



Subject	Annual Report to the Board on the Activities of the Remuneration Committee		
Status	Open		
Purpose	For Note		
From	Remuneration Committee		
History	Parent Committee	First Submitted	Revision Number
	Remuneration Committee	03/12/2014	

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1. Purpose

To report to the Board on the Committee's activities.

For Note

2. Terms of Reference

The Committee will submit an Annual Report to the Board on its work.

3. Open

4. Contribution to the Board's Purpose and Objectives

Protect the users and potential users of architects' services and support architects through regulation. The work of the Remuneration Committee supports both of the Board's objectives by ensuring that ARB's policies on remuneration and benefits are appropriate and provide proper reward to staff. The Annual Report ensures that the Board is kept informed of the Committee's work.

5. Risk Implications

A failure to appropriately reward staff and to maintain appropriate staff policies can lead to low morale and performance, the Remuneration Committee's work helps to ensure that this does not occur. ARB also faces particular risks in view of the size of the staff complement and the impact of high staff turnover, unplanned additional workloads and sickness absence can be significant. The Remuneration Committee considers such issues through the staff policies and the triennial staff remuneration and engagement survey. The Committee also makes recommendations to the Board on the daily attendance allowances of those appointed by the Board, along with recommendations on the travel and subsistence levels offered by the organisation.

6. Key Points

a) **Administrative issues – meetings and Committee membership**

The Remuneration Committee was established in July 2009, following a review of Governance and Committee structure.

During 2014 the membership of the Committee consisted of Beatrice Fraenkel (Chair of the Committee until May 2014, then a Committee member), Alan Jago (Committee member until May 2014, then Chair of the Committee from May 2014 to present) and Soo Ware.

The Committee held six meetings during 2014, in January, April, May, September, October and December 2014.

2014 proved to be an unusual year in terms of the number of meetings. The Committee normally only holds two meetings per year. The Committee held additional meetings (3 of which were facilitated via telephone conference calls) due to discussions being held on the appointment of the Interim Registrar, the Committee's Terms of Reference and additional discussions required in relation to Attendance Allowance Payments for 2015.

Prior to 2014 the Committee had been assisted by an external adviser. During 2014 the Committee decided to only use the services of an external adviser as and when it deems necessary.

Minutes of each meeting have been presented to the Board in open session. The Interim Registrar has been present at all meetings, except where issues under discussion have concerned her own remuneration. Marc Stoner, Financial Controller also attended relevant sections of meetings

Key Decisions Taken

- (i) In January the Committee agreed the arrangements for the appointment of the Interim Registrar.
- (ii) In April the Committee reviewed its Terms of Reference and recommended to the Board that the Chair of the Board should no longer Chair the Committee. This recommendation was accepted by the Board. Alan Jago took over as Chair of the Committee with immediate effect.
- (iii) In May 2014 the Committee considered the arrangements for ARB's incentive Scheme and agreed to make no changes to the scheme for 2015. The Committee also provided the Board with a staff salary percentage figure for budgetary purposes.
- (iv) The Committee annually consider a report from ARB's pension adviser, Jon Whyte (2 Plan Wealth Management), who gave a presentation on ARB's pension arrangements and other financial benefits. The adviser attended the May meeting at which time the Committee noted that auto enrolment had been successfully implemented as required. The performance of the pension

adviser was also considered. The Committee agreed to continue the relationship, as a good level of service and advice continued to be provided.

- (v) The Committee reviewed the results of the Committees effectiveness survey. To broaden their understanding of forthcoming changes to employment legislation decided to have a horizon scanning session, which took place at the December meeting. The Committee found the session informative and useful in understanding the current employment legislation landscape.
- (vi) In September the Committee considered the daily attendance allowances paid to Board members and all other appointments to the Board. Following further consideration by the Board at its September meeting, the Committee undertook further explorative work on the role of Board/Council members in other organisations. Comparative data proved difficult to obtain in the short period of time between meetings and as a consequence, no changes to the daily attendance allowances travel or subsistence payments were agreed for 2015. The Board also agreed that a pay and job specification review would be undertaken once the outcome of the Periodic Review is known. The Committee will continue to undertake an annual review of allowances in line with its Terms of Reference.
- (vii) In December the Committee agreed a salary increment of 1% for staff salaries from 1 January 2015. In reaching this decision, the Committee considered the risks surrounding staff retention, particularly in view of the ongoing Periodic Review, Government expectations and ARB's commitment to ensure that costs are contained. The Committee also considered the annual independent benchmarking exercise of the Interim Registrar and Deputy Registrar's salary. Amendments were made to both salary levels to reflect the current market.
- (viii) Having considered the delivery and performance of the 2014 Business Plan, in particularly challenging circumstances, a reward of 3.5% of salary was awarded to the staff team.
- (ix) With the benefit of the independent annual benchmarking exercise the Committee agreed a pay increase of 4.26%. The Interim Registrar was awarded a 4% incentive payment for 2014. The Committee also agreed the Deputy Registrars salary would be maintained at 74% of the Registrars salary.

Standing Business of the Committee

In addition to key decisions, at each meeting the Committee receives a staff report from the Registrar on the risks and challenges facing the organisation, alongside routine matters such as providing assurance from the Registrar that appraisals and the development of team members is being incorporated. The Committee has also considered information on staff absence and movements, staff feedback, including staff engagement surveys.

b) **Resources**

The annual cost of meetings of the Committee is approximately £2,000 per annum. Staff remuneration costs are shown within ARB's management accounts.

The Committee has been pleased to note that its costs have been maintained at a minimum and feels that the high output of the Committee is a very cost effective way of managing the remuneration of staff.

c) **Overview**

The Committee met six times during the last 12 months. The Committee have been willing to meet at short notice and keep costs to a minimum by participating in meetings via teleconference.

7. Resource Implications

None.

8. Communication

The Remuneration Committee provides an Annual Report to the Board to ensure that the Board is able carry out its own oversight responsibilities. The Annual Report provides an opportunity to explore the Committee's work and identify any areas for change.

9. Equality and Diversity Implications

Part of the work of the Committee is to ensure that E & D implications are considered when executing its role.