



Date 7 September 2020
Agenda Item 6

Subject Non-staff annual performance and development review process
Purpose For Decision
From Remuneration and Appointments Committee

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1. Summary

A proposal was taken to the 30 July 2020 meeting of the Remuneration and Appointments Committee (RaAC) with a recommendation from the Executive that section 6a of the annual review process that was agreed by the Board on 5 March 2020 is updated on the following grounds:

In order to fulfil the Ministry of Housing, Communities and Local Government's terms and conditions of appointment for the Chair and the terms within the Framework Agreement, ARB is required to appoint an external, independent person to undertake the Chair's annual performance and development review.

The Committee also agreed that the Executive should make recommendations back to the RaAC outlining the process for the non-executive members that sit outside the Board and Committee structure.

2. Recommendations

The Board is asked to:

1. Agree the amendment to Section 6a of the Annual Performance and Development Review process regarding the Chair's annual performance and development review, as outlined in section ii below and within Annex A; and
2. To note that a proposal will be brought back to the Board to outline the proposed plan for the remaining 70+ non-executive reviews.

3. Open Session

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

Support architects through regulation

5. Key Points

- i. The Board, at its 5 March 2020 meeting, agreed a revised process for carrying out annual performance reviews for its Non-Executive Members of the ARBs Governance Structure (**Annex A**).

The Board additionally agreed a revised process for non-executive advisors. However, that process was subject to two areas of concern flagged by the Executive both within the paper and at the meeting, which were as follows:

1. That it was important to not to indirectly change the status of the individuals as this could expose ARB to additional tax liabilities; and
2. That a solution was needed in terms of who would carry out 70+ performance reviews of the organisation's advisors (a function previously carried out by the Executive).

- ii. The process currently includes a requirement to additionally nominate a registrant and lay member of the Board each year to conduct the Chair's review. The approved annual review scheme as it stands also states that two nominated non-executive members shall seek feedback from the Chief Executive on the Chair's performance, from the Board and from any other stakeholders as they feel necessary to support the process.

It is the Executive's view that involving two additional individuals in the Chair's review process is burdensome and overcomplicates the process. The Executive believe that it is for the independent external reviewer to seek the feedback from the CEO, Senior Leadership Group and Board members as part of the process, and that the 2nd paragraph of section 6a should therefore be removed from the policy, as indicated at **Annex A**.

- iii. With regards the revised process for non-executives, it was agreed by the RaAC that that the Executive reviews and prepares a process for the 70+ advisors; that the process should then be reviewed by the RaAC before being presented to the Board for final agreement. Notwithstanding the above, in order that the performance review process can continue to operate effectively this year, we plan to move forward with the annual review process for Board Members and Committee Members, as per the agreed policy.
- iv. The Board is asked to approve the adjustment to section 6a of the annual performance and development process as outlined in Annex A, and to note that the Executive will bring back further proposals in relation to the review process for the 70+ advisors following the RaAC's consideration of the position.

6. Resource implications

There are no significant financial resource implications in moving forward with the review process of the Board and Committee members. However, there will be human resource required to co-ordinate the process along with the Board Chair.

7. Risk Implications

The revisions are aimed at ensuring ARB has an effective, robust but proportionate annual performance and development review process, which aligns with the ARB/MHCLG Framework Agreement and Board members' conditions of appointment in place.

8. Communication

Having a clear and transparent annual performance and review process in place supports good corporate governance.

9. Equality and Diversity Implications

None identified

10. Next steps

1. The Chairs of the Committees will carry out reviews of the non-executive members of their Committees during September 2020.
2. The Chair of the Board will carry out the reviews of the Committee Chairs and obtain feedback on other members of the Board serving those Committees.
3. The Chair will then carry out the reviews of all other Board members.
4. The Chair's review will be undertaken later this year.
5. The Executive will take a paper to the RaAC setting out the propose review process for the 70+ other non-executives before bringing final recommendations back to the Board for consideration.
6. An updated version of the process will replace the relevant annex to the Board Handbook once it has been agreed.

This process will be completed by the end of October 2020.