

Review of Directors' remuneration, 2015/16

Introduction

There are three Directors of Havering Healthwatch Limited (Healthwatch). The Chairman was originally engaged at an annual fee of £14,000 and the other two were each paid a fee of £5,000 per annum for their services as Directors.

These arrangements were reviewed some time ago when it became clear that the original payments did not reflect the much higher than anticipated level of work actually required for Healthwatch. As a result, all three Directors were paid a basic fee of £5,000 per annum, with the Chairman and the Executive Director receiving supplementary fees for their work as Chairman and Company Secretary respectively.

There was also a full-time post of Manager, and from 1 April 2014 two part-time posts of Administrative Assistant and Community Support Assistant. Unfortunately, the Manager fell ill and was absent on long-term sick leave from 2 September 2014, retiring on grounds of ill-health in mid-March 2015.

As the duties and responsibilities of the Manager needed to be covered during the period of her sick leave, the employment arrangements of the two part-time staff were adjusted to remunerate them to deal with some of that work; the Chairman and the Executive Director also assumed additional responsibilities to provide support and help, initially automatically without the expectation of additional remuneration; it was anticipated that the Manager would return to work once she had recovered, hopefully full-time but at least part-time with the aim of returning to full-time work in due course.

However, when it became clear that there would be a continuing requirement to cover the Manager's duties, the Directors determined, providing there were sufficient funds available at the end of the financial year and in the next, then adjusted remuneration would be paid from 1 January until a final situation could be determined.

With the reduction in the overall funding, the need to review roles and responsibilities and to reallocate the Manager's responsibilities, keeping stability, and importantly to create a saving to provide some additional resource for new training needs and recruitment campaigns, the Directors determined not to replace the Manager's post, but to reallocate the senior work to the Directors and, as previously reported, to share of the more routine tasks to the part-time staff.

The Administrative Assistant and Community Support Assistant have accordingly been re-designated (as Administrator and Community Support Officer respectively) and re-graded to reflect the additional duties they are to undertake.

It is now proposed that the Executive Chairman and the Executive Director shall assume further responsibilities formerly those of the Manager. This will include directly line-managing the Administrator and Community Support Officer and more closely supervising their work. In addition, there will be a requirement for the

Executive Chairman and the Executive Director to attend more external meetings as representative of Healthwatch in a variety of settings.

The Administrator has, for personal reasons, requested (and been granted) two periods of extended, un-paid leave to visit her son and daughter in Australia. Her new contract takes account of those absences.

Executive Chairman

The role of the Executive Chairman is to provide leadership and strategic guidance to Healthwatch Havering; she is also the principal representative at meetings of statutory bodies and other external organisations, in particular the Havering Health & Wellbeing Board (HWB). Healthwatch's links with such organisations are growing in importance and scope and it is vital that its representative is able to speak with assurance and authority. This requires the possession and development of in-depth knowledge and understanding of health and social care issues in both local and national contexts.

The indications are that the role of the HWB nationally will grow in coming years, whatever the outcome of the forthcoming general election, and the ability for Healthwatch to be the authoritative voice of service users will grow commensurately.

It is appropriate for these factors to be reflected in the Executive Chairman's remuneration.

The Executive Chairman role in providing strategic leadership and direction for Healthwatch is broadly similar to that of Havering Council's Cabinet Member for Adult Services & Health, who receives £38,988, comprising the Councillor's Basic Allowance of £10,208 and a Special Responsibility Allowance as a Cabinet Member of £28,780.

Comparison of the roles of Executive Chairman and Cabinet Member indicates that the remuneration proposed for the Executive Chairman is commensurate with that of the Cabinet Member.

The Executive Chairman currently receives a total of £24,000 for her role. In order more fairly to reflect the additional work required of her, it is proposed to increase her annual fee to a total of £28,000 - £5,000 director's fee and £23,000 for her role as Executive Chairman.

Executive Director

The Executive Director, as Company Secretary, undertakes the statutory and compliance responsibilities of that role and acts as treasurer, principal adviser on matters of law, finance, human resource management and office/IT systems, and general business management. The former Manager was responsible for managing the Healthwatch office and undertaking various office and business management tasks. Now that she has departed, routine tasks will pass to the Administrator but more detailed and high-level tasks will fall to the Executive Director.

In addition, it is becoming apparent that, as Healthwatch develops nationally, there will be increasing requirements for transparency and compliance, affecting both employees and volunteers, supervision of which naturally falls to the Company Secretary role. Moreover, as Healthwatch develops its Enter & View programme, the Executive Director, as Chairman of the Enter & View Panel, will have increased responsibility for supervising the programme.

There is no exact parallel for the Executive Director role in local government. Many aspects of the Company Secretary role fall to staff within Democratic Services of Havering Council, so that is taken as the most convenient parallel. Committee Officers (CO) in that department have no managerial responsibility but the Principal Committee Officer (PCO) does, albeit wider than that of the Executive Director. CO posts are graded PO1 and the PCO is graded PO6; that suggests that the approximate level of the Executive Director would be in the range of PO4 (currently £37,476-£40,218).

The Executive Director currently receives £16,500 for his role. In order more fairly to reflect the additional work required of him, it is proposed to increase his annual fee to a total of £22,500 - £5,000 basic fee and £17,500 for his role as Company Secretary.

Director (Mr Patel)

Mr Patel receives only the basic director's fee of £5,000.

In October 2014, he voluntarily forewent £2,000 of his fee for 2014/15.

It is proposed to reinstate the full amount of the fee for 2015/16.

Implementation

Although the Manager retired in mid-March 2015, she had been absent from the office since the beginning of September 2014. The working hours of the Administrative Assistant and the Community Support Assistant were both revised with effect from 1 October 2014 as a result of the Manager's absence. To reflect the additional duties required of the Executive Chairman and the Executive Director during her absence, it is proposed to implement the additional remuneration for those two post holders with effect from 1 January 2015. The cost will be met from the budget for 2015/16.

Financial implications

The additional remuneration for the Executive Chairman and Executive Director will incur costs as follows:

Post	Total additional fees in 2015/16, from January 2015 (£)	Additional Employers' NICs (payable in 2015/16) (£)	Total (£)
Executive Chairman	5,000.00	690	5,690
Executive Director	7,500.00	1,035	8,535

The reinstatement of the Mr Patel's fee has no financial effect as it was included in the estimates for the year, and does not incur Employers' NICs.

These costs are within the budget amounts available for 2015/16; overall, the cost of staff in 2015/16 is expected to be about £10,000 less than for 2014/15. Staff numbers reduce from 3.2 Full Time Equivalent (FTE) to 2.3 FTE.

Recommendation

That, in recognition of the additional responsibilities and duties arising as a result of the absence through ill-health and subsequent retirement of the Manager:

- 1 The total remuneration of the Executive Chairman post be increased to £28,000 (£5,000 basic fee plus £23,000 supplementary fee) per annum with effect from 1 January 2015, to be met from the 2015/16 budget.**
- 2 The total remuneration of the Executive Director post be increased to £22,500 (£5,000 basic fee plus £17,500 supplementary fee) per annum with effect from 1 January 2015, to be met from the 2015/16 budget.**
- 3 The fee payable to Mr Patel as Director revert to £5,000 per annum with effect from 1 April 2015.**