



**Subject** Annual Report to the Board on the Activities of the Remuneration Committee  
**Purpose** For Note  
**From** The Remuneration Committee

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## 1. Purpose

For the Board to note the Remuneration Committee 2016 Annual Report

## 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. Key Points

### Administrative issues – meetings and Committee membership

During 2016 the Committee consisted of Alan Jago (Chair), Soo Ware and Beatrice Fraenkel, until May 2016, when the membership changed to Alan Jago (Chair), Richard Parnaby and Beatrice Fraenkel. Following the departure of Beatrice Fraenkel in July 2016, Peter Coe became a member of the Committee.

The Committee held four meetings during 2016; in June, August, November and December.

The Committee normally holds two meetings per year, however two additional meetings were held in 2016, a meeting to discuss the daily attendance allowance rates for 2017, and a further meeting to discuss the Board's Travel and Subsistence Policy

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

### **Key Decisions Taken in 2016**

#### **Staff Salary Increase –Budget Figure**

For budgetary purposes the Committee agreed a 2% pay increase should be factored in to the 2017 budget.

#### **Committee Effectiveness Survey**

The Committee reviewed the feedback received as part of the Board and Committee Effectiveness Review undertaken at the end of 2015. The Committee agreed to invite different experts to occasional meetings, as their views and contributions assisted the Committee in ensuring a wider perspective on matters the Committee has to deal with.

#### **Terms of Reference**

The Committee reviewed its Terms of Reference and agreed that the next time the Terms of Reference were reviewed, amendments should be made to reflect the current ARB staff structure.

#### **Old Occupational Money Purchase Pension Scheme**

The Committee met with the organisation's pension advisor to discuss the newly introduced pension regulations. The regulations require the Board to have in place trustees for the organisation's previous Money Purchase Pension scheme. To discharge the Board's duty, the Committee agreed to appoint a firm specialising in this area.

#### **Attendance Allowance Review and Review of Reading Time**

In July, the Committee recommended to the Board, an increase to the daily attendance allowance payable to Board members from £250 per day to £275 per day. The Board decided to defer the recommendations to increase the daily attendance allowance pending the outcomes of the Periodic Review. In August, the Committee reviewed the Board's reading time policy and recommended to the Board that the policy be extended. The recommendation was agreed and an extended reading time policy came into force in October 2016.

The Board also agreed to commence an external role and responsibilities review for all non-staff roles. The outcomes of that review will be considered by the Committee during the first half of 2017.

### **Travel and Subsistence Policy Review**

The Committee reviewed the organisation's travel and subsistence policy and made recommendations to the Board to amend the policy. Following Board agreement in November, the policy was implemented in December 2016.

### **Staff Salary Payment 2017**

In December the Committee agreed a salary increment of 1% for staff from 1 January 2017. 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 independent benchmarking exercise of the Registrar's salary and agreed a salary increase of 2%.

### **Staff Incentive Payment 2016**

Having considered the delivery and performance of the 2016 Business Plan, under the terms of the ARB Incentive Scheme. A reward of 4% of salary was awarded to the staff team. The Committee awarded the Registrar 5% of salary.

### **Standing Business of the Committee**

In addition to key decisions, at each meeting the Committee received a staff report from the Registrar on the risks and challenges facing the organisation alongside routine matters, such as assurance from the Registrar that appraisals and the development of team members continue to be delivered.

As part of the regular reports, the Committee also considered information on staff absences, movements and succession planning.

Annually the Committee invites an external speaker to provide an update on the external human resources landscape. Jerry Taylor from HR Services Partnership attended the November 2016 meeting to provide an external perspective.

## **6. Resource Implication**

The annual running cost of the Committee was £2,804.

## **7. 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. The impact of high staff turnover, unplanned additional work and staff absences 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 Board members and of those appointed by the Board, along with recommendations on the organisation's Travel and Subsistence Policy.

**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.

**9. Equality and Diversity Implications**

Part of the work of the Committee is to ensure that Equality and Diversity implications are considered when executing its role, in particular staff surveys, salary benchmarking and benefits.

The Committee is also alive to the E&D issues surrounding the remuneration of Board members and all other external advisers.