



**Subject** Annual Performance and Development Review process for Non-Executives within the ARB Governance Structure

**Purpose** For Decision

**From** Head of Qualifications and Governance/Registrar

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### 1. Summary

To agree a revised annual performance and development review process for all Board/Committee members, including the Board Chair, and other non-executives within the ARB's governance structure.

### 2. Recommendations

It is recommended that the Board:

- i) Notes the key features of the annual performance and development review process for non-executives within the ARB Governance structure;
- ii) Agrees that the revised process, as outlined in [Annex A](#); and
- iii) Agrees that the process should become effective subject to a review of the implications of the changes being made to the scheme being explored further with our legal advisers and further discussions taking place as to who will undertake the annual review for the other non-executives referred to in paragraph 6b of Annex A.

### 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' services and support architects through regulation. The effectiveness of the non-executives that undertake work for the ARB is essential to the delivery of both objectives as the Board establishes ARB's strategy, provides oversight to the organisation and performs statutory roles. The annual review process for Board members and other non-executives contributes to the effective delivery of the organisation's objectives and enables it to identify areas of improvement at an individual level.

### 5. Key Points

- i. The existing appraisal scheme for the Chair of the Board/Board and Committee members is set out in **Annex G of the Board Members' Handbook**, which is available on Diligent. Processes for the annual review of all other non-executives

who carry out work for the organisation are also in place.

- ii. As part of on-going Governance Review, the annual appraisal process for the Chair of the Board /Board and Committee members has now been reviewed and the revised review process is set out at [Annex A](#).
- iii. The Board is asked to note that the revised process includes the following key features:

- It will apply to the Chair of the Board, Board and Committee members and all other non-executives who undertake work for the organisation, i.e., it will replace all other annual review processes.
- The Chair of the Board will be responsible for carrying out Board members' reviews and Committee Chairs will be responsible for carrying out other non-executive Committee members' reviews.

Notwithstanding the above and noting section 6b., of the scheme, there remains a conversation to be had as to who should undertake the reviews of the other non-executives, i.e., the external advisers to the Qualifications Team; the Prescribed Examiners/Independent Examiners; the Investigations Panel etc., in the event no other reviewer is available to undertake their annual reviews.

- Reviews will commence in April and conclude in August each year.
  - All non-executives will need to obtain feedback from at least two people who had observed their work in any given year, whether it be an executive or a non-executive
  - The review will include discussions regarding an individual's performance throughout the last year; the achievement and setting of objectives and how objectives have been met as well as the feedback that has been gathered
  - For ARB Board members, the Ministry of Housing, Communities and Local Government may request copies of the review reports. The Department may also request copies of the review reports for those who are seeking re-appointment to the Board.
- iv. The Board is asked to consider and agree the revised process.
  - v. Should the Board approve the process, it is recommended that the process becomes effective subject to:

- a review of the implications of the changes being made to the scheme being explored further with our legal advisers to understand whether the changes in terminology and requirements set out within the scheme, will have an impact on the individuals' status as non-executives; and
- further discussions taking place as to who will undertake the annual review for the other non-executives referred to in paragraph 6b of Annex A.

## 6. Resource implications

Adequate time will need to be set aside by all involved in the review process to facilitate the preparation and discussions for each review meeting. If specific briefing/development needs are identified through the reviews, additional resources may be required.

## 7. Risk Implications

It is imperative that the Board has a robust governance structure in place in order to operate effectively. Failure to undertake regular individual reviews and encourage self-reflection on where improvements to non-executives' individual performance can be made poses a risk to the effectiveness of the Board and delivery of the organisation's purpose and objectives, including its statement of priorities.

The Framework Agreement that has been agreed by the Ministry of Housing, Communities and Local Government and ARB also sets out specific requirements in relation to Board members' annual reviews. The Chair of the Board and the Board members' terms and conditions of appointment also refer to annual reviews being undertaken. Failure to address these requirements may lead to a breach of the Framework Agreement, leading the Department to raise queries about ARB's processes and could impact on Board members who wish to seek re-appointment to the Board.

Whilst we believe it is important to have a robust review process in place, we will need to explore whether the changes in terminology and requirements set out within the scheme, will have an impact on the individuals' status as a non-executives. We will be exploring this through our legal advisers over the coming weeks.

As noted above, a discussion is needed in order to resolve who should undertake the annual reviews for the individuals who fall within the 'other non-executives' category. Currently there are 72 individuals who fall into this category. It would be unfeasible to expect the Chair of the Board to undertake this number of reviews within the timescales set out within the paper in the event another reviewer was not available. As a result a resolution to this matter should be found as quickly as possible.

## 8. Communication

The Board recognises the importance of evaluation and reflection in order to improve the effectiveness of non-executives who contribute to the work of the organisation. The Board is committed to continuous improvement in all areas of its delivery, including its corporate governance arrangements.

## 9. Equality and Diversity Implications

Anyone who has difficulty in participating in the review process will be assisted to ensure that they can do so. Care has been taken to ensure that the process is not in contravention of equality and diversity legislation.

**10. Further Actions**

If the Board approves the revised process, the Executive will discuss the changes with the Board's legal advisers to determine whether there is likely to be any impact on the individuals' status. We will also discuss and agree who will undertake the annual reviews for those who fall into the 'other non-executives' category with the Remuneration and Appointments Committee and the Chair of the Board. Subject to these matters being resolved, the process will then become effective.

Once it becomes effective, the revised process will replace the current Annex G of the Board's Handbook and will additionally be distributed to all others who fall within the scope of the process.