



Department for
**Social
Development**
www.dsdni.gov.uk

PROPOSALS FOR CHANGE ENABLING HOUSING ASSOCIATIONS TO IMPLEMENT BOARD PAY

Consultation Questionnaire

November 2014

Proposals for Change Enabling Housing Associations to Implement Board Pay

Your details

1. Please provide the details below (* denotes required text):

Name:	Cameron Watt
Organisation	Northern Ireland Federation of Housing Associations (NIFHA)
Address:	6c Citylink Business Park, Albert Street
City/Town:	Belfast
Post Code:	BT12 4HB
Email Address:	cwatt@nifha.org
Phone Number:	028 9089 7693

2. No individual will be identified from the analysis of responses, however under FOI individual responses may be disclosed

[] Please tick here if you wish your response to be held confidential

Question 1 (Relating to Appendix 4)

To what extent do you agree with the Departments proposed determination to enable the remuneration of Housing Association Board Members?

NIFHA strongly supports the Department's proposals to amend legislation to enable housing associations to have the flexibility to pay their board members.

We are in favour of these changes for the following reasons:

- **Increasing the number and quality of applicants for board positions**

In recent years the quality of board members and governance in the housing association sector has been improving. However even some of the biggest housing associations have not always been able to attract the number and quality of applicants for board vacancies they would have hoped for, in spite of extensive promotion.

There are many potential reasons for this, including the increasing demands placed on professionals in their 'day jobs', leaving less scope to take on other roles. However there is also stiff competition for a limited pool of non-executive talent in Northern Ireland, including from many public bodies and private companies that would routinely pay their board members. Although payment may not be a pre-requisite for many potential candidates applying to join a housing association board, it is likely to be one of a number of considerations that influence a person's decision on whether to put themselves forward for a board role in our sector.

Campbell Tickell is one of the leading recruiters for the social housing sector across the UK. From their extensive experience they advise that even relatively modest payment for board roles results in at least double the number of applicants for equivalent unpaid roles. At a time when our sector needs to maximize the number of suitably qualified candidates for board roles, this experience helps to make a compelling case for introducing the flexibility to allow for payment of board members.

- **Helping ensure that boards have all requisite skills**

As the consultation document acknowledges, the housing association movement in Northern Ireland is becoming much bigger, more complex and diverse. Housing associations are broadening their housing offer, including a range of intermediate housing options and a commitment to deliver mixed-use, mixed-tenure developments. More complex and risky regeneration schemes are being pursued. Housing associations are also being encouraged to participate in small-scale transfers of several thousand homes from the Housing Executive. To fund this work, several associations are now requiring new private finance deals in excess of £100 million.

Overall, housing associations are being encouraged to be more bold and imaginative in how they operate. This increases the responsibilities of the board to set an appropriate strategic direction, carefully scrutinise novel proposals, and take greater but measured risks.

Within this context, although there is still a role for the high-calibre generalist on many boards, it is essential that boards have the full range of necessary skills, including particular technical and sector-specific skills that are at a premium. These include expertise in corporate finance, private residential development, marketing, governance, procurement and healthcare. Allowing payment will help ensure that associations are able to recruit people with the necessary type and level of skills required to facilitate good governance.

- **Formalising and professionalising the relationship between board members and housing associations**

Housing associations in Great Britain that have introduced board member pay have found that it has greatly helped in 'professionalising' the role and in ensuring good performance. As soon as a board member is paid, there is a formal contract of employment, with all that entails. It is more straightforward for paid board members to be held accountable, and expected to adhere to disciplines such as high levels of attendance at board and committee

meetings; proper preparation for these including the scrutiny of all the papers; full contribution to meetings; and participation in annual appraisal processes, which may need to result in measures to improve performance or, in a few instances, the termination of the board position where there has been consistently poor performance.

Question 2 (Relating to points 15 – 17 Options 1 to 3)

If the Department decides to make the determination to introduce Board pay, which one of the three options is preferred by your Association?

NIFHA believes that housing associations should be able to introduce board member pay where they consider it appropriate with the maximum flexibility, within the reasonable limits of good governance. We believe that given the significant strengthening of sector governance in recent years, and a renewed emphasis on the primacy of boards, significant autonomy is appropriate.

Associations that wish to pay board members should develop and adopt their own policy and approach on the matter, guided by sector-led codes such as the National Housing Federation's. The level and extent of any remuneration should be consistent with the principles of good governance, including that it is proportionate with what the organisation requires and in line with the obligation to pursue value-for-money. As in other areas of regulation, we believe that a co-regulatory approach, characterised by the mature governance of housing associations through a system of enforced self-regulation, is likely to be most successful. It should also be noted that as in every other area of their activity, housing associations will be subject to the legislative and regulatory requirements of registered charities, upheld by the new Charity Commission for Northern Ireland.

NIFHA is keen to consider adopting a promoting a fairly detailed sector-led code in this area for members, which we could provide related training on. We would be likely to use the National Housing Federation code (currently being revised) as the basis of any sector-led code, amending if necessary.

The Housing Association Guide therefore need not provide detailed guidance in this area beyond a high-level requirement that associations develop, adopt, and review suitable policies in these areas in line with well-established sector-led codes. We therefore do not believe it is appropriate for the Department to introduce a cap or limit on board pay, nor to review and approve individual associations' policies prior to implementation. Whilst annual reporting to DSD and the Charity Commission on board member pay and benefits is appropriate, in line with the evolving approach to regulation, it is not necessary to have board member remuneration subjected to routine inspections, which we understand are in any case being discontinued. Of course this would not preclude regulatory intervention in the unlikely event of problems arising.

In exercising these new freedoms, housing associations are conscious of the need to act with full propriety, transparency and accountability to uphold the sector's values and reputation.

Question 3 (Relating to Appendix 5)

Do you agree that the policy does not have any adverse differential impacts for any of the Section 75 groups? Are there any other equality implications that the Department should consider?

NIFHA agrees that the proposed policy should not have any adverse impacts for any of the Section 75 groups.

There is a reasonable prospect that the policy could help significantly increase the diversity on housing association boards. Working age people and people with caring responsibilities (often women) are more likely to be able to justify the major time commitment involved in sitting on a board if there is some financial recompense.

Question 4

Do you have any further comments on the proposals or any other matters that you think are relevant to the consultation?

N/A

Thank you for taking the time to share your views in this questionnaire.

Your Signature:

A handwritten signature in black ink, appearing to read 'Emma Watt', is positioned to the right of the 'Your Signature:' label.

Position:

Chief Executive

On behalf of (Association):

Northern Ireland Federation
of Housing Associations (NIFHA)