



Board Meeting 9 September  
2021  
Agenda Item 11

Subject Management Accounts for 2021  
Purpose To Note  
From Director of Finance and Resources

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## 1. Summary

The purpose of this paper is to inform the Board of ARB's financial position as at 31 July 2021, including the year-end forecast outturn.

Attached at **Annex A** is the management accounts summary, which includes the year-end forecast and variances against the 2021 approved budget.

The year end forecast is £266k deficit (**Annex A, Column F**) against a budgeted deficit of £222k (**Annex A, Column G**). The change in forecast reflects the approved increase in headcount of 7 which was agreed by the Board in April 2021.

Variances on the actual to date figures (**Annex A, Column E**) are currently issues of timing of spend as opposed to any particular under/over spends to report at this time.

## 2. Recommendation

It is recommended that the Board:

1. Note the content of this paper

## 3. Confidential 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.
- To manage the organisation's finances prudently whilst delivering ARB's statutory requirements and objectives.

## 5. Operation Income

- 5.1 The income forecast is £5,838k (**Annex A, Column F**) against a budget of £5,776k (**Annex A, Column G**), resulting in a £62k (**Annex A, Column E**) additional income when compared to the budget.

- 5.2 **Annual Retention Fee** - The annual retention fee for 2021 has now been collected and c42,400 registrants paid their annual fee. At the time of setting the budget, it was estimated that 42,000 annual registration fees would be received, however the Register continued to grow in 2020. This constitutes the majority of ARB's income and so gives some financial stability for the remainder of the year.
- 5.3 **Entry/re-entry to the register** - For new applications and those returning to the Register, a reduced number was factored into the budget for 2021 due to the impact of the UK's exit from the EU and Covid-19.
- 5.4 **Government Funding** – ARB was provided a Government grant of £700k over two years, i.e., 1 April 2020 to 31 March 2021 and 1 April 2021 to 31 March 2022, which we were notified of in January 2021. The grant agreement was signed on 31 March 2021. It is estimated that £260k will be utilised in 2021, with the remainder being used in quarter 1 of 2022. £105k was utilised for spend in 2020. Only actual expenditure can only be claimed, and fund cannot be carried over. Please note that no funds have been received to date and therefore the issues has been escalated with MHLCG as we may have to increase our cash flow from reserves if the funds are not forthcoming.

## 6. Operating Expenditure

- 6.1 The operating expenditure forecast is £6,111k (**Annex A, Column F**) against a budget of £6,005k (**Annex A, Column G**).
- 6.2 **Staff costs** – The Board, in April 2021, agreed a permanent increase in headcount of 7 full time posts. The estimated cost for 2021 will be £106k, including the cost of recruitment. Given the urgency of the 4 policy roles, a recruitment agency has been appointed to support these appointments. The remaining 3 roles will be appointed to as part of restructure of the Registration team and they will be initial advertised internally as we currently have a number of temps within the organisation.
- 6.3 We are experiencing a challenging job market for recruiters. There is anecdotal evidence that applicants taking the first jobs they are offered which has contributed to two failed recruitment campaigns where a number of candidates withdrew their applications at the last minute. We failed to appoint (Communications Officer and Governance Manger). We will be exploring the use of recruitment agency and identifying ways to decrease the overall recruitment process. We will explore, as part of the pay benchmarking process whether the extent to which pay levels are a significant factor.

## 7. Investments

There are currently no concerns with the Boards investment portfolio and the Board Investment Broker has confirmed that it is performing in line with the Boards investment strategy. Dividends being paid on the closure fund will now be withdrawn and used to support the cashflow requirements.

**8. One-Off and capital costs**

- 8.1 A report has been commissioned on moving our end user experience for the workforce into a more collaborative working space, and on achieving efficiencies by using IT. Further information will be provided to the board as part of the 2022 business plan and budget setting.

**9. Efficiencies**

- 9.1 A new electricity contracts has been negotiated for a term of 3 years and is 100% renewable energy. As part of the Covid-19 changes to the office environment and to enable the office windows to be opened, the blinds have been removed and a solar reflective coating has been applied. This will not only offer privacy it will also reflect some of the heat and reduce the energy consumption associated with heating and air conditioning.
- 9.2 Efficiencies have also been gained, totalling £15k in relation to changes to the pension administration and re-negotiation of our credit card transactions. This will help to mitigate some of the increased costs in relation to our increased headcount and the growing number on the Register.

**10. Risk Implications**

The Senior Leadership Group closely monitor any impact on workloads and financial resources and will report to the Board where appropriate, to ensure the Board is kept up to date.

**11. Communication**

ARB is committed to seeking cost-saving initiatives to help ensure value for money. Sound budget planning and the prudent management of ARB's financial resources contribute towards maximising cost savings.

**12. Equality and Diversity Implications**

None currently identified in relation to reporting of the forecasted outturn for 2021.

Annex A

A	B	C	D	E
		Actual to 31/07/2021		
Budget Category	Budget Heading	Actual	Budget	Variance
Income		£000	£000	£000
Fee Income	Annual Retention Fee	5,087	4,998	89
	Entry/re-entry to the register	151	175	(24)
	Prescribed Examination Fees	239	122	117
<b>Total Fee Income</b>		<b>5,477</b>	<b>5,295</b>	<b>182</b>
Other Income	Government Funding	0	0	0
	EU Certificates & Sundry Receipts	4	23	(19)
<b>Total Operating Income</b>		<b>5,482</b>	<b>5,318</b>	<b>164</b>
<b>Expenditure</b>				
	Staff	1,292	1,389	96
	Premises (rent, rates, utilities, cleaning etc)	362	340	(22)
	Postage, Telecommunications, Printing	12	29	16
	ACE & ENACA	41	27	(14)
	Public and Professional Awareness	10	23	12
	Board Expenses	76	84	8
	Professional Services & Legal Advice	236	477	241
	Professional Conduct, Title and Regulation	291	373	83
	Banking/Payment processing and sundry items	15	44	29
	Prescribed Examination	67	79	12
	Prescription/Qualifications	18	38	20
	IT and Digital Spend	383	502	119
<b>Total Operating Expenditure</b>		<b>2,803</b>	<b>3,403</b>	<b>600</b>
<b>Operating Surplus /( Deficit)</b>		<b>2,679</b>	<b>1,915</b>	<b>764</b>
Investment Income	Investment Income (Dividends/Sales/Interest)	0	0	0
<b>Surplus /( Deficit) after Investments</b>		<b>2,679</b>	<b>1,915</b>	<b>764</b>
Tax charged on investments (19%)	Corporation Tax	32	40	8
<b>Surplus /( Deficit) after tax</b>		<b>2,647</b>	<b>1,875</b>	<b>772</b>

F	G	H	I
Full Year Forecast			
Forecast	Budget	Variance	
£000	£000	£000	%
5,060	4,998	62	1.2%
300	300	0	0.0%
209	209	0	0.0%
<b>5,569</b>	<b>5,507</b>	<b>62</b>	<b>1.1%</b>
260	260	0	0.0%
9	9	0	0.0%
<b>5,838</b>	<b>5,776</b>	<b>62</b>	<b>1.1%</b>
2,536	2,430	(106)	-4.4%
582	533	0	0.0%
49	97	0	0.0%
46	46	0	0.0%
39	40	0	0.0%
144	144	0	0.0%
900	900	0	0.0%
640	640	0	0.0%
75	75	0	0.0%
135	135	0	0.0%
65	65	0	0.0%
900	900	0	0.0%
<b>6,111</b>	<b>6,005</b>	<b>(106)</b>	<b>-1.8%</b>
<b>(273)</b>	<b>(229)</b>	<b>(44)</b>	<b>19%</b>
37	37	0	0.0%
<b>(236)</b>	<b>(192)</b>	<b>(44)</b>	<b>20.1%</b>
30	30	0	0.0%
<b>(266)</b>	<b>(222)</b>	<b>(44)</b>	<b>20.1%</b>