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|  | **Committee Meeting** | **21 July 2021** |
| **Agenda Item** | **10** |

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| **Subject** | **Draft RaAC Annual Report (1 January 2020 to 31 May 2021)** |
| **Purpose** | **To Note** |
| **From** | **Chair of the Remuneration and Appointments Committee** |

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| **1.** | **Summary** | |
| The Committee provides a written report to the Board annually on its activities.  The Board are asked to note the Remuneration and Appointment Committee’s Annual Report covering the period 1 January 2020 to 31 May 2021. The period of the report is to ensure all of the additional work of the committee is captured and going forward will cover a 12 month period. | |
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| **2.** | **Terms of Reference** | |
| The purpose of the Committee is to consider, and provide, advice and recommendations to the Board on strategic human resource issues, including appointment, performance, remuneration and removal of the Chief Executive; all non-executives (including statutory committee members), and to approve the remuneration and reward package offered to staff. | |
| **3.** | **Open** | |
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| **4.** | **Key Points – Work of the Committee** | |
| **i** | **Membership**  During the reporting period the Committee membership has been:  1 January 2020 to June 2020   * Derek Bray (Chair) * Alison White (resigned from the Board 5 June 2020) * Stephen McCusker * Ian Muir (Independent Member)   June 2020 to 31 May 2021   * Derek Bray (Chair) * Alan Kershaw * Stephen McCusker * Ian Muir (Independent Member) |
| ii**.** | **Meetings**  The Committee held eight meetings between 1 January 2020 and 31 May 2021. The Committee was quorate for all meetings. |
| iii. | **Attendees**  A representative from IES, the company who carried out the initial pay and reward review presented a summary of the review findings to the Committee in April 2020.  Board member Emeritus Professor T Crook attended a section of the 27 May 2020 Committee meeting. The Board had requested that Professor Crook be the Board’s point of contact with the Ministry for Housing, Communities and Local Government (MHCLG) concerning the departure of the former Chief Executive Officer. Professor Crook attended the Committee meeting to provide an update from the MHCLG. |
| iv. | **Terms of reference**  The Committee reviewed its Terms of Reference in July 2020, with the amendments agreed by the Board in September 2020.  The Committee has considered its workplan to ensure the plan adheres to all aspects of the Terms of Reference. |
| v. | Chair’s activity  Apart from the Committee Chair’s duties in relation to the Committee, the Chair also led on the appointment of a new CEO. |
| vi. | **Regular reporting to the Board**  The Committee provided regular feedback to the Board through its minutes and, as appropriate, oral updates.  Throughout 2020/2021, the Committee continued to alert the Board to any new or increased risks facing the organisation, and it worked closely with the Executive to gain assurance that in all cases the risks were managed appropriately. |
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| **5.** | **Risk Implications** | |
| Risks are identified within the report. | |
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| **6.** | **Communication** | |
| The Committee prepares an annual report for the Board to assist the Board in carrying out its oversight responsibilities. The annual report also gives the Board an opportunity to explore the Committee’s work and identify any areas of concern. | |
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| 7. | **Equality and Diversity Implications**  None identified in direct relation to this report. The Committee does however receive regular reports on EDI in respect of the staff team and applicants. | |

**Remuneration and Appointments Committee**

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| The purpose of the Committee is to consider, and provide, advice and recommendations to the Board on strategic human resource issues, including appointment, performance, remuneration and removal of the Chief Executive; all non-executives (including statutory committee members), and to approve the remuneration and reward package offered to staff. | |
| **Line item** | **Activity** |
| **Staff**   * To review and recommend to the Board the principles and policies governing the pay, incentivisation and all other aspects of the total reward package of ARB’s staff. * To review and recommend to the Board the strategic approach to organisational design, job evaluation methodology, incentivisation and total reward. * To receive information about developments in external pay and reward, which may include commissioning expert advice, and advise the Board and Executive accordingly. * To consider and recommend to the Board the total reward package for staff, on an annual basis. To receive reports on how the policies governing the total reward package are being adhered to. * To provide advice on HR strategy. * To receive, consider and provide advice on HR matters, including any in year salary amends and structural changes from the Chief Executive. | At its April 2020 meeting, the Committee was presented with a report around the pay and reward review, carried out by IES, the findings from this report covered both staff and non-executive pay. Although this work predates the current People Strategy development work, the evidence gathered has informed the work being undertaken.  A consultant was appointed to commence a project to review and analyse ARB’s current benefits and pay structure which involved a full consultation with the staff team to ensure their views were accounted for. In May 2021, following a recommendation from the Remuneration and Appointments Committee, a decision was taken by the Board to cease arrangements for the staff incentive scheme. The project around benefits and pay structure is ongoing with updates oversight of the Remuneration and Appointments Committee and regular reporting to the Board.  Throughout the year, the Committee has considered and made recommendations to the Board where appropriate on staff benefits and policies (or changes to existing benefits or policies) including:   * Implementation of a cycle loan proposal * Review of administrative changes to pension scheme * A review of staff notice periods and probationary periods * Soundings were also taken from all Board members and advice was sought from the RaAC independent member on the ongoing and recently agreed paper on strategy and capacity planning (agreed by the Board in May 2021).   Any in year salary adjustments have been reported to the RaAC.  The Committee received staffing data periodically throughout the reporting period on the following:   * staff turnover * recruitment (including recruitment costs) * staff team profile * sickness absence * staff training and development * equality and diversity (for employees and job applicants)   The data presented remains under review by the Committee.  At its meeting of September 2020, the Committee discussed and agreed to propose to the Board a cost of living pay award and incentive scheme payment (prior to the cessation of the scheme). The Committee’s recommendations were approved by the Board in October 2020. |
| **Chief Executive and Registrar** | |
| * To consider and make recommendations to the Board (in accordance with Section 2 of the Architects Act) for the appointment, and where necessary, the performance management and removal of the Chief Executive. * To review, advise and make recommendations to the Board regarding the pay, incentivisation and total reward package of the Chief Executive. | Owing to the former Registrar’s resignation in May 2020, the Committee met in late May 2020 to discuss the appointment of a Temporary CEO and Registrar (to include pay and reward for the role), as well as discussing a recruitment campaign for filling the post on a permanent basis. Part of that discussion around the recruitment process resulted in the independent member of the Committee re-drafting the job description and person specification for further review by the Committee. The Committee took a recommendation on the temporary CEO and Registrar appointment, as well as the recruitment plan for the permanent replacement to the Board in late May 2020, both of which were agreed |
| **Senior Leadership Group** | |
| * To support and advise the CEO on the recruitment, appointment and structure of the Senior Leadership Group where required. * To approve the CEO’s recommendations for Senior Leadership Group remuneration reviews and any in year salary movements. | The Committee was consulted on job title amendments of the Senior Leadership Group, changing from ‘Head’ of Department to ‘Director’ of Department. This was agreed in July 2020.  The Committee provided support on the re-structure of the Communications team, to include the creation of an additional post in the Senior Leadership Group, being the Director of Policy and Communications.  Any in year salary adjustments were agreed by the RaAC. |
| **Non Executives and advisers** | |
| * To advise and make recommendations to the Board about the remuneration of all non-executives and advisers, including travel and subsistence payments. * To advise and make recommendations to the Board about the recruitment and re-appointment policy of all non-executives and advisers (including statutory committee members). * To advise and make recommendations to the Board about performance review processes policy for all non-executives and advisers. | In April 2020, the Committee discussed and agreed to make recommendations to the Board around an increase to various non-executive pay rates. The Board discussed the recommendations and acknowledged comments made by members of the RaAC that now might be the right time for pay increases, and decided that the only increase made should be for the members of the Professional Conduct Committee, so as to ensure to attract the right calibre of candidates for those roles which were being recruited to at that time.  In September 2020, the Committee discussed whether to recommend to the Board a policy change to the remuneration of Board members. This resulted in a recommendation being taken to the Board, although the Board determined that while there were merits to an annual payment system, now was not the time to implement. This decision is due for review.  Also at its September 2020 meeting, the Committee discussed and agreed to recommend to the Board policy changes in respect of the recruitment and management of non-executive posts, excluding Board members. The suggested amendments were discussed and approved by the Board at its October 2020 meeting |
| **Board Appointments** | |
| * To advise and make recommendations to the Board in the event that it needs to appoint a temporary member of the Board in line with General Rules. * To advise and make recommendations to the Board in the event that it needs to appoint a temporary Chair in line with the General Rules. | While there was a requirement for a temporary Board chair in the reporting period, due to timing issues this process was considered and agreed by the full Board. |
| **Strategic HR Advice** | |
| * To provide strategic and confidential advice to the Chief Executive in the event that this is required. | As referenced under the Senior Leadership Group section above, the Committee provided support on the re-structure of the Communications team. |
| **Membership** | |
| The members of the Committee shall be appointed by the Board and shall consist of the following:   * Three Board members, one of whom will be appointed as Chair * Two lay Board members and one architect Board member should sit on the Committee.   The Board may also appoint one additional external member to supplement the Committee’s skills base and/or provide an additional independent perspective.  A member of the Executive should act as secretary to the Committee.  Other regular attendees at the Committee are:   * Chief Executive and Registrar * Relevant members of the Senior Leadership Group (on invitation only basis)   The Committee may ask any other member of staff, or such others as may be appropriate, to attend to assist it with its discussions on any particular matter. | Members of the Committee in the reporting period have been:  **January to May 2020:**  Derek Bray (Committee Chair)  Alison White (Resigned from the Board 5/6/20)  Stephen McCusker  Ian Muir (Independent Committee Member)  **June 2020 to present:**  Derek Bray (Committee Chair)  Alan Kershaw  Stephen McCusker  Ian Muir (Independent Committee Member)  As set out in the covering paper, Board member Emeritus Professor T Crook attended a section of the 27 May 2020 Committee meeting. |
| **Quorum** | |
| The quorum of the Remuneration and Appointments Committee should not be less than two members of the Committee. | All meetings of the Remuneration and Appointments Committee have been quorate. |
| **Meetings and Procedures** | |
| The Committee will meet up to four times per year. | In 2020, the Committee met six times, higher than the Terms of Reference set out. Two of those meetings related to the resignation of the CEO and Board Chair. |
| **Reporting Requirements** | |
| The minute taker, who will be the Director of Finance and Resources or in their absence, an alternate member of the Executive, will circulate the minutes to the next Board meeting. The Chair will provide an annual report on the Committee’s work to the Board, and review the performance of the independent member. | Minutes have been presented to the Board following each Committee meeting.  This has been the first written annual report of the Committee since 2019, regular reports have been made verbally to the Board alongside the presentation of minutes.  The Committee Chair carried out an annual review with the Independent Committee member in September 2020. |
| **Papers and Agendas** | |
| The Executive shall circulate the agenda and papers five working days before each meeting. The minute taker will circulate the minutes of all meetings to both the members and attendees of the Committee, once they have been approved by the Chair. | This has been complied with throughout the reporting period. |
| **Conflicts of Interest** | |
| Any member or attendee of the Committee who becomes aware of a potential conflict of interest, relating to matters being discussed by the Committee, should give prior notification to the Chair and the Registrar and Chief Executive. If this is not possible, they should declare this at the start of the meeting and, where necessary, withdraw during the discussion of the relevant agenda item. | Conflicts are requested at the start of each meeting. |