

Topic: Governance and transparency

Note: It is possible that recommendations about future governance and transparency arrangements may be made to Governing Council by the independent review currently being conducted by Peter Oldham QC. That review is a separate exercise from this consultation, although Governing Council will consider both.

Introduction and current approach

Governing Council is committed to best practice and transparency in the way RICS is governed.

The major governance arrangements for RICS are defined in the Charter, and the Bye-Laws made under it; the current arrangements were fully implemented in March 2020. The 2020 changes included:

- enabling a more globally diverse Governing Council, drawn from members around the world and across the different sectors of the profession
- creating a new role of chair of Governing Council, held for a minimum of three years, separate from the ambassadorial role of RICS President who changes annually, and
- establishing a new, independently led Standards and Regulation Board.

These reforms were designed to help improve RICS' relevance, effectiveness and impact, and secure surveying's future as a self-regulating profession, trusted to set and enforce standards for the benefit of the public.

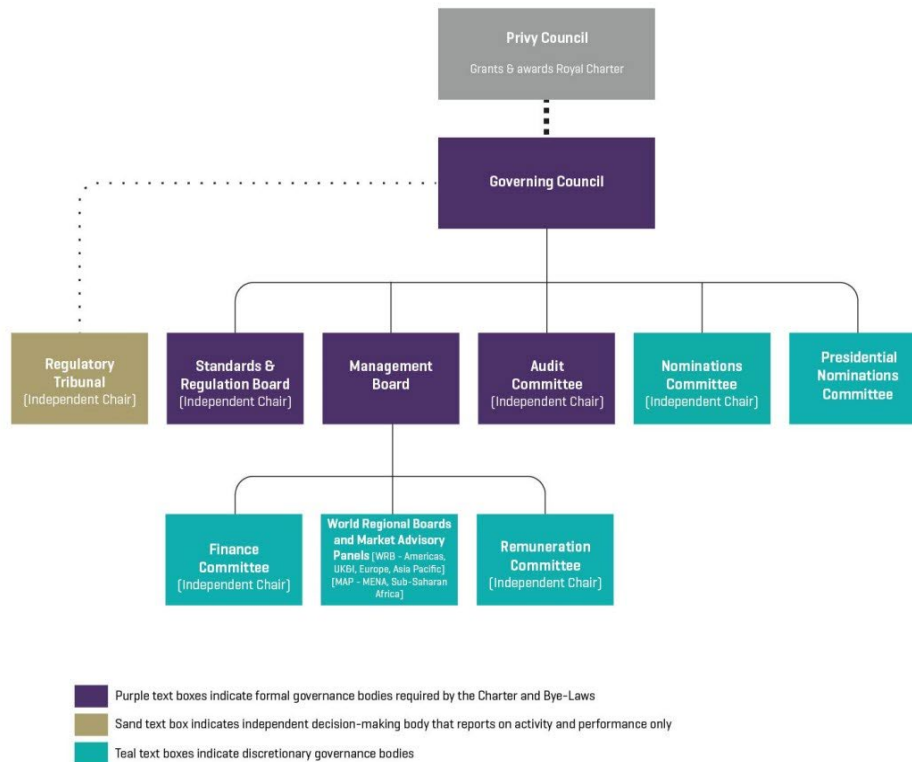


Figure 1: RICS' current governance structure

More information about current governance arrangements can be found on the [RICS website](https://www.rics.org).

In addition to these governance bodies, RICS' work is supported through a network of regional and country groups, which provide insight and engagement and help Governing Council to develop and implement its strategy. These groups – which are not part of the governance structure of RICS but are critical to member engagement – are covered in the separate **Member engagement** consultation paper.

Governing Council is clear that RICS' success depends on excellent governance and excellent engagement; excellent governance cannot be achieved without the insight, contribution and commitment that only excellent engagement can ensure. However, these are separate activities, and a lack of clarity about the two can lead both to poor governance and poor engagement.

We have a significant programme of engagement and communication with members, stakeholders and the public about our work. In accordance with our digital-first strategy, this programme primarily uses digital mechanisms, including social media. In addition, we formally publish information about our business and finances for members, including:

- the business plan
- global quarterly performance reports

- an annual review and remuneration report, and
- annual report and financial statements.

We also hold an annual general meeting that is open to members.

The business plan, quarterly performance reports and annual review are also available publicly.

What we are doing and could do

Governance

In striving for best practice in governance structures, processes and culture, Governing Council has considered what further steps might be taken to develop RICS' approach. Views expressed in this consultation exercise will help inform that process.

Governing Council has looked at best practice approaches taken in other bodies, the defining characteristics of RICS – which must influence the approach adopted – and what it considers to be the current best practice principles for governance. The key characteristics of the organisation are that RICS:

- a) is a body established by Royal Charter with professional members
- b) is a global professional, standards and regulatory body that exists to secure the advancement and usefulness of the profession for the public advantage
- c) focuses on independently led self-regulation in the public interest, alongside providing support that is valued by RICS members and their employers
- d) is a sizeable organisation, with a turnover of more than £80m and a global footprint, and an established leader in the natural and built environment
- e) operates in a complex external environment that is fast-changing in political, economic, legal and technological terms
- f) must engage with a broad range of stakeholders for its remit to be fulfilled successfully, and
- g) believes that trust is critical to its remit.

Although guidance on good governance and published norms refer primarily to public listed companies, excellence in governance can be found in all types of organisation: regulatory and standards bodies; public service or public interest bodies; commercial companies; and membership bodies and trade unions. The characteristics of RICS are not a barrier to achieving best practice in governance; arguably, our charter requirement to act for the public advantage demands excellence and leadership in this area.

Having reviewed the characteristics of a range of other, well-governed organisations, Governing Council has identified the following principles, which it considers represent what good governance should look like for RICS.

- a) **Professional:** it should have all the skills, capabilities and expertise required to achieve excellence in corporate governance.
- b) **Responsive:** the organisation should be able to respond quickly and with agility in its fast-changing environment.
- c) **Transparent:** clarity, simplicity and transparency should pervade governance structures, accountabilities, controls, processes and information flows.
- d) **Trusted:** it should earn trust by operating transparently; demonstrating independence; acting in the public interest; and setting and rigorously enforcing consistently high standards.
- e) **Resilient:** it is designed to be fit for the longer-term future, and shock-proof and adaptable in the short term.
- f) **Diverse:** diversity of thought and broad relevance should be ensured in all dimensions, such as geography, gender and race.
- g) **Inclusive:** the direction of the organisation should be informed through active engagement of all stakeholders – including members, the public, policymakers and customers – in an open, inclusive way.
- h) **Ethical:** the organisation must remain ethical, sustainable and responsible in all it does.
- i) **Leading:** all sectors and codes of practice should be looked at, to create and sustain best-in-class governance, underpinned by rigorous performance monitoring and continuous improvement.
- j) **Efficient:** it must ensure that it clearly understands the cost of governance and provides great value for money.

Applying those principles may be used to derive a highly effective structure with the following characteristics:

- a) distinguishes governance from engagement
- b) enables accountability
- c) ensures accountability with control
- d) ensures clarity and simplicity, and
- e) distinguishes oversight from execution.

Informed by this consultation, Governing Council will continue to consider how best to apply these principles to RICS.

Transparency

The adoption of the digital-first strategy and the move to online meetings and digital events, instead of or in addition to physical meetings, increases opportunities for greater transparency. This was illustrated by the 2020 annual general meeting, which was conducted wholly online for the first time. Many more members attended this meeting than previous AGMs, where a majority had attended in person and there had been only limited attendance online.

As part of its future work on good governance, Governing Council will consider how to ensure that its own work and that of other governance bodies, and how information about the business and financial performance of RICS, can be made available to members in a timely and easily accessible form.

In respect of the actual conduct of governance body meetings, other similar organisations use approaches such as:

- a)** publishing meeting agendas and papers not containing confidential information
- b)** opening parts of, or all, meetings to relevant media, to enable informed reporting of business
- c)** opening parts of, or all, meetings to members and the public
- d)** holding an annual open forum with members and the public, and
- e)** publishing summaries of meetings.

Views are sought on the steps that might be considered to ensure visibility of the work of RICS governance bodies to maintain trust and confidence in its work and the robustness of its governance.

Questions

Governance

1. Do you agree with the key characteristics of RICS as an organisation that will help inform governance arrangements?

2. Which characteristic of RICS has the most relevance to this issue?

3. Which of the characteristics has the least relevance to this issue?

4. Do you agree with the principles of good governance for RICS?

5. Which of these principles is RICS currently observing? Select all relevant answers.
 - Professional
 - Responsive
 - Transparent
 - Trusted
 - Resilient
 - Diverse
 - Inclusive
 - Ethical
 - Leading
 - Efficient

6. Which of these principles is RICS not observing? Select all relevant answers.
 - Professional
 - Responsive
 - Transparent
 - Trusted
 - Resilient
 - Diverse
 - Inclusive
 - Ethical
 - Leading
 - Efficient

7. Do you agree with the structural characteristics for good governance of RICS?
8. If your answer to question 7 was “No”, with which of the characteristics do you most disagree?

Transparency

9. Do you agree that the work of Governing Council and its governance bodies is sufficiently transparent?
10. Do you agree that RICS is sufficiently transparent about its financial performance?
11. Do you have sufficient information about how your membership subscription is spent?
12. “RICS provides sufficient timely information about the work of Governing Council.”
To what extent do you agree with this statement?
13. “RICS provides sufficient timely information about its finances and performance.”
To what extent do you agree with this statement?
14. Of the measures to support the transparency of governance bodies sometimes used in other organisations, which single one might best be considered by RICS to increase transparency?



15. Are there any other comments you wish to make that will help our review of the governance and transparency?

16. Do you give RICS permission to publish your responses?

Where possible, please respond in English through our [iconsult platform](#). If you would prefer to respond in another language please email any completed forms to review2021@rics.org