

Chief executives' salaries have been on something of a runaway train.

And if you were travelling in executive class in 2006/07 you could anticipate a double digit pay rise. The average jump is an inflation-busting 10 per cent – significantly higher than last year's average rise of 6 per cent. That in itself was a leap which caused then Housing Corporation chief executive Jon Rouse to voice concerns.

The figures mean that just four of last year's top 10 percentage rises would feature among this year's highest earners.

Fifteen housing associations have coughed up for salary hikes of 20 per cent or more (compared with just nine last year).

The survey reveals Places for People's David Cowans as the highest paid chief executive: his annual pay packet is £257,928. Barring 2004/05 when, due to a pension underpayment, Mr Cowans banked more than £300,000, he is the first chief executive to breach the £250,000 barrier on salary alone.

Peter Dixon, chair of the Housing Corporation, says the scale of this year's increase across the board is 'difficult to justify'.

'I think there is a problem in executive remuneration across the country,' he says. 'The fact that boards and senior individuals are getting increases at several times the rate of those at the bottom of the pile

Top 10 salaries

1	David Cowans	Places for People	£257,928
2	John Belcher	Anchor Trust	£240,000
3	David Bennett	Sanctuary	£225,000
4	Anu Vedi	Genesis	£210,000
5	Interim chief executive	Hanover	£210,000
6	Don Wood	LE&Q Group	£200,000
7	Deborah Shackleton	Riverside	£195,500
8	Keith Exford	Affinity Sutton	£191,486
9	Michael Lennon	Glasgow HA	£191,000
10	John Knevett	A2	£189,000

I think is a big problem socially. I think it is potentially a big problem politically.'

Mr Dixon admits that housing association boards face commercial pressure on how much to pay chief executives. And remuneration panels are well aware that pay for rival big cheeses is rising rapidly, he says.

'The obvious issue there is that housing associations are providing accommodation for some of the most vulnerable in society generally,' he says. 'Therefore it is pretty galling to see the chief executives, the finance directors, whatever, being awarded large salaries.'

'I think boards need to be very firm about this.'

Zenna Atkins, chair of Places for People, defends Mr Cowans' sizeable wage packet, citing his experience in housing and urban regeneration. 'If the property sector is going to attract and retain chief executives of a high calibre then we need to ensure that their salaries are attractive,

reflect previous experience, and reward performance,' she says.

Ms Atkins says the group has been overhauled under Mr Cowans' leadership, including a new joint venture called Making Places, which has a rolling budget of £300 million to acquire large parcels of land and develop thousands of homes.

'The new venture shows how traditional housing organisations are moving into an area previously dominated by commercial house builders,' she says.

It is this issue, touching on the very identity of housing associations, which now dominates the pay debate.

Increasingly the bigger players are comparing themselves to private sector organisations rather than others in the social housing sector.

Housing association Home provided the perfect example of this new world earlier this month when it announced its new chief executive has a private sector pedigree – Colin Houlihan previously ran a regional building company.

Halim Cholmeley, an affordable housing and regeneration recruitment consultant, says the changing nature of housing associations is key to understanding this year's leaps.

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MIND THE GAP

The pay gap between chief executives and their staff is widening, as our exclusive salary survey reveals.
Martin Hilditch reports

Chief executive salaries 2005/06 – 2006/07

Organisation	Chief executive	Turnover (£m)	Salary 2006/07 (£)	Salary 2005/06 (£)	Increase (%)
A2 Housing Group	John Kneve	75.2	189,000	189,000	0.0
Accent Group	Martin Kelly	85.7	149,390	133,640	11.8
Accent Peerless	Paul Reeves	13.7	104,063	New entry	
Accord HA	Christopher Handy	34	103,400	93,134	11.0
Adactus Group	Paul Lees	27.8	92,298	92,298	0.0
Affinity Sutton	Keith Exford	199.2	191,486	160,593	19.2
Aldwyck HA	Neil Hadden	32.8	105,095	77,375	35.8
Amicus Horizon	Steve Harriott	139	128,000	124,406	2.9
Anchor Trust	John Belcher	247.4	240,000	239,879	0.1
Arena HA ¹	Brian Cronin	48	124,146	116,639	6.4
Bield HA	Jim Thomson	32.3	70,722	69,000	2.5
Boston Mayflower	Tony Lightfoot	14.7	84,442	75,315	12.1
Bournville Village Trust	Peter Roach	16	95,413	90,166	5.8
BPHA	John Cross	47.8	119,000	119,000	0
Bradford Community HT	Geraldine Howley	81.2	108,111	104,474	3.5
Broadacres HA	Steve Towers	17.3	97,000	92,000	5.4
Bromford HG	Mick Kent	78.7	148,915	143,000	4.1
Broomleigh HA	Neil McCall	59.3	99,209	100,188	-1.0
Calico Housing ²	Michael Birkett	15	85,000	76,639	10.9
Castle Vale Community HA	Peter Richmond	85	67,500	50,000	35
Catalyst HG	Rod Cahill	10	126,812	125,000	1.5
Circle Anglia	Mark Rogers	131	152,500	132,500	15.1
Community HG	Mick Sweeney	36	114,724	108,000	6.2
Devon & Cornwall HG	Teresa Butchers	49.2	94,403	87,000	8.5
Dominion Group	Darrell Mercer	73.3	129,000	115,174	12
Downland Group	Mark Perry	44.8	88,650	83,195	6.6
East Thames Group	June Barnes	84.6	132,000	125,920	4.8
English Churches Group ³	Derek Caren	75.1	90,000	122,500	-26.5
Family Mosaic	Brendan Sarsfield	119	140,800	104,000	35.4
First Wessex Housing Group	David Smith	52	134,200	117,000	14.7
Genesis Housing Group	Anu Vedi	211.1	210,000	170,000	23.5
Gentoo Group ⁴	Peter Walls	104	161,082	155,559	3.6
Glasgow HA	Michael Lennon	242	191,000	189,875	0.6
Great Places Housing Group	Stephen Porter	42.8	132,500	119,000	11.3
Guinness Trust	Simon Dow	131.6	154,000	149,000	3.4
Hanover HA ⁵	Interim chief executive	70.9	210,000	118,000	78
Harvest Group	Ian Perry	48.7	134,667	128,000	5.2
Hastoe HA	Caroline Proverbs	11.8	90,135	90,135	0
Heart of England Group	Wendy Temple	31.5	111,888	109,104	2.6
Hermitage Housing ⁶	Margaret Belcher	21.3	98,040	89,853	9.1
Home Group	Malcolm Levi	242	172,328	159,861	7.8
Housing 21	Melinda Phillips	82.5	162,216	129,741	25
Hyde Group	David Eastgate	161.9	154,000	133,000	15.8
Irwell Valley HA	Tom Manion	25	132,000	120,500	9.5
James Butcher HA	Caroline Tiller	15.2	78,221	78,221	0
Jephson Homes HA	Bob Strachan	48	130,709	125,000	4.6
Johnnie Johnson HT	Jim Lunney	Unavailable	73,078	71,000	2.9
LHA-ASRA ⁷	Atul Patel	41	120,000	172,000	-30.2
London & Quadrant Group	Don Wood	187.9	200,000	179,000	11.7
Look Ahead Housing & Care	Victoria Stark	29.5	127,722	106,260	20.2
Luminus Group	Chan Abraham	36.1	122,000	107,042	14
Magna HG	Graham Colls	31.7	96,558	94,017	2.7
Metropolitan HT	Tony Shoults	140	170,200	135,000	26.1
MHS Homes	John Sands	37.6	131,000	118,000	11
Midland Heart	Richard Clark	138.7	151,482	119,000	27.3
Moat HG	John Barker	48.6	124,000	117,000	6
Muir Group	John Bellis	16.2	74,345	68,722	8.2
Network Housing Group	Nick Wood	98.9	143,360	119,500	20
New Charter Housing Trust	Ian Munro	78.3	140,838	126,330	11.5
Newlon Group	Mike Hinch	35.7	101,000	98,000	3.1
Northern Counties HA	Ken Irving	73.3	140,474	118,250	18.8
Notting Hill Housing Group	Kate Davies	133	145,000	120,410	20.4
Nottingham Community HA ⁸	Mike Andrews	37.9	110,000	107,000	2.8
Ocean Housing	David Renwick	19.1	118,452	115,000	3
Orbit Group	Paul Tennant	99	135,413	135,466	0
Paradigm Group ⁹	Alison Hadden	52.1	123,641	110,881	11.5
Peabody Trust	Stephen Howlett	88	148,654	135,854	9.4
Places for People Group	David Cowans	338	257,928	238,887	8
Plus Housing Group	Ken Perry	30	114,300	107,000	6.8
Poplar HARCA	Steve Stride	22.3	112,500	106,500	5.6
Portsmouth Housing Group	John Butler	23	96,800	New entry	
Presentation HA	Mohni Cujral	24.3	145,000	138,000	5.1
Radian Group ¹⁰	Lindsay Todd	81	111,660	98,040	13.9



Chief executive salaries 2005/06 – 2006/07 (continued)

Organisation	Chief executive	Turnover (£m)	Salary 2006/07 (£)	Salary 2005/06 (£)	Increase (%)
Raglan	Alan Seabright	42.2	115,000	112,000	2.7
Richmond Housing Partnership	David Done	34.1	109,560	101,346	8.1
Riverside Group	Deborah Shackleton	176.2	195,500	166,000	17.8
Riversmead HA	Stephen Henning	13.5	96,460	New entry	
Rooftop Housing Group	Ian Hughes	18.1	95,736	81,866	16.9
Russet Homes ¹¹	Keith Andrews	30.7	109,820	429,000	-74.4
Sanctuary HA	David Bennett	282.1	225,000	175,000	28.6
Servite	Matthew Fox	78.6	111,485	102,416	8.9
Shaftesbury Group	Ian McDermott	42.1	113,000	113,300	-0.3
Shepherds Bush HG	Paul Doe	26.1	103,000	97,754	5.4
South Somerset Homes	Geoff Atkinson	31.1	109,743	107,000	2.6
South Yorkshire HA	Tony Stacey	38	106,300	101,351	4.9
Southern HG	Tom Dacey	100	155,000	147,410	5.2
Sovereign HA	Ann Santry	61.8	125,128	117,843	6.2
Spinnaker Housing Group	Wayne Morris	36	114,484	111,695	2.5
Springboard HA	Mark Gayer	31.9	111,064	98,656	12.6
Stadium	Roz Spencer	66	99,000	New entry	
Swan Housing Association	John Synnuck	29.5	130,000	120,000	8.3
Tees Valley HG	Alison Thain	12.7	110,117	102,000	8
Testway Housing	Steve Benson	20.3	96,800	91,000	6.4
Thames HA	David Bogle	12.2	90,000	78,856	14.1
Thames Valley HA	Keith Holloway	65.6	125,735	118,311	6.3
Town & Country Group	Jon Rosser	29.2	123,805	110,000	12.6
Ujima HA ¹²	Keith Kerr	24.7	147,922	91,062	62.4
Vale HA ¹³	Mike Roberts	20.6	176,000	100,000	76
Vicinity Group ¹⁴	Philip Gandy	53.6	131,999	120,000	10
Wakefield & District Housing	Kevin Dodd	86	117,000	114,000	2.6
Wessex Housing Partnership ¹⁵	Brian Hutchison	30.7	112,227	101,786	10.3
William Sutton Group	Paul Eastwood	73.3	115,203	105,000	9.7
Willow Housing & Care	Judy Peaker	10.1	82,660	New entry	
Yorkshire Housing Group	Bill Payne	64.4	134,000	99,631	34.5

Key
 1 Figures are calculated from:
 2 2005/06 salary given for previous CE, Tim Pinder
 3 2005/06 salary given for Peter Walters. Derek Caren is managing director
 4 Formerly Sunderland Housing Group
 5 Salary for permanent group chief executive not shown in accounts as not highest paid director in 2006/07. £210,000 paid as fees to a professional services company for providing the services of the interim group chief executive for the period 1 April 2006 to 20 December 2006.
 6 Was Parchment Group. Salary 2005/06 is for Ian Matthews
 7 2005/06 salary is for David Seviour, who retired on formation of the new group
 8 2005/06 salary given for previous CE, Andrew Malone
 9 2005/06 salary given for previous CE, Bob Hind
 10 Organisation set up in December 2006
 11 2005/06 salary given for previous CE, John Ridley
 12 2005/06 salary is for Qadeer Kiani
 13 Figure includes a redundancy payment
 14 2005/06 salary is for David Bebb
 15 Wessex Housing Partnership used to be Kingfisher HA

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Compare and contrast: salaries across the private and public sectors		
	At the top	Salary 2006/07
Government department		
Communities and Local Government department	Ruth Kelly – former local government secretary	£135,337
Private house builder		
Barratt Developments	David Pretty – chief executive	£1,176,000
Arm's-length management organisation		
H&F Homes	Billy Rae – chief executive	£104,676
Regulator		
Housing Corporation	Jon Rouse – former chief executive	£147,344
Trade body		
National Housing Federation	David Orr – chief executive	£143,000



Top 10 bonuses

1	John Belcher	Anchor Trust	£40,000
2	Anu Vedi	Genesis	£30,000
3	Michael Lennon	Glasgow HA	£30,000
4	Keith Exford	Affinity Sutton	£24,000
5	Tony Shoults	Metropolitan Housing Trust	£22,200*
6	Deborah Shackleton	Riverside	£20,000
7	John Knevett	A2	£20,000
8	Ken Irving	Northern Counties	£18,323
9	Atul Patel	LHA-ASRA	£15,000
10	Darrell Mercer	Dominion	£14,000

* If all targets are hit

Top 10 percentage rises

1	Management company (interim chief exec)	Hanover HA	78 per cent
2	Mike Roberts	Vale HA	76 per cent
3	Keith Kerr	Ujima	62.4 per cent*
4	Neil Hadden	Aldwyck	35.8 per cent**
5	Brendan Sarsfield	Family Mosaic	35.4 per cent
6	Pete Richmond	Castle Vale Community HA	35 per cent
7	Bill Payne	Yorkshire Housing Group	34.5 per cent
8	David Bennett	Sanctuary	28.6 per cent
9	Richard Clark	Midland Heart	27.3 per cent
10	Tony Shoults	Metropolitan	26.1 per cent

* 2005/06 figure was for previous chief executive Qadeer Kiani, who left in February 2006

** 2005/06 salary was for Mr Hadden, who joined in June 2005

'The organisations are getting much larger now,' he says. 'What I find also is that they have become so much more commercial. They are getting involved in more outright sale. In some places they are competing directly with developers.'

'They have found that even with the second tier management they are having to compete with the private sector.'

Anu Vedi, chief executive of Genesis Group, is now paid £210,000 a year, including a £30,000 bonus – up from £170,000. 'We can't, as a sector, afford to be penny wise and pound foolish,' he says, adding that his group's development programme is now one of the UK's biggest. 'To pay 5 to 10 per cent extra to a senior executive relevant to the mistakes they could make or the savings they could achieve – there is no comparison. It is about appropriate leadership. It is about appropriate management.'

Dianne Jeffrey, chair of Anchor Trust, agrees. Anchor's chief executive John Belcher, last year's table topper, settles for second place this year with a salary of £240,000 (which includes a £40,000 bonus).

Ms Jeffrey says the total – more than £20,000 above the average UK house price – reflects the high level of leadership and commitment that Anchor Trust demands of Mr Belcher. Besides, she stresses, it's the going rate. 'The remuneration for the chief executive is informed by independent assessments of the market rate for senior executives in comparable sectors.'

Bonus bonanza

And more housing association chiefs at the top of the pay scale than ever before are pocketing sizeable bonuses this year. Anchor boss Mr Belcher heads the list, with his £40,000 payment. Such sums are widening the pay gap between the most and least rewarded bosses. Add Mr Belcher and Mr Vedi's bonuses together, and you get more than the salary of many chief executives of small providers – and of course much more than frontline housing officers take home each year.

Joanne Moses, managing consultant with recruiters Badenoch and Clark, expects the gap to widen. 'People are moving towards performance-related pay and bonuses,' she says. 'It is definitely not the be-all and end-all, but it is starting to catch on.'

Mr Dixon adds that he also expects the trend for performance-related pay to continue. 'Consultants like it because they can get paid to devise schemes,' he said.

'I'm not a fan, I'm afraid. As it happens if I was on performance-related pay, having hit all our targets, I'd be coining it.'

And it would seem that not all chief executives are completely comfortable with their soaring salaries. 'From a personal perspective, I'm profiting from it. I can't profess to be unhappy with it,' one chief executive admits. 'In terms of the coherence of the organisation as a whole, clearly it does rankle with people that senior staff like myself get higher rises than the workplace in general.'

Yet he adds that out of kilter salaries for the top executives are purely down to market forces.

'We try to make sure what we are offering is comparable to what is being offered to others so you have got no reason to leave because of salary issues,' he adds. 'It is just the same for anyone else.'

With remuneration committees checking to make sure that other chief executives' rises are not bigger than their own, the trend for ever-heftier pay packets looks set to continue.

In recent years the corporation and the government have cautioned against big jumps – but the sector has now sent out a clear message that it is not listening. Market forces rule.

There is no question that some chief executives are now managing increasingly larger and more complex organisations. But can they persuade tenants and their own frontline staff that the growing financial chasm between them is justified?

● **Additional research by Inside Housing staff**