



Subject Remuneration Committee Annual Report to the Board
Purpose For Note
From Karen Holmes, Registrar & Chief Executive

If you have any enquiries on this paper, please contact Karen Holmes at karenh@arb.org.uk or on 020 7580 5861

1. Summary

Under its Terms of Reference, the Remuneration Committee must submit an annual report on its work to the Board; the report based on the Committee's 2017 work is outlined below.

2. Open

3. Contribution to the Board's Purpose and Objectives

In delivering the Act, ARB's objectives are:

Protect the users and potential users of architects' services and to support architects through regulation. The work of the Remuneration Committee supports both 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.

4. Annual Report

Key Points

i. Administrative Issues

From January until the end of March 2017, the Committee members were Alan Jago (Chair), Peter Coe and Richard Parnaby. From May 2017, the Committee consisted of Jagtar Singh (Chair), Nabila Zulfiqar and Richard Parnaby. The Committee held three meetings during 2017; in July, August and November.

The Committee would normally only hold two meetings, but the August meeting was convened to discuss a substantial change to the Board's attendance allowance; the August meeting took place by telephone conference.

Minutes of each meeting have been presented to the Board in open session. The Registrar & Chief Executive has been present at each meeting as well as Marc Stoner, the Head of Finance and Resources who attended for relevant sections of the meetings.

ii. **Key Decisions & Discussions in 2017**

External Review of the Board daily Attendance Allowance

Following the Board decision to bring forward the external pay and benchmarking review for Board members and pay to external advisers, the Remuneration Committee reviewed an initial report prepared by Crowe Clark Whitehill (the Board's appointed External Auditors) at its July meeting. At that meeting the Committee decided to prioritise the Board attendance allowance aspect of the report owing to the potential changes to the governance arrangements recommended as part of the Periodic Review recommendations.

In August, the Committee held a telephone conference, attended by Crowe Clark Whitehill, at which it was agreed to recommend to the Board that the attendance allowance be consolidated to include three hours of reading time bringing the fixed fee to £375 per day, or £187.50 for a half day. The only exclusion being Prescription Committee for which reading time will still be claimable at £50 per hour for any reading time over three hours. This was agreed by the Board at its September meeting and the revised policy came into force on the 1 October 2017.

The Committee also considered an annual allowance for the Chair and Board Members and agreed that this should be reviewed when the new Board structure is known, and a new Chair appointed.

The Committee decided to defer any decisions on the other, non-staff aspect of the exercise until the reviews of ARB's disciplinary process, prescription process and possible 2018 review of the prescribed examination had taken place. This was to ensure clarity on any changes to the various roles and responsibilities as a result of those reviews.

2016 Staff Engagement Survey

At its July meeting, the Committee considered the outcomes of the Staff Engagement Survey which had taken place in December 2016. The responses to the survey were generally positive with no specific actions identified.

Staff Salary Increase – Budget Figure

For budgetary purposes, the Committee agreed a 2% pay increase should be factored in to the 2018 budget. Following discussion around this, the Committee was keen to ensure that staff salaries remained competitive within the market, particularly with those organisations to which ARB might lose staff to. The Committee therefore requested that the Pay and Reward benchmarking exercise, as planned for 2018, be brought forward. Further detail can be found below under 'External Pay and Reward Review'.

Pension Arrangements

The Board's Pensions Advisor attended the July Remuneration Committee meeting to provide assurance that the current group personal pension scheme remains appropriate for the organisation and confirmed ARB's continued compliance with the pension auto-enrolment requirements. Whilst the Committee were content with the current pension advisor's performance and value for money, it requested that the Head of Finance and Resources explore the market in this regard and report back in

the next twelve to eighteen months.

Terms of Reference

In July, the Committee reviewed its Terms of Reference to ensure they remained fit for purpose. A minor amendment was suggested in order to future proof the organisation's staff structure in terms of the Deputy Registrar post. The proposed change was approved by the Board in September 2017.

External Pay and Reward Review

Following the Committee decision to bring forward the Pay and Reward benchmarking exercise in order to ensure ARB continues to be competitively placed in the market, a report was prepared by an external consultant, QCG; a company who work with a wide range of public and private sector organisations. The benchmarking exercise covered staff pay and reward and excluded the Registrar & Chief Executive post.

The report was considered and discussed by the Committee at its November meeting at which the Committee noted that the Registrar would be making some salary adjustments in line with the benchmarking evidence, to ensure salaries remain competitive. The Committee noted that any adjustments would be made with adherence to the organisations pay policy, and the Committee will be receiving a report on the final number of adjustments and total cost within the staff budget at its next meeting. The Committee made no amendments to the staff benefits package or the pay and reward policy provisions.

Staff Salary Increment 2018

In November the Committee agreed a salary increment of 1% for staff, effective from 1 January 2018. In reaching its decision the Committee noted that the Registrar would be making some salary adjustments in line with the benchmarking evidence as outlined above. The Committee also considered the 2016 independent benchmarking exercise of the Registrar's salary and agreed a staggered salary increase of 4% to bring the Registrar's salary more in line with comparative roles.

Staff Incentive Payment 2018

Having considered the delivery and performance of the 2017 Business Plan under the terms of ARB's Incentive Scheme, a reward of 4% of salary was awarded to eligible members of the staff team. In taking the decision, the Committee took account of the additional activities delivered outside the 2017 Business Plan, which included supporting the developing apprenticeship route, early exploration of mutual recognition agreements with some international countries and delivery of the Periodic Review recommendations, along with the additional work needed to start to plan for the UK leaving the EU.

The Committee awarded the Registrar a reward of 5% of salary.

iii. Standing Business of the Committee

In addition to key decisions, the Committee received a staff report from the Registrar & Chief Executive on any staffing issues, including detailed information on the organisation's sickness and staff retention levels at each meeting.

At its July meeting, the Committee requested that the staffing report contain information on staff length of service, staff retention and exit interview feedback. This information was incorporated and considered at the Committee's October meeting.

Annually, the Committee invites an external an external speaker to provide an update on the external human resources landscape. Jerry Taylor from HR Services Partnership attended the November 2017 meeting to provide an external perspective. The Committee continue to find Mr Taylor's presentation and input helpful.

5. Resource Implications

The Committee met three times over the past twelve months although one of the meetings was held by way of a telephone conference.

The annual cost of the Committee for 2017 was £2,683.70.

6. 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 team. 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 annual engagement surveys.

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. Regular reviews of the payments made to those assisting ARB to deliver its statutory functions is important in ensuring it can continue to attract high calibre people.

7. Communication

The Remuneration Committee provides an Annual Report to the Board to ensure that the Board is able carry out its own oversight responsibilities.

8. 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 Equality and Diversity issues surrounding the remuneration of Board members and all other external advisers. The Committee can confirm due regard was given to all of the presented agenda items.