



Subject Management Accounts for 2022 and 2021 Year End Update
Purpose To Note
From Director of Resources

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1. Summary

The purpose of this paper is to inform the Board of ARB's financial position as at 24 January 2022, 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 2022 approved budget.

The reporting format set out in Annex A is a new version of the management accounts split of the various directorates. Given we are only a few weeks into the new year, the actual expenditure does not reflect the full picture as there is still a week to go before the month end, at which time costs can be apportioned across the various directorates.

This report draws the Boards attention to the overall reduction of £167k income in relation to the annual fee collection as well as a change in the forecast for new applications. More details can be found below.

It is likely that there will be a higher than anticipated surplus for 2021 due to timing of spend and therefore mitigating the current income drop pressure.

2. To Note

The Board is asked to note the content of this paper.

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

5. Management Accounts 2022

Operational Income

- 5.1 The annual retention fee for 2022 has now been collected and 42,170 registrants paid their annual fee. This constitutes the majority of ARB's income and so gives some financial stability for the remainder of the year. Those registrants being removed for non-payment was higher than anticipated and the numbers paying lower than predicted, resulting in a loss of income of £200k. We have had over 300 of those removed re-join the register, which has given a small amount of additional income of £18k.
- 5.2 For new applications and those returning to the Register, a reduced number was factored into the budget for 2022. Whilst we are not predicting a drop in those joining the register for the first time, we do anticipate a drop in income associated to the timing of those applications which come through later in the year.
- 5.3 Late in 2021 we took the decision to start to take out the income generated from our investments instead of re-investing the funds. This is expected to generate c130k during 2022 which will help mitigate some of the loss of registration income. Its important to note that this figure is an estimate and changes to the investment market may have negative impacts on this income.

Operating Expenditure

- 5.4 From April 2022, employer national insurance will increase from 13.8% to 15.05% with an impact on ARB of c20k. We anticipate, due to delays in recruitment to a number of roles, that this can be covered within the existing budget.

Overall it is anticipated that operating expenditure will be in line with the budget.

Projects, one off and new business

- 5.5 There are no variances to report and work is ongoing. Unspent funds from 2021 were carried over into 2022 to allow completion of the our strategic and IT projects.

Updates will be provided as part of the CEO report.

6. 2021 Year End Update

- 6.1 Now that the 2022 fee income has been collected, we are turning our hands to preparation of the 2021 outturn, reconciliations, and account preparation.
- 6.2 Attached at Annex B is a summary of the year end forecast. These figures will change as we make the appropriate accounting entries, carry out reconciliations, calculate any carry forwards and account for the income, sales and purchases of our investments. It is likely that the year end surplus will be higher than anticipated due to the income from our investments and delays in recruitment, as well as what we have been able to claim against the DLUHC grant for 2021. Any surplus will be transferred to the operational reserves which will mitigate the loss of income in 2022.

7. Resource Implications

As set out above.

8. 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.

9. 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.

10. Equality and Diversity Implications

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

DEPARTMENT	Actual Corp 1	Actual Reg'n 2	Actual Prof Stds 3	Actual Quals 4	Actual IT 5	Actual Projects 6	Actual Comms 7	Actual Period 1 YTD	Budget Period 1 YTD	Var' to Budget YTD	Full Yr Budget YTD	Full Yr Forecast YTD	Full Yr Var' Bud vs Fcast YTD
	£	£	£	£	£	£	£	£	£	£	£	£	£
Operating Income													
-REGISTRATION FEES	0	0	0	0	0	0	0	0	21,260	-21,260	255,120	286,400	-31,280
-PRESCRIBED EXAMINATIONS	0	0	0	0	0	0	0	0	31,392	-31,392	376,704	376,704	0
-RETENTION FEES	5,742,380	0	0	0	0	0	0	5,742,380	6,481,500	-739,120	6,481,500	6,283,330	198,170
-PENALTIES & SUNDRY RECEIPTS	0	0	0	0	0	0	0	0	1,833	-1,833	22,000	22,000	0
- INVESTMENT INCOME	0	0	0	0	0	0	0	0	0	0	0	0	0
- Govt. Funding Grant Income	0	0	0	0	0	0	0	0	10,000	-10,000	120,000	120,000	0
Net Income	5,742,380	0	0	0	0	0	0	5,742,380	6,545,985	-803,605	7,255,324	7,088,434	166,890
Overheads													
- STAFF	159,018	0	0	0	0	0	0	159,018	249,166	-90,148	2,989,994	2,989,994	0
- OFFICES	275	0	0	0	0	0	0	275	47,073	-46,799	564,880	564,880	0
- PRINTING & RECORDS	0	0	0	0	0	0	0	0	0	0	0	0	0
- BOARD EXPENSES	17,675	0	0	0	0	0	0	17,675	0	17,675	0	0	0
- LEGAL & PROF. CHARGES	48,128	0	5,655	0	0	0	0	53,783	284,515	-230,732	3,414,180	3,414,180	0
- OTHER ADMIN. EXPENSES	8,107	0	0	0	0	0	0	8,107	150,810	-142,703	1,809,725	1,809,725	0
- COMPUTER COSTS	707	0	0	0	0	0	0	707	0	707	0	0	0
- EXCEPTIONAL ITEMS	0	0	0	0	0	0	0	0	0	0	0	0	0
- EXTRAORDINARY COSTS	7,633	0	0	0	0	0	0	7,633	0	7,633	0	0	0
NET Overheads	241,543	0	5,655	0	0	0	0	247,198	731,565	-484,367	8,778,779	8,778,779	0
Profit/(Loss)	5,500,838	0	-5,655	0	0	0	0	5,495,183	5,814,420	-319,238	-1,523,456	-1,690,345	166,890

Annex A

A	B	C	D	E
		Actual to 31/12/2021		
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	212	300	(88)
	Prescribed Examination Fees	293	209	84
Total Fee Income		5,592	5,507	85
Other Income	Government Funding	597	0	597
	EU Certificates & Sundry Receipts	10	40	(30)
Total Operating Income		6,199	5,547	652
Expenditure				
	Staff	2,409	2,381	(28)
	Premises (rent, rates, utilities, cleaning etc)	639	582	(57)
	Postage, Telecommunications, Printing	51	49	(2)
	ACE & ENACA	41	46	5
	Public and Professional Awareness	29	39	10
	Board Expenses	155	144	(11)
	Professional Services & Legal Advice	391	817	426
	Professional Conduct, Title and Regulation	616	640	24
	Banking/Payment processing and sundry items	72	75	3
	Prescribed Examination	133	135	2
	Prescription/Qualifications	35	65	30
	IT and Digital Spend	739	860	121
Total Operating Expenditure		5,310	5,833	523
Operating Surplus /(Deficit)		889	(286)	1,175
Investment Income	Investment Income (Dividends/Sales/Interest)	62	0	28
Surplus /(Deficit) after Investments		951	(286)	1,203
Tax charged on investments (19%)	Corporation Tax	35	40	5
Surplus /(Deficit) after tax		916	(326)	1,208

F	G	H	I
Full Year Forecast			
Forecast	Budget	Variance	
£000	£000	£000	%
5,087	4,998	89	1.8%
212	300	(88)	(29.3%)
209	209	0	0.0%
5,508	5,507	1	0.0%
303	260	43	0.0%
8	9	0	0.0%
5,819	5,776	44	0.8%
2,536	2,430	(106)	-4.4%
533	533	0	0.0%
70	97	27	0.0%
41	46	5	0.0%
40	40	0	0.0%
165	144	(21)	0.0%
500	900	400	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%
5,700	6,005	305	5.1%
119	(229)	349	-153%
80	37	43	0.0%
199	(192)	392	20.1%
30	30	0	0.0%
169	(222)	392	20.1%