-executive roles on Subsidiary Boards are ordinarily unremunerated positions. This is with the exceptions of:

- The Chair of GHA
- The Chair of any other Subsidiary Board, where discretion is retained for remuneration in recognition of the additional duties they may require to undertake in their capacity as Chair.
- Specific Board members on commercial subsidiaries, who are not non-Executives on the Group Board, and where there has been a specific need for certain essential skills and experience.

3.6.2 For these exceptions, any remuneration would be subject to Group Board approval, ordinarily based on a recommendation from the Group RAAG Committee, and be set in line with the classes of payment set out in this policy.

3.6.3 The payment of Group Board Directors also on Subsidiary Boards is set out under Group Board, above.

3.7 Group Committees

3.7.1 The payment of Group Board Directors also on Committees is set out under Group Board, above.

4. Setting payment levels

4.1 We recognise that as a Group which is in receipt of public funds, we have a duty to ensure that levels are appropriate and that we achieve value for money. In setting payment levels, we will:

- Seek independent external guidance
- Benchmark payment levels with comparator organisations
- Consider the total cost as a proportion of our income

4.1 Payment levels will be subject to review by the Group RAAG Committee, and this will be undertaken at least every three years and recommendations made to the Group Board, with final decisions on payment levels resting with the Group Board.

4.2 Payment levels within the Group shall be classed as either:

- Group Chair
- Group Vice-Chair
- Group Committee Chair
- Wheatley Solutions/ Wheatley Foundation Chair (only when combined with a Group Non-Executive role)
- Group Board Director (All those individuals registered at Companies House as company directors)
- GHA Chair
- DGHP Chair
- Commercial Subsidiary Chair (Lowther Homes)
- Commercial Subsidiary Board member (by exception)
- Non-Group Board member Group Committee members (Group Development and Audit committees)

- 4.3 The remuneration of all classes of payment is 100% fixed, with no variable element.
- 4.4 Directors who are employees of the Group are excluded from receiving any additional remuneration by virtue of serving on the Board of any entity within the Group.

5. Payment Options

- 5.1 Payments shall be made in arrears on a monthly basis unless requested otherwise. Unless otherwise agreed, income tax will be deducted at source.
- 5.2 A Director may choose to covenant payment to a charitable entity within the Group or elsewhere. In this instance, the Director is responsible for making the necessary arrangements for associated tax liabilities.
- 5.3 We will – if requested - arrange and pay for individual external specialist advice to Board members about the implications of receiving payment.

6. Director's Duties

- 6.1 Directors shall only be entitled to receive remuneration for their role upon agreeing to enter into a services contract. The services contract shall be a legally binding document which sets out the terms of their appointment, in particular:
- Termination arrangements
 - Time commitment
 - Roles and duties
 - Fees and expenses
 - Post-termination restrictions
- 6.2 A model services contract shall be used for appointments, which will be subject to review from time to time.
- 6.3 The services contract makes it clear that non-executive Directors are not employees of the Group and do not have employment rights, the relationship being a contractual one.

7. Monitoring of performance

- 7.1 All directors in receipt of remuneration shall be subject to an annual performance review, based on the terms of their services contract. This will be conducted in conjunction with the Board appraisal policy, which is contained within the Group Standing Orders.
- 7.2 Participation in the Board appraisal shall be a mandatory requirement of receiving remuneration. Where a Director is found to have performed unsatisfactorily against the terms of their service contract, the Group RAAG Committee shall be entitled to reduce or withdraw remuneration until it is satisfied that a satisfactory level of performance is being achieved; or to make a recommendation to the Group Board relating to removal from the Board.

8. Disclosure

- 8.1 We recognise the need to be open, accountable and transparent. We shall publish annually in our Annual Report and financial statement our policy position on remuneration of governing body members and the total value of fees paid to directors in the financial year. This information shall be available publicly to customers, stakeholders and other parties.

9. Legal and Regulatory Framework

- 9.1 This policy takes account of legal and regulatory requirements. Legislation and regulatory standards relevant to this Policy include:
- Scottish Housing Regulator's – Regulatory Standards of Governance and Financial Management.
 - Housing (Scotland) Act 2010
 - Charity and Trustee Investment (Scotland) Act 2005

10. Equal Opportunities Statement

- 10.1 This Policy complies fully with the Group's Equal Opportunities Policy. We recognise our pro-active role in valuing and promoting diversity, fairness, social justice and equality of opportunity by adopting and promoting fair policies and procedures.
- 10.2 We are committed to providing fair and equal treatment for all our stakeholders including tenants and will not discriminate against anyone on the grounds of race, colour, ethnic or national origin, language, religion, belief, age, sex, sexual orientation, gender re-alignment, disability, marital status, pregnancy or maternity. Indeed we will positively endeavour to achieve fair outcomes for all.
- 10.3 We carry out Equality Impact Assessments when we review our policies. We check policies and associated procedures regularly for their equal opportunity implications. We take appropriate action to address inequalities likely to result or resulting from the implementation of the policy and procedures.

11. Policy Review

- 11.1 We will review this Policy at least triennially. More regular reviews will be considered where, for example, there is a need to respond to new legislation, regulation and policy guidance. Reviews will consider legislative, performance standard and good practice changes.