



Subject Remuneration for new appointed Chair
Purpose For Decision
From Remuneration Committee

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1. Summary

To consider increasing the remuneration paid to the incoming Chair of ARB to align with best practice.

2. Recommendations

It is recommended that the Board:

- i. Agrees to increase the daily attendance allowance being advertised for the Chair for the newly constituted Board to £500 per day
- ii. Continues to defer the decision in relation to the chairs of Committee remuneration until the new Board and committee structure has been decided by the new board.

3. Open

4. 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
Support architects through regulation.

An appropriate level of remuneration for Board, Committee, panel members, advisers and ARB's staff ensures that ARB is fair, effective and efficient and assists in supporting all of ARB's strategic objectives.

5. Background

i. Increased daily attendance allowance for Chair

In September 2017 following an external benchmarking exercise undertaken by Crowe Clark Whitehill (CCW), the Remuneration Committee reported to the Board the outcomes of the benchmarking exercise and made a number of recommendations to amend the rates paid to Board members and external advisers.

The benchmarking exercise highlighted that it is now common practice in other public and regulatory bodies that an increased daily rate or annual fee is paid to

the Chair of the organisation. It also identified that committee chairs receive an increased daily or annual fee for the additional responsibility held.

The Committee, after discussion, recommended to the Board that any decision on increasing the remuneration paid to the Chair of ARB should be left to the new Board to decide once the new Board/Committee structures were in place. The Committee acknowledged the risk of not proposing an increased fee when advertising for a Chair of the Board, however it felt the risk could be mitigated by stating in any advertising material that the current remuneration may be subject to review.

Last week the Registrar and Head of Qualifications and Governance met with the Head of Public Appointments at the MHCLG to discuss the timetable and logistics of the forthcoming recruitment campaign. It was suggested by the Head of Public Appointments that the implementation of increased remuneration payable to the Chair of ARB is considered before going out to recruitment, as it is now standard practice for the chairs of Arm's Length Bodies (ALB's) to be paid at a higher rate.

The Head of Public Appointments said the average rate for a chair's position is currently £500 per day, although a number of bodies have a set annual amount, it normally works out to approximately £500 per day.

In conjunction with the information received from MHCLG, we referred to the benchmarking exercise undertaken by CCW, in which their findings refer to a daily rate of between £400 and £500 being paid to the Chair. CCW recommended that the Chair of the Board should receive an enhanced honoraria (taking into account responsibility and additional time commitment) or an enhanced day rate. A minimum level of £400 per day or £8,000 per annum was suggested.

The time commitment required of the ARB chair has grown over the last four years, with the increase in commitment unlikely to decrease over the coming years. Based on the information received from MHCLG and the findings of the CCW benchmarking exercise, it is proposed that the decision to differentiate between the remuneration offered to the Chair of ARB is agreed before the MHCLG undertake the recruitment exercise for the appointment of the ARB Chair later this summer. Offering a competitive remuneration package will ensure that chairing ARB is an attractive proposition and that ARB is competitive in recruiting and retaining a Chair with the required skills and experience to lead on setting strategic direction in a challenging environment.

ii. Introduction of fixed annual fee

As illustrated in the CCW report and the information provided by the MHCLG there are two common ways to remunerate the Chair of an organisation and Board members, via a daily rate, set competitively, or an annual amount based on an assumption of the days that will need to be committed to.

Given that we are unsure of the time requirements and the fact that we have yet

to determine the annual rate to be offered to the rest of the Board, the recommendation is to increase the daily rate offered as part of the recruitment campaign. The introduction of a fixed annual fee can be considered when we are in a better position to assess the annual commitment required of a strategic focused Board chair, its Board members and their involvement in any new committee structure. Once this information is known, it is recommended that a further consideration is given to the introduction of an annual fixed fee for the Chair and appointed Board members.

iii Increased remuneration for chairs of committees

During the meeting referenced above, the Head of Public Appointments informed ARB that increased remuneration for the chairs of Committee's, in a number of other ALB's, is prevalent. The recruitment of chairs for ARB's committee's will be agreed by the new Board, once the Secretary of State and Privy Council have appointed the 10 members of the Board. As such, the new Board would be able to make the decision to offer chairs of committee's enhanced remuneration, as the increased amount is not likely to impact on the recruitment campaign for Board members to be run later this year.

It is therefore recommended that this decision is deferred until the new Board is appointed and the committee structure of the newly constituted Board is in place.

6. Resource implications

The above recommendation will need to be factored into the 2019 budget.

At present, the governance arrangements and committee structures, including any enhanced remuneration paid to Committee Chairs, remain unknown. However, costs will have to be factored into any changes and approved by the Board at that time.

7. Risk Implications

It is important that we continue to attract and retain high quality individuals who deliver key roles, in the most efficient and effective manner. Having a clear understanding of what the new Chair will be paid will be important when the MHCLG go out to recruit for a new Chair under the revised governance arrangements.

8. Communication

The Board needs to ensure that the remuneration it offers its Chair and Board members remain competitive so it can attract the skills and expertise required by the Board.

9. Equality and Diversity Implications

ARB strives to be an inclusive organisation and attracting candidates for the role of Chair the remuneration offered must ensure that all appropriately qualified people can participate whatever their income or circumstances. The new committee structure and any associated arrangements will be subject to an equality impact assessment.

10. Further Actions

Continuation of agenda item 9a

To ensure the MHCLG advertise the role of Chair based on the agreed remuneration package decided by the current Board.