

RICS Governing Council Statement on Recommendations Made by Alison Levitt QC

The report of the Independent Review conducted by Alison Levitt QC contains eighteen specific recommendations to RICS Governing Council.

Governing Council has unanimously accepted these recommendations in full, in both the terms and the spirit in which they are made. Governing Council has resolved to implement them as quickly as possible, openly and transparently and will hold itself accountable for the delivery of the fundamental changes they are designed to facilitate.

Governing Council believes the effective implementation of these recommendations to be essential but not, in-itself, sufficient to rebuild trust and confidence in the Institution. Council is determined to build on the foundations these recommendations will establish, to transform RICS into the exemplary organisation its members and the public have a right to expect. Council will seek, always, to work with members, RICS' many committed staff, members of governance boards and other stakeholders to achieve this.

Above all else it wishes to take this journey openly, transparently, collaboratively and with mutual support and respect between members and the Institution itself.

Set out below are the recommendations made by Alison Levitt QC and Council's initial views on how each will be taken forward. Governing Council will publish an update on progress with these recommendations by 30 September 2021.

Recommendation One

"... I urge RICS to convert its internal review into a wide-ranging examination of purpose, governance and strategy, conducted by an external reviewer. The issues are both complex and arcane and it will not be easy to rebuild trust as there is an ingrained suspicion that there is an agenda to limit the influence of the membership. Many members see any attempt to reform the governance structures as nothing short of a land-grab by the Executive and senior leadership.

Put bluntly, it is wholly foreseeable that a review which puts in charge of change the very people who are perceived to be part of the problem will fail.

I suggest that the ideal person would be someone of high standing, with knowledge of governance and how public interest bodies work, but who is independent of RICS. A retired civil servant of impeccable reputation is one possibility."

Governing Council response

Accepted. RICS will appoint an individual to undertake a wide-ranging independent examination of purpose, governance and strategy; and to make recommendations. RICS will undertake an open appointment process for the reviewer - who will be an individual with the characteristics identified by Alison Levitt QC in her recommendation. The reviewer will work with Council to finalise their own terms of reference, process and ways of working. The review report will be published.

The work already undertaken on the internally led review referred to in the recommendation, *Defining our Future*, will be made available to the independent reviewer. *Defining our Future* has had input from many members, submitted during the extensive consultation exercise undertaken earlier this year. Those submissions contained many ideas and suggestions for improvements in day-to-day ways of working and engagement between members and the Institution. Many of these practical improvements will not be impacted by the new governance review and we will continue to work on those which can deliver early improvements for members.

Recommendation Two

"I understand that since the events of 2018-19 which are the subject of the review, updates are now provided to Governing Council by the Chairs of all the Boards and Committees immediately following meetings. This is helpful because the formal minutes may not be available for some time, but my recommendation is that henceforth all Minutes should be provided to Governing Council once they have been agreed. This should help to avoid one of the issues which I have found to have been corrosive of trust, namely that the Chief Executive was providing summaries of issues which were not as transparent as they might have been."

Governing Council response

Accepted. All Board and Committee Minutes will be provided to Governing Council once they have been agreed. This change is effective immediately.

Recommendation Three

"This will allow all members of Governing Council to have relatively contemporaneous oversight of what is happening in the various parts of the organisation. It will also allow them to read at intervals rather than as part of a dauntingly large meeting pack twice a year. As there are now monthly informal Governing Council meetings, issues can be raised within a reasonable time. This is in line with the existing governance structure, which in order to operate properly requires Governing Council to be sighted on matters of any significance. It is the wrong approach to see Governing Council as interfering in such issues: there is nothing which should be closed to it. It is a democratic

structure and if one member is behaving inappropriately then it will be for others to steady the body.”

Governing Council response

Accepted. Operational and process changes will be implemented to require all senior executives and Board and Committee Chairs to have personal responsibility to sight Governing Council on all matters of any significance without delay.

Recommendation Four

“The provision of updates to Governing Council is the responsibility of the Chair of the Board or Committee and should no longer be provided by the Chief Executive or any other member of staff.”

Governing Council response

Accepted. Updates to Governing Council will be provided directly by Board and Committee Chairs in future. This change is effective immediately.

Recommendation Five

“There should be explicit recognition that the Management Board has an overarching responsibility for all operational matters. Thus, it should receive the Minutes of all other Boards in order to ensure it is fully sighted on what is happening in other parts of the organisation. If the Management Board wishes to be given more information, including having sight of documents then these must be provided on request. Being sighted does not equate to interference nor does it undermine the system of delegation.”

Governing Council response

Accepted. Management Board will receive the Minutes of all other Boards. It will have sight of all other documents on request. In implementing this recommendation documented arrangements will be put in place to ensure that the public interest principles of the independence of RICS regulation are maintained, by making the necessary exceptions for Standards and Regulation Board papers concerning regulatory matters.

Recommendation Six

“Management Board meetings should be shorter but more frequent. Quarterly meetings which last for a full day are inconsistent with proper oversight and operational decision-making and result in the Executive having to make decisions without Management Board input. Members of the Management Board who are based overseas should be able to attend remotely.”

Governing Council response

Accepted. A new frequency and structure of meetings will be prescribed by Governing Council.

Recommendation Seven

"No member of the Presidential team should also be a member of the Management Board, save on an ex-officio basis."

Governing Council response

Accepted. Governing Council will amend Management Board terms of reference to effect this change.

Recommendation Eight

"Members of the Management Board should be allowed to raise matters with Governing Council without having to seek permission from the Chair."

Governing Council response

Accepted. Governing Council will implement procedures to enable this important right of access to work effectively and transparently. Governing Council will also consider whether this approach should apply to other RICS governance Boards and Committees.

Recommendation Nine

"The Board Handbook makes provision for regular Board reviews of effectiveness, and these should be conducted annually. All non-Executives should be evaluated in terms of the contribution they make and any who are simply passengers should be replaced."

Governing Council response

Accepted. The process for undertaking Board reviews will first be reconsidered by Governing Council to ensure that it is fit for purpose; and revised if it is not. All Boards will then be reviewed annually against the approach; including in 2021.

Recommendation Ten

"As a short-term measure, Governing Council should commission an over-arching statement which emphasises that culture and behaviours such as openness, transparency, ethical conduct (including fairness to all members, whether employees or non-Executives), accountability, collegiality, cooperation, and openness to change are as important as governance structures."

Governing Council response

Accepted. Governing Council has begun work on such a statement and will publish it by 30 September 2021.

Recommendation Eleven

“Consideration should be given to whether financial bonuses at senior level are appropriate for a professional membership organisation.”

Governing Council response

Accepted. Governing Council will commission an external, expert-led review of the senior executive structure and reward. It will examine structure as well as reward as Council is concerned from the evidence in the review that the concentration of responsibilities in the role of Chief Operating Officer, as it operated during the period reviewed by Alison Levitt QC, did not represent good practice in the segregation of duties within the executive.

Recommendation Twelve

“There should be an overhaul of the whistleblowing structure. There needs to be an alternative route (to an independent third party with standing or authority) if the complaint is made either by, or concerns, a member of the senior leadership team. The fact that a whistle-blowing hotline is never used should be a cause for concern, not complacency.”

Governing Council response

Accepted. The existing whistleblowing arrangements have been ineffective in both design and operation and unacceptable for a modern professional membership body with a mission to act for the public advantage. Governing Council will work with Protect (formerly Public Concern at Work) a leading UK charity which aims to stop harm by encouraging safe whistleblowing to develop and benchmark a new approach. A member of Governing Council will be appointed to provide independent oversight of the development and operation of these new arrangements. The whistleblowing arrangements will be published and reported on annually.

Recommendation Thirteen

“Governing Council should clarify the circumstances (if any) in which the Chair of Governing Council is entitled to take decisions, such as dismissing non-Executives, on behalf of the Council.”

Governing Council response

Accepted. A review of all relevant governance rules will be undertaken, and clarification provided to, and approved by, Governing Council.

Recommendation Fourteen

“General Counsel or Head of Legal should not have a pre-existing relationship with RICS’ external legal advisers.”

Governing Council response

Accepted. The change is effective immediately.

Recommendation Fifteen

“RICS’ external legal advisers should be invited to tender every three years, with a presumption that there will be a regular change of provider.”

Governing Council response

Accepted. A tender for new external legal advisers will commence during 2021.

Recommendation Sixteen

“RICS should consider replacing its external legal advisers, ideally by putting the matter out to tender. As part of this process, RICS may wish to scrutinise the involvement of Fieldfisher in this matter, particularly in relation to:

- a) Possibly unwise decisions, bearing in mind that RICS – not the Executive – was Fieldfisher’s client;*
- b) Whether advice was given on legal matters only or whether it strayed into other areas and whether it could be described as non-partisan;*
- c) The level of spend.*

I was denied access to some documents in the file on the ground that they were internal Fieldfisher communications and thus did not belong to the client (RICS). I disagree with this view and suggest that RICS might consider making a request of Fieldfisher in order to see the internal discussion which took place.”

Governing Council response

Accepted. Governing Council will review the issues identified by Alison Levitt QC under recommendation sixteen, with the assistance of such external independent advice as considered necessary, and take such steps as are necessary in the best interests of the Institution.

Recommendation Seventeen

“For the future, there should be a framework to establish the circumstances in which external legal advice will be sought and by whom. There may be levels of spend for which authorisation should be sought from Governing Council. Advice from external legal advisers should be non-partisan and should always be given in the clear recognition that the client is RICS itself, not any part of senior management. It should be limited to genuinely legal matters and should not extend to matters of strategy.”

Governing Council response

Accepted. A framework, adopting these principles, will be developed for approval by Governing Council.

Recommendation Eighteen

“Finally, I recommend that:

- a) RICS should issue a public apology to Steve Williams, Simon Hardwick, Amarjit Atkar and Bruce McAra. Before his dismissal, Simon Hardwick sought and obtained legal advice about his obligations as a non-Executive director, and he should be reimbursed for this. For the two non-Executives who were remunerated, RICS should pay them what they would have earned had they been allowed to finish their terms.”*
- b) RICS should also publicly apologise to the members of the GC2019 Group who received letters from Sheridans in January 2021 and should reimburse them for fees incurred in connection with obtaining legal advice about the matter.”*

Governing Council response

Accepted. Nick Maclean FRICS, acting Chair of Governing Council, has apologised in person on behalf of Council and made clear that any personal legal costs, incurred in relation to this matter, will be reimbursed. Governing Council would wish to develop a constructive engagement with the former non-Executive directors and Governing Council members (if they so wish) so that their knowledge and experiences can contribute to the independent review of governance which will be taking place.

RICS Governing Council
9 September 2021