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## Purpose

1. The purpose of this policy is to provide a basis for remunerating senior executives in Centrepoint. The policy applies to all members of Centrepoint's Senior Executive Team (SET) or its successor team/group.

## Guiding principles

2. Centrepoint believes that our people play a key part in the overall success of our organisation. Thus, the following principles guide Centrepoint's remuneration policy:
  - 2.1 We are committed to providing remuneration and other terms of employment that is fair and enables us to attract, reward and retain appropriately qualified staff to lead, manage and support Centrepoint charitable objectives and strategy, as approved by the Board from time to time.
  - 2.2 The Remuneration Committee (RemCo) is responsible, on behalf of the Board, for setting the salary and other terms of employment for the Senior Executive Team. This policy should therefore be used in conjunction with RemCo's Terms of Reference.
  - 2.3 In setting salaries and other terms for SET, RemCo considers:
    - The purposes, aims and values of Centrepoint, as well as any specific provisions outlined in its Articles of Association and other governance arrangements.
    - The types of skills, experiences and competencies that are required of the senior executive team in order to develop and deliver the strategy and business plans that are necessary to achieve Centrepoint's objectives.
    - Centrepoint's ability to pay in the present and in the future and, the extent to which a 'discount' compared to similar roles in other sectors is appropriate.
    - Centrepoint's overall performance against expectations and individual SET members' performance against specific expectations of them, in both the short and long term.
    - The nature of the wider 'employment offer' Centrepoint is able to make to potential executives, where pay is one part of a package that includes personal development as well as the esteem and value – financial or otherwise – derived by executives from working for Centrepoint.
    - The relationship between the pay of senior staff and that of the broader employee population.
    - Where appropriate, the likely views of Centrepoint's key stakeholders and the impact on them, if any.

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- Any appropriate available information on pay policies and practices in other organisations that can help make the decision on whether the level of pay is fair and reasonable.

## Features of executive remuneration

3. Total remuneration packages for Centrepoint staff comprise salary, pension, benefits and performance related pay. With respect to SET, the following are features of each element:

### 4. *Salary*

4.1 *Purpose:* To provide a salary that is fair and, in relation to the necessary skills and experience, enable Centrepoint to attract, reward and retain competent executives.

4.2 *Policy:* Salaries will be determined with reference to market practice within charities and Registered Providers (housing associations), and more broadly where appropriate. It will take account of each executive's role, contribution, level of experience and need for retention. It will also take note of the level of salary increases awarded across the organisation.

4.3 *What we do:* The CEO prepares an annual summary of each executive's performance and recommends a salary for RemCo's approval. RemCo sets salary annually for all senior executives (SET) between March and May, with any changes taking effect on 1 April each year.

### 5. *Pension*

5.1 *Purpose:* To enable executives to fund life in retirement, with a contribution comparable to market practice for senior executives of charities and Registered Providers.

5.2 *Policy:* Centrepoint operates a defined contribution pension scheme that is open to all staff members including senior executives. RemCo will approve a proportion of each executive's salary to be contributed into the scheme on a monthly basis. In addition to the regular contribution, RemCo may approve one-off contributions for individual executives. If executives have opted out of the company scheme, they may receive a cash allowance in lieu, equivalent to the company's contribution.

5.3 *What we do:* Centrepoint currently contributes an amount equivalent to 10% of salary on behalf of each executive.

### 6. *Benefits*

6.1 *Purpose:* To provide a competitive range of non-monetary benefits.

6.2 *Policy:* Centrepoint provides a range of benefits that is available to all staff including senior executives. In addition to this, RemCo may approve any

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additional arrangements it deems necessary or appropriate in individual cases e.g. relocation allowances.

- 6.3 *What we do:* Senior executives take part in Centrepoint's benefits scheme on the same terms as all other staff, with no special arrangements being made.

## 7. Performance Related Pay (PRP)

- 7.1 *Purpose:* To reward and incentivise staff to achieve pre-determined targets over the financial year and recognise their contribution to delivering Centrepoint's strategic objectives.
- 7.2 *Policy:* Centrepoint pays its staff a performance related pay each year if it can afford it. PRP is paid to reward good financial and non-financial performance, against objectives that are set and communicated to staff throughout the year. The amount set aside for the PRP pool applicable to the broader employee population is determined each year by the Senior Executive Team (SET) as part of the overall envelope for the annual salary budget, and approved formally by the CEO. PRP for the Senior Executive Team is determined by RemCo.
- 7.3 *What we do:* RemCo reviews each senior executive's performance against their objectives for the year and may award a non-consolidated performance related pay, if their performance justifies it, the CEO recommends it, and Centrepoint can afford it.

## 8. Pay multiple

- 8.1 *Purpose:* To maintain an appropriate pay gap between the highest paid and lowest paid people in the organisation.
- 8.2 *Policy:* RemCo will set a maximum ratio for the salary of the highest paid individual in relation to the lowest paid individual and review this ratio annually.
- 8.3 *What we do:* Until it is otherwise decided, Centrepoint will maintain a pay ratio of highest to lowest paid staff not exceeding 8:1, taking account of regional variations.

Pay ratios vary significantly between UK organisations. The 8:1 ratio is set in the following context:

- Among the largest UK companies, the average pay ratio, expressed as a ratio of CEO pay to average company pay is 100:1.
- In local government, the pay of the highest paid individual, expressed in relation to that of the lowest paid individual is an average of 15:1.
- In universities, the pay of the highest paid individual, expressed in relation to that of the lowest paid individual is an average of 18:1.

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- Among charities, the pay of the highest paid individual, expressed in relation to that of the lowest paid individual ranges from 5:1 to 11:1, depending on a range of factors. The average is 8:1.

## Termination and severance

9. Centrepoint Senior Executives are employed on service contracts that require at least a 3-month notice period. In the event of termination, the notice period and any redundancy payments will be paid in accordance with Centrepoint's termination policy which is applicable to all staff members.
10. In addition to payment in lieu of notice and redundancy payment, severance pay may be offered. Severance pay applicable to the Senior Executive Team must be approved by RemCo and must not exceed six months' salary, unless there are legal reasons for doing so.
11. RemCo's approach to all payments related to termination is to take account of the executive's circumstances including the reason for termination, individual performance and contractual obligations. In the event of termination for gross misconduct, neither notice nor payment in lieu of notice will be paid and severance pay is not applicable.

## Deviations from this policy

12. RemCo may deviate from this Policy but only in specific circumstances where the Committee believes it to be in Centrepoint's interest to do so. Deviations must be reported to the full Board and disclosed in the annual remuneration statement.

## Disclosure

13. As part of its Annual Report and Financial Statements each year, Centrepoint will:
  - Publish an annual remuneration statement explaining its ethos and policy on executive remuneration.
  - Explain how this impacts on the delivery of its charitable purposes.
  - Report the actual remuneration of the chief executive and any other staff who earns more than the chief executive.
  - Report the number of staff in receipt of an annual remuneration of more than £60,000, in bands of £10,000.
  - Report pensions and other benefits.

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## Remuneration statement for 2018-19

Centrepoint is committed to providing remuneration and other terms of employment that is fair and enables us to attract, reward and retain appropriately qualified staff to lead, manage, support and deliver Centrepoint's charitable objectives.

Centrepoint's Board of Trustees has established a remuneration committee that meets at least annually. Its current membership is the Mike Westcott (Chair), Symon Elliott and Clare Montagu. The Committee sets the pay for the Senior Executive Team currently consisting of the Chief Executive, Director of Fundraising, Director of Housing & Support, Director of Skills & Employability, Director of Policy & Communication, Director of Finance & Compliance and Director of Strategy & Performance. No members of the executive team are members of the Committee. The Committee may invite the CEO to attend specific discussions.

In relation to remuneration, the main responsibilities of the Committee are to:

- Determine and agree with the board the framework or broad policy for setting the remuneration and benefit plans for the chief executive and the Senior Executive Team. In determining such a policy, the Committee takes into account all factors that it deems necessary.
- Review at appropriate intervals, the appropriateness and relevance of the remuneration and benefits policy.
- Approve the design of, and determine targets for, any performance related pay schemes for the Senior Executive Team and approve the total annual payments made under such schemes.
- Ensure that contractual terms on termination, and/or any payments made on termination, are fair to the individual and Centrepoint, that failure is not rewarded and that the duty to mitigate loss is fully recognised.
- Within the terms of the agreed policy, determine annually the total remuneration package for the Chief Executive, including any performance related elements.
- Approve the Chief Executive's recommendation of the total individual remuneration package for each member of the Senior Executive Team, including any performance related elements.
- Approve any major changes in employee benefits structures throughout the organisation.
- Consider any appeals in respect of disciplinary, grievance or other such matters as they relate to the Senior Executive Team.

The Committee has full authority to commission any reports or surveys which it deems necessary to help it fulfil its obligations. In this regard, it has exclusive responsibility for

## Senior Executive Remuneration Policy

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establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise it.

We aim to recruit staff, subject to experience, at the lower-medium point within a band, providing scope to be rewarded for excellence. We pay the living wage for all our staff and, whenever possible, we offer work experience and internship opportunities to young people.

Delivery of Centrepoint's charitable vision and purpose is primarily dependent on our staff which is the largest single element of charitable expenditure. In 2018-19, Centrepoint's staff salary was increased by 2.7% overall.

In accordance with the Statement of Recommended Practice for Charities, Centrepoint discloses all payments to trustees (no trustees receive 'pay'), the number of staff in receipt of more than £60,000 and above, and pensions and other benefits, in its financial statements.

For 2018-19, the number of employees, including the Chief Executive, whose remuneration exceeded £60,000, was as follows:

	<b>2018-19 Number</b>	<b>2017-18 Number</b>
£60,001 - £70,000	8	6
£70,001 - £80,000	2	1
£80,001 - £90,000	3	2
£90,001 - £100,000	1	-
£110,000 - £120,000	-	1
£140,001 - £150,000	1	1

During the year, pension contributions on behalf of these staff amounted to approximately £104,000 (2017-18: £89,000).

The remuneration (including pension contributions and benefits in kind) paid to the chief executive and senior executive team during the year was £716,000 (2017-18: £658,000).

The chief executive and senior executive team are entitled to ordinary membership of the defined contribution pension scheme operated by the company. No special terms of individual pension arrangements apply to these posts.

No members of the Board received any remuneration for their services as Trustees, but are reimbursed for expenses which are necessarily incurred in the performance of their duties.

Our Annual Reports can be found at <https://centrepoin.org.uk/about-us/our-finances/>

*[Approved June 2015; revised January 2020]*