

Minutes of Remuneration Committee Meeting held on 18/05/2018

Location	Present	In Attendance
8 Weymouth Street London W1W 5BU	Jagtar Singh Richard Parnaby Nabila Zulfiqar	Marc Stoner Karen Holmes

Note

Action

1. Apologies for Absence

There were no apologies for absence.

2. Minutes

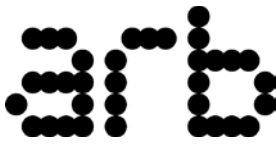
The minutes of 29 November 2017 were approved. The Committee noted the importance of its minutes being clear in terms of the discussion that took place and the decision that was made, particularly in relation to areas such as staff pay and reward that require the minute to reflect a fuller discussion. The Committee noted that at the Board meeting on 11 May 2018, it was requested that three issues that had been raised at the Board meeting on 14 February 2018 concerning the Remuneration Committee's Annual report and draft minutes from November 2017, be noted and considered further by the Committee.

The three issues raised by Board members were:

1. The protocol for raising questions about staff salaries and benefits. The Committee was asked to consider how questions should be raised and whether staff members present should be excluded from any ensuing discussion.
2. An amendment to the Board minutes to reflect a concern raised by a Board member that the Registrar had received a higher percentage increase than staff members.
3. A request that the method by which decisions about staff salary increases, including the Registrar's salary, be discussed by the Committee and consideration given as to whether it remains appropriate.

The Committee discussed the three areas raised and:

- Agreed that the Chair will request that Board members raise queries or concerns about staff salaries and benefits in advance of meetings.
- Noted that the Board minutes from 14 February 2018 had been amended to reflect the point raised by a Board member that the Registrar had received a



higher percentage salary increase than staff members. The chair agreed he was happy to be approached by board members and provide assurance that the process of pay and rewards was well documented and within the ARB policies

- The request from a Board member for the Remuneration Committee to consider the method by which staff member's salaries were agreed was fully discussed. It was agreed that ARB should not carry out a full review of protocol at this stage. It was noted that following the 14 February 2018 Board meeting, the Chair of the Committee circulated a note clarifying the process by which remuneration, including the Registrar's salary, was agreed and that Board members had received the report and were satisfied with the approach

3. Matters Arising

The Committee noted the report.

4. Report on Staffing Matters

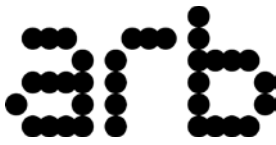
The Committee discussed the staffing report, including a wider discussion on the current corporate risks in relation to staffing issues, including staff retention. Having discussed the current corporate risk profile, the Committee decided there were no concerns they needed to escalate to the Audit Committee.

5. Budget Guide Figure for 2019 Staff Salary Award

The Committee discussed the paper provided by the Head of Finance and Resources which explained that the Committee was being asked to set a budgetary provision for the 2019 annual pay award for all staff. The actual decision on what staff would receive by way of any award for 2019 would be decided by the Committee in November 2018.

The paper highlighted that there was currently no guidance provided by the Government or MHCLG specifically in relation to 2018/2019 pay awards. The paper went on to explain that information on what other regulators were intending to pay in 2019 was also not yet available. The Committee discussed if a 2.5% budgetary figure would be more appropriate based on the information available, but decided that to enable the Committee to have sufficient flexibility when it decided upon the award given to staff; a 3% budgetary figure should be put forward as part of the budget presentation to the Board. The final decision on the budget provision would be a Board decision, however Remuneration Committee would be recommending for budgetary purposes that 3% should be included in the 2019 budget.

It was agreed that as part of the new Board's induction process, a presentation on the role and functions of the Remuneration Committee should be included. The



session should include an overview of staff benefits and the decision making provisions set out in the Committee's Terms of Reference and the Scheme of Decision Making.

The Registrar informed the Committee that she would be getting QCG, the company who had undertaken last year's external salary and benefits review, to assist her in ensuring the processes surrounding adherence to ARB's pay policy and communication of the policy to ARB staff is transparent and consistent.

6. Board Member, Committee Member and Adviser Attendance Allowance and Travel and Subsistence Policy

The Committee discussed the paper which made three recommendations

- i. Hold the attendance, subsistence and travel allowances at the current level for 2018/19 for all Board members, Committee members, Panel members and Advisers (excluding Inquirers); and
- ii. Increase the hourly rate for Inquirers from £75 per hour to £120 per hour
- iii. Amend the wording in relation to use of hotels to state:

*'If you are required to leave home before 6.30am on the morning of the meeting in order to arrive for the planned start time, you **may** be entitled to claim for overnight accommodation. If you believe an overnight stay is necessary to attend a meeting, please consult with the meeting organiser'*

After discussion, the Committee agreed to support all three recommendations. A paper on the recommended changes will be presented to the Board for consideration.

7. Pension Arrangements

(i) A report from ARB's pension adviser on ARB staff pension arrangements

'Main' Scheme (Scottish Widows) Update

- Group Personal Pension Scheme remains appropriate vehicle going forward and is the most used product for 'quality' company pension schemes.
- Fully compliant with Auto Enrolment duties with next submission to The Pension Regulator not due until 2020.
- Performance of default investment fund against peer group well above average over all periods

1yr	3yrs	5yrs
6.8% (3.7%)	31.9% (17.5%)	50.7% (32.3%)



[Source – Trustnet for period ending 15/05/18]

- Investment and administrative charges (bundled together) remain broadly competitive at 0.6% against maximum allowable of 0.75% (20% reduction on the max)

Historic Occupational Scheme (Legal & General) Update

- Scheme remains “dormant” (closed) Currently 14 members – none are employed by ARB
- Other than trustee and administrative duties, there is no further liability for ARB and no future funding requirement
- Trustee duties being met with the support of Pitman Trustees Ltd (PTL) as qualified independent trustee. This mitigates the risk to ARB following significant rule changes in 2016.
- Previously reviewed and found that underlying guarantees (annuity) made the formal wind up of the scheme uneconomic. The largest liability lies with the oldest member (now 60) and we can revisit the position when she takes her benefits from the scheme.

Recent/upcoming Pension Developments

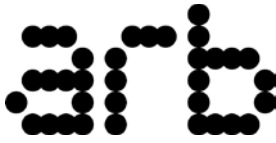
- Continued changes to contribution and allowance rules – no employees known to be affected
- Minimum Auto-enrolment contributions changed in April 2018 and will do so again in April 2019 but minimal impact on ARB as current funding exceeds minimums

(ii) Performance review of the pension adviser

The Committee discussed the Pension Adviser’s current performance, value for money and service levels, and remained content with the provision of service. The Head of Finance and Resources will explore the market to ensure value for money is demonstrated and will provide a paper to the Committee within the next twelve months.

8. Remuneration Committee Terms of Reference and Responsibilities

The Registrar introduced this item, explaining that Annex A of the paper set out details as to how the Committee had met its Terms of Reference over the last year. The Committee agreed that when its Terms of Reference were looked at in accordance with the wider review of the Board’s General Rules, as required by the forthcoming constitutional changes, that the first bullet point under its duties (To determine the principles and policies governing pay and reward of ARB’s staff) be



adjusted to state that the Committee sets the principles and policies governing pay and reward of ARB's staff.

9. Remuneration Committee Effectiveness Review Survey

The Committee noted the outcomes of the survey and discussed the answers from each of the questions surveyed. No actions were required as a result of the survey.

10. Key Succession Planning Policy

The Registrar presented the updated policy, explaining further the challenges of running a small organisation in terms of key succession planning and loss of knowledge and skills. The Committee noted the updated Succession Planning Policy and the Registrar's explanations of how risk in this area is mitigated.

11. Staff Engagement Survey and Appraisal Process Feedback

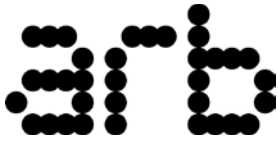
The Committee discussed the surveys and considered that overall they were both very positive. The Head of Finance and Resources explained that he was due to hold some small focus groups with staff to explore further key areas that had been identified in the staff engagement survey such as flexible working, stress and pressure at work, and training and development.

The Committee noted a comment around dialogue with Staff and the Board and how we can get to a rating of strongly agree. The Chair of the Board has committed to starting a programme of meeting with individual staff teams and then the overall staff team.

12. Registrar Salary

The Committee discussed the benchmarking exercise required for the Registrar & Chief Executive's salary. The Head of Finance provided the Committee with a proposal from a company called QCG who had provided the staff salary benchmarking in 2017.

The Committee agreed to proceed and asked the Head of Finance and Resources to co-ordinate the project with an aim to receive the report by the end of summer for discussion at an additional meeting. This would ensure issues faced in 2017 (such as tight deadlines for pay runs) could be avoided.



Note

Action

13. Any Other Business

There was no any other business.

14. Dates of Next Meetings

6 December 2018 at 10am