



Title: Review of Directors' Expenses Scheme

Report of: Managing Director

Purpose of Report

1. To review the current Directors' Expenses Scheme.

Background

2. The Scheme is set out in pages 16.0 to 16.1 of the company's Governance Handbook.
3. Article 24 of the company's Articles of Association provides for directors' expenses to be paid but, "no sum shall be paid to a director in excess of that which would be permitted to be paid to a Board member of a social landlord registered under the Housing Act 1996."
4. Any changes to the company's Articles of Association require the consent of Gateshead Council.
5. The Scheme was reviewed last year and no changes were made.

Proposal

6. Research into other ALMOs' schemes indicates that there are no areas that could add any further value to the existing scheme.
7. Directors are currently provided with a temporary car parking permit for parking at Gateshead Civic Centre and specific reference to this needs to be reflected in the Scheme.
8. The scheme currently provides for the loaning of laptops and printers. This is currently being phased out by Gateshead Council with both Council and TGHC employees now being provided with iPads. There are currently three directors who have an iPad loaned to them by the Council. This also needs to be reflected in the Scheme.
9. It is currently reported in the scheme that the payment of Board Members will be reviewed annual by the Council's Independent Remuneration Panel. To date,

this has never been reviewed and it is unrealistic for it be reviewed annually. It is proposed that this be amended to reviews being carried out periodically.

10. A review of the payment of Board Members will be carried out by the Independent Remuneration Panel during 2016/17 with a view to being implemented from 2017/18.
11. An updated Directors' Expenses Scheme with changes highlighted in red is attached at the Appendix to this report.

Links to Values

12. This report relates to the company value of being open and honest.

Equality and Diversity Implications

13. There are no equality and diversity implications directly arising from this report.

Financial Implications

14. Provision has been made in the company's budget for 2016/17.

Impact on Customers

15. There was no impact on customers as a result of compiling this report.

Risk Management Implications

16. An inability to retain directors on the Board has been identified as an operational risk and appropriate controls, including an annual review of the directors' expenses scheme, are in place to mitigate this risk.

Value for Money Implications

17. There are no value for money implications directly arising from this report.

Consultation Carried Out

18. Consultation has been undertaken with other ALMOs to compare policies and introduce any good practice.

Recommendations

19. It is recommended that
 - (i) the Directors' Expenses Scheme with effect from 1 April 2016 be approved;
 - (ii) the Scheme continues to be increased in line with the Council's expenses scheme;
 - (iii) the review of the payment of Board Members by the Council's Independent Remuneration Panel during 2016/17 be noted.
 - (iv) the report be referred to the Council for information.



The Gateshead Housing Company

Working with Gateshead Council

DIRECTORS' EXPENSES SCHEME

1. The Gateshead Housing Company (TGHC) recognises the positive contribution that Board members make to providing strategic direction and leadership to bring about improvements to the housing service by payment and reimbursement of expenses.
2. Through the Directors' Expenses Scheme we aim to ensure that: -
 - Directors have a clear and transparent set of procedures relating to the eligible expenses that will be paid.
 - There is a consistency of approach.
 - There are simple and unobtrusive methods of claiming expenses.
 - The Expenses Scheme does not inadvertently disadvantage anyone.

Payment of Board Members

3. The Board has agreed to make the following payments to Board Members with effect from 1 October 2008: -

| | |
|---|--------|
| Chair of the Board | £3,000 |
| Committee Chair and Deputy Chair of Board | £2,000 |
| Board Member | £1,000 |

4. Payment will be reviewed ~~annually~~ periodically by the Council's Independent Remuneration Panel and any changes will be reflected in the Scheme.

Expenses

5. Article 24 of the Articles of Association of the Gateshead Housing Company ("the company") provides that the directors may be paid all travelling, hotel and other expenses reasonably and properly incurred by them in connection with their attendance at meetings of the Board or committees of the Board or general meetings or otherwise in connection with the discharge of their duties.
6. If a Board Member receives a personal formal invitation to an external event, they should provide evidence of such, where a claim is to be made for expenses.
7. No maximum amounts payable by way of expenses have been set by the Housing Corporation, but it issued guidance in its Circular R5-37/96, as follows: -

"The payment of expenses must be limited to meeting actual out-of-pocket expenses, all of which must have been necessarily incurred in connection with carrying out the duties. Payments to babysitters, or to other carers for dependent relatives, are lawful, so long as they relate to actual expenses incurred.

If allowances rather than actual expenses are paid to meet out-of-pocket expenditure (e.g. for subsistence and travelling), the scale of the allowances must be modest and in line with other public sector equivalents”.

8. Expenses will be paid on the basis of reimbursement and on production of evidence of cost, save for the following alternatives: -
 - i A dependent carer’s allowance not exceeding £5.50 per hour may be paid to directors who qualify, on the basis set out in 4 above.
 - ii Travel allowances may be paid at the following rates: -

Cars – 52.2p per mile
Motor Cycles – 24p per mile
Bicycles – 20p per mile
 - iii Subsistence allowances may be paid as follows: -

| | |
|-----------|-------------------------------------|
| Breakfast | £6.52 |
| Lunch | £8.98 |
| Tea | £3.52 |
| Dinner | £11.11 |
| Overnight | £5 per night out of pocket expenses |

Subsistence claims should not be made for alcohol or personal items.
9. The cost of public transport will be reimbursed and taxis fares where public transport is not possible, subject to the production of the ticket or a receipt. The company has a contract with Dean Taxis and when a taxi is booked using the relevant cost code, it will not be necessary to produce a receipt.
10. Free parking is made available to Board members attending company events. Where no free parking can be made available, actual costs of parking will be reimbursed, subject to production of the ticket or a receipt.
11. There is a charge for parking at Gateshead Civic Centre. Directors will be provided with a temporary car parking permit for the Civic Centre when appropriate officer receives advanced notice that one is required.
12. Where a Board member is travelling on TGHC business by rail, the train seats will be booked and paid for in advance by the company. If a Board member chooses to book his/her own rail travel, the cost will be reimbursed, subject to the production of the rail card. The company will only reimburse the cost of standard class.
13. Where a Board Member attends an external event that requires overnight accommodation, this is booked and paid for in advance by the company. If it is not booked in this way an explanation should be given.
14. The costs of support for a director at a meeting or for someone in his/her home whilst attending a meeting will be paid.
15. An ~~laptop/PC and printer~~ iPad will be loaned on an ‘as needed’ basis in accordance with Gateshead Council’s scheme for employees. ~~All items will be~~

~~purchased by the company The iPad will be returned when a member retires or allowed to be purchased at market value. A director must sign up to the Board Members' Computer Security Policy before being provided with a laptop/PC and printer. A director must sign up to the Acceptable Use Policy before being provided with an iPad.~~

16. Where actual cost is paid, amounts will be subject to the over-riding guidance given at 7 above and in accordance with the principle that expenses must have been reasonably and properly incurred in the efficient performance of the company's business.
17. The Head of Corporate Services has discretion to rule on other types of expenses. The Managing Director and Chair of the Board will be notified where appropriate.

Use of privately owned vehicles for TGHC business

18. Where a Board member uses their own vehicle to carry out their duties, it is the responsibility of the individual to ensure that their car insurance is not invalidated by the acceptance of expenses. They should also ensure that they have the appropriate third party cover in place to use the car for occasional business use (as a minimum).
19. The company is not responsible for any damage to the Board member's car nor any injury to the driver or fellow passenger whilst the car is being used for business purposes.
20. The company does not accept responsibility for any fine incurred by the Board member (whether parking or any other driving offence) whilst the member is driving on company business.
21. Board members are expected to share cars wherever this is practical and submit only one claim for mileage.

Making Claims

22. Expense claim forms should be submitted within three months of the first meeting on the claim form for which expenses are claimed. Claim forms should be completed with as much detail as possible and signed and dated. Claim forms are available on request from Stuart Gibson, Governance and Risk Officer on 0191 433 5308. They can also be downloaded off the Board Members Website.

Review

23. The scheme will be reviewed annually. The next review will take place at a time which will allow any findings to be implemented from 1 April 2017.