



Non-Executive Director: Honoraria Payments

Non-Executive Directors

There are currently nine Non-Executive Directors (NED's) on the Board of Directors and two Executive Directors. The number of NED's will reduce to eight following the 2021/22 AGM and then to seven following the 2022/23 AGM. This is in line with the Credit Unions succession planning policy and as agreed by an AGM.

The NED's are elected at an Annual General Meeting (AGM). They are drawn from members of the credit union and represent members interest on the Board. They serve for terms of three years before they are subject to re-election at an AGM.

Meaning of Honoraria

The NED's are paid honoraria which is a payment received by an office holder. It can be defined as a voluntary fee for a voluntary service. Honoraria in the Credit Union is paid in arrears and could be withheld if a NED was not performing duties satisfactorily or regularly failed to attend meetings, it is not an automatic entitlement.

NED Responsibilities

NED's are required to attend a minimum of 9 Board meetings in every 12 month period unless there are exceptional circumstances for not doing so. Some of these meetings take place over two days. Prior to each meeting a Board pack is issued with papers relating to the performance and strategic initiatives for which the NED's need to formulate actions plans to relate to the Credit Union.

The Credit Union is inspected every 12 months by the Prudential Regulation Authority (PRA), a part of the Bank of England. The Chairman is interviewed by the PRA as well as a selection of other NED's.

The NED's have to be certified as fit and proper persons. This certification and approval takes place under the Senior Manager and Certification Regime. All NED's undergo vetting which includes DBS checks, financial background and social media checks.

In addition to the compulsory regulatory requirements all NED's undertake regular on line training in subjects such as Data Protection and Protecting Vulnerable Customers. There were 15 of these modules in 2021/22 all of which have a pass or fail examination.

It is recognised that not only do NED's need to spend a considerable amount of time on self study as well as reading of papers and research but they are also impacted by the need to attend set meetings. This can mean taking annual leave or time owed and has a significant impact on a working NED.

Current Amount of Honoraria

The policy in relation to honoraria has to be agreed by a majority vote at an AGM.

The policy was last placed before the AGM in 2017.

The following levels of honoraria were approved;

- Chairman £12,000
- Vice Chairman £8,000
- Nominated NED for Audit Committee £8,000
- All other directors £5,000

This resulted in an annual figure of £48,000. The cost of such honoraria per individual member was calculated at approximately £1.50 at that time.

Future Honoraria

The Board wish to demonstrate the establish the appropriate levels of honoraria and how they may have changed over the last five years since they were set.

In order to do this they are to commission an independent report to advise how the NED roles and responsibilities have evolved since 2017 and this will then be placed before the 2022/23 AGM to allow the whole honoraria policy to be reset.

They are conscious that since salary increases alone have increased the “cost” and value of annual leave and time due without taking into account additional regulatory responsibilities that an interim increase in honoraria is a valid request.

The Board will therefore be bringing a motion to the AGM to increase honoraria by 5% from January 2023 whilst awaiting presentation of the independent report to the 2022/23 AGM.

With such an increase the cost per member will stand at approximately £1.46 per member.

Chris Burrows
Vice Chairman
19 September 2022