



Subject	Annual Report to the Board on the Activities of the Remuneration Committee		
Status	Open		
Purpose	For Note		
From	Remuneration Committee		
History	Parent Committee	First Submitted	Revision Number
	Remuneration Committee	03/12/2014	

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#### 1. Purpose

For the Board to note the Remuneration Committee's 2015 Annual Report to the Board.

#### 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. The Annual Report ensures that the Board is kept informed of the Committee's work.

#### 5. Key Points

##### a) Administrative issues – meetings and Committee membership

The Remuneration Committee was established in July 2009 following a review of Governance and Committee structure.

During 2015 the membership of the Committee consisted of Alan Jago (Chair), Soo Ware and Beatrice Fraenkel.

The Committee held three meetings during 2015; in June, October and November.

The Committee normally only holds two meetings per year, however an additional meeting was held in October to discuss the daily attendance allowance for 2016 paid to the Board, and those appointed by the Board, to assist it with its functions.

The Committee also led on the recruitment of the Registrar in June 2015. Prior to 2014 the Committee had been assisted by an external adviser. During 2014 the Committee decided to only use the services of an external adviser as and when it deems necessary. During 2015 the Committee sought advice and assistance in relation to the recruitment of the Registrar from Jerry Taylor of HR Services Ltd.

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, Financial Controller, also attended the relevant sections of meetings.

#### **Key Decisions Taken – June Meeting**

- (i) In June the Committee reviewed its Terms of Reference and decided no changes were required.
- (ii) The Committee considered the findings of an external staff pay and reward benchmarking review. The Committee made no changes to the pay and reward policy provisions provided to the organisations staff, including the established incentive reward scheme.
- (iii) The Committee considered a report from ARB's pension adviser, Jon Whyte (2 Plan Wealth Management), who gave a presentation on ARB's pension arrangements and other benefits. The Committee noted that auto enrolment had been successfully implemented as required by law. The performance of the pension adviser was also considered. The Committee agreed to continue the relationship, as a good level of service and advice continued to be provided to the Board.
- (iv) The Committee reviewed the results of the 2014 effectiveness survey specific to the Committee's role. To broaden their understanding of forthcoming changes to employment legislation, the Committee decided to continue to have a horizon scanning session annually, at which time an external speaker would be invited.
- (v) The Committee also started to consider a benchmarking exercise to assist them in making a recommendation to the Board on the 2016 daily attendance allowances payable. It considered that more information was required, particularly in terms of financial modelling; further information was sought over the summer period.

#### **Key Decisions Taken – October Meeting**

- (vi) The Committee held an additional meeting via teleconference to further consider the daily attendance allowances and travel and subsistence payments made to Board members and other external advisors appointed by the Board. The Committee recommended to the Board in November that no amendments to the current attendance allowances or travel and subsistence should be made until the outcomes of the Periodic Review are known, and a full job evaluation could be undertaken on all non-staff roles.

### Key Decisions Taken – November Meeting

- (vii) The Committee agreed a salary increment of 1% for staff from 1 January 2016. In reaching this decision, the Committee considered the risks surrounding staff retention, particularly in view of the on-going Periodic Review, Government expectations, and ARB's commitment to ensure that costs are contained.
- (viii) Having considered the delivery and performance of the 2015 Business Plan, in particularly challenging circumstances, a non-consolidated staff incentive payment of 4% of salary was awarded to the staff team under the terms of the scheme. The Registrar was awarded a 6% non-consolidated incentive payment and a 1% salary increment for 2016.

### 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 providing assurance from the Registrar that appraisals and the development of team members is being delivered. The Committee also considered information on staff absence and 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 2015 meeting to provide an external perspective.

#### b) Resources

The annual cost of meetings of the Committee is approximately £2,000.

- (i) Staff remuneration costs are shown within ARB's management accounts.
- (ii) The Committee has been pleased to note that its costs have been maintained at a minimum and feels that the high output of the Committee is a very cost effective way of managing the remuneration of staff, Board and external advisers.
- (iii) The Committee met three times during the last 12 months and led on the recruitment of the Registrar. The Committee have been willing to meet at short notice and keep costs to a minimum by participating in meetings via teleconference.

## 6. Risk Implications

A failure to appropriately reward staff and to maintain appropriate staff policies can lead to low morale and performance, and poor staff retention. The Remuneration Committee's work helps to mitigate those risks in an appropriate and proportionate way.

A failure to offer an appropriate daily attendance allowance payment may create an inability to attract the right calibre of individuals to join the Board, or assist with the variety of external adviser roles. Providing the appropriate level of attendance allowance is important to ensure that the Board attract a diverse range of candidate, and not just those who have

sufficient means to self-finance undertaking a role for the organisation.

The Committee are committed to exploring this as part of the job evaluation project, which will including looking into the possible introduction of carer/independent allowances, alongside a competitive daily attendance allowance rate.

ARB faces particular risks in view of the size of the staff complement. The impact of high staff turnover, unplanned additional workloads and sickness absence 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 those appointed by the Board, along with recommendations on the travel and subsistence levels offered by the organisation.

**7. Resource Implications**

None.

**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. The Annual Report provides an opportunity to explore the Committee's work and identify any areas for change.

**9. Equality and Diversity Implications**

Part of the work of the Committee is to ensure that E & D implications are considered when executing its role, in particular when considering the outputs of staff surveys, salary benchmarking and benefits reviews.