



Subject Internal Governance Review Report
Purpose For Decision
From Head of Qualifications and Governance

If you have any enquiries on this paper, please contact Emma Matthews at emmam@arb.org.uk or on 020 7580 5861

1. Summary

To note an update on the progress of the internal governance review and to agree the next steps that should be undertaken within the proposed timeframes.

2. Recommendations

It is recommended that the Board:

- i. Notes an update on the progress of the internal Governance Review;
- ii. Agrees that all committee minutes should follow the Board minutes in terms of their structure, tone and level of detail, as well as the protocols for the approval and sign off of Board minutes, once each committee commences its work under the agreed terms of reference; and
- iii. Agrees the next steps and timeframes as outlined in key point ii.

3. Open Session

4. Contribution to the Board's Purpose and Objectives

A review of the Board's governance and committee structure will enable ARB to continue the delivery of its strategic aims and fulfil its statutory obligations under the Architects Act 1997 ('the Act').

5. Key Points

i. Context/Background

At its meeting of 1 April 2019, the Board agreed to undertake an internal governance review and appointed a Governance Working Group to do the following:

- clearly define the role of the Board;
- undertake a review the non-statutory committee structure and put forward recommendations to the Board in relation to the following:
 - The future structure and composition of the committees that will be required to support the Board's work in delivering its

- statutory obligations, its objectives and priorities;
- The terms of reference for each of the committees needed to underpin the Board's work
- identify the inter-relationships between the committees and the Board;
- identify the changes that will need to be made to the Board's General Rules in order to ensure that they will fully align with the revisions made to Schedule 1 of the Act; and
- identify any further areas of governance that need to be reviewed at a later stage.

At its meeting on 19 July 2019, the Board was provided with an update on the progress of the review. The Board also considered and agreed the revised committee structure, the terms of reference for its committees which included details of their relationships with the Board, as well as a statement setting out the purpose and role of the Board.

ii. **Progress Report**

Population of the Committees

As agreed on 19 July 2019 the Executive, in conjunction with the Chair, have developed and brought back proposals regarding the population of the committees to the Board for consideration and approval. There is a separate paper setting out the recommendations regarding the appointments to the committees and an outline of the recruitment process for the independent non-executive committee positions on the agenda.

Board Committee/Minutes

In undertaking the review, we have identified that different minute taking practices have been adopted across the outgoing committees, particularly in relation to the Prescription Committee. Given that the Board has agreed a revised Committee structure, it is recommended that all committee minutes follow the Board minutes in terms of their structure, tone and level of detail once each committee commences its work under its terms of reference. This should additionally include the protocol of seeking chair's approval for an initial draft of meeting minutes, amendments not being made to the chair-approved draft of the minutes until they have been discussed at the subsequent meeting and the signing off of minutes at the meeting.

Governance Review

The remaining elements of the Governance Review include:

- identifying the changes that will need to be made to the Board's General Rules in order to ensure that they will fully align with the revisions made to Schedule 1 of the Act; and
- identify any further areas of governance that need to be reviewed at a later stage.

General Rules

Subject to approval on 11 September 2019, the Board's General Rules will have been adjusted to incorporate provisions which will allow the Board to deal with the temporary appointment of Board members when needed. Further adjustments will be needed to deal with the temporary appointment of a chair. We have however delayed bringing forward proposals in relation to this area. We are currently awaiting further information as to whether the UK will leave the EU on 31 October and if so, what the terms of that exit will be. If the UK does leave the EU, a revised version of the Act will be brought into effect to deal with this. The General Rules will then require further adjustment as a result and if the revised legislation is brought into effect. Rather than dealing with any further adjustments and consulting in a piecemeal way, we believe that it would be prudent to bring forward proposals relating to both of these areas, i.e., the rules regarding the temporary appointment of a chair and any rules that need adjustments as a result of EU exit, as well as any other overarching adjustments which may be needed to realign with Rules with the Act, to the Board for consideration on 9 December 2019.

Further areas that require review

The Board Members' Handbook requires an overarching review, including the following:

- Board Members'/Chair's Annual Review Process
- Board Members' Code of Practice
- Board Members' Complaints Process
- Board Members' Declaration of Interests/Conflicts of Interests Policy

The following areas also require review:

- Board Effectiveness Process
- Board Succession Planning Policy
- Scheme of Decision Making
- Board's Open and Confidential Policy for Meetings
- External Professionals and Advisers Appointments Policy, including establishing a clear process for the regular review of each appointment

It is proposed that the review of the Handbook, including the additional areas identified above, should be undertaken in the latter part of 2019/early 2020 with a view to the Board considering and approving the relevant documents/policies at its meeting on 5 March and/or 14 May 2020. Some of the policies identified above will require discussion at the Remuneration and Appointments Committee and/or the Policy Committee.

- iii. The Board is asked to note the update on the progress of the Governance Review and agree the next steps that should be undertaken within the timeframes outlined in key point ii above.

6. Resource implications

The costs relating to the appointment of the revised Committees is dealt with in a separate paper. Making adjustments to the General Rules and the Board Members' Handbook/relevant policies within the Handbook will attract some costs in terms of legal/professional advice. This has however been accounted for within the 2019 and 2020 budgets.

7. Risk Implications

Given that the ARB is a statutory regulatory body, it is imperative that robust and effective governance arrangements in place to support and facilitate the organisation's delivery of its legislative responsibilities, its priorities and objectives. The Board will require a strong committee structure in place to support its ongoing and future work in a challenging environment. The Board's General Rules must align with the relevant legislation. A lack of appropriate governance arrangements could cause issues in terms of organisation and/or the Board's ability to deliver its statutory functions and lead to reputational damage. The work of the internal Governance Working Group and the Board's timely consideration of these matters will mitigate against these risks materialising.

8. Communication

The recent changes to the Architects Act 1997 and the appointment of a newly constituted Board provide a valuable opportunity to review the existing governance arrangements. It has enabled the Board to make relevant changes to the governance arrangements so that it can continue to deliver its responsibilities, priorities and objectives.

9. Equality and Diversity Implications

The working group has been taking equality and diversity implications into account as part of its review. Consideration has been given to equality, diversity and inclusivity matters when populating the Board's committees.

10. Further Actions

If the Board approves the recommendations we will:

- Bring forward proposals to make further and relevant adjustments to the General Rules for consideration by the Board on 9 December 2019, before issuing them for consultation.
- Review the Board Members' Handbook including the areas outlined in key point ii. above, bringing forward proposals for the Board's consideration on 5 March and/or 14 May 2020.