

Open session

Board meeting: 15 February 2023

Agenda item: 12

Subject: Management Accounts for 2023 and update on the year ending 2022

Action: To Note

Purpose

The purpose of this paper is to inform the Board of ARB's financial position as at 24 January 2023, 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 2023 approved budget.

This report draws the Boards attention to the overall reduction of £75k income. Further information is set out below.

This paper also provides and update on the preparation of the ARB annual report and accounts following its financial year end 31 December 2022.

Recommendations

It is recommended that the Board:

- i. Note the content of this paper.

Annexes

Annex A – Management Accounts Summary.

Author/Key Contact

Marc Stoner, Director of Resources (marcs@arb.org.uk)

1. Open session

This item will be discussed in the open session of the Board meeting.

2. Background and Key points

Please note that income and expenditure via our bank accounts are only posted at the end of the month and therefore the actuals contained within Annex A will change.

Operation Income

2.1 The income forecast is £8,461k against a budget of £8536k, resulting in a £75k reduction in the anticipated income when compared to the budget.

2.2 The annual retention fee for 2023 has now been collected and 41,200 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 resulting in a loss of income of £130k.

2.3 However, for the first quarter of 2023 we forecast that 430 of those removed for non-payment, would re-apply and come back on the register. Already we have received 450 applications resulting in £10k additional income. It is anticipated, as a result of the large numbers returning to the register, the £130k loss of annual fee income will be recovered within this first quarter of 2023. Further updates will provide to the Board at its May meeting.

2.4 £45k additional income is likely to be materialised from our investments during 2023 given their ongoing strong performance.

Expenditure (Operating costs and business plan spend)

2.5 There are currently no variances to report or concerns to bring to the Boards attention.

Investments

2.6 There are currently no concerns with the Board's investment portfolio and the Board Investment Broker has confirmed that it is performing in line with the Board's investment strategy. Dividends being paid on these funds will be withdrawn and used to support the cashflow and expenditure commitments.



One-Off and Capital Costs

- 2.7 There are currently no variances to report or concerns to bring to the Boards attention. The significant spend within this area is in relation to IT transformation and now that our IT Principal Partner, Intergence, have appointed the CRM developer, we will begin to firm up development costs.

Year End 2022 update

- 2.8 The processing of accruals, prepayment and reconciliations is under way for inclusion in the accounts. We anticipate a larger underspend in relation to the IT development work due to the timing of the appointment of the CRM developer. Overall spending on the IT Transformation Programme across 2022 to 24 remains within budget projections. Further information will be provided to the Board at its May meeting when the accounts are presented for formal approval.

3. Resource Implications

- 3.1. Resource implications are set out above.

4. Risk implications

- 4.1. 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.

5. 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.

6. Equality and Diversity implication

- 6.1. None currently identified in relation to reporting of the forecasted outturn for 2023.

7. Recommendations

It is recommended that the Board:

- i. Note the content of this paper.
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DEPARTMENT	Actual Corp	Actual Reg'n	Actual Prof Stds	Actual Quals	Actual IT	Actual Projects	Actual Comms	Actual Gov & Int	Actual Period 1	Budget Period 1	Var' to Budget	Full Yr Budget	Full Yr Forecast	Full Yr Var' Bud vs Fcast
	1	2	3	4	5	6	7	7	YTD	YTD	YTD	YTD	YTD	YTD
	£	£	£	£	£	£	£	£	£	£	£	£	£	£
Operating Income														
Annual Retention Fee	6,634,799	0	0	0	0	0	0	0	6,634,799	7,536,000	(901,201)	7,536,000	7,406,000	130,000
Entry/re-entry to the register	0	0	0	0	0	0	0	0	0	78,600	(78,600)	393,000	403,000	(10,000)
Prescribed Examination and DSA Fees	0	0	0	0	0	0	0	0	0	95,400	(95,400)	477,000	477,000	0
Income from Investments	0	0	0	0	0	0	0	0	0	24,000	(24,000)	120,000	165,000	(45,000)
EU Certificates and Sundry Income	0	0	0	0	0	0	0	0	0	833	(833)	10,000	10,000	0
Net Income	6,634,799	0	0	0	0	0	0	0	6,634,799	7,734,833	(1,100,034)	8,536,000	8,461,000	75,000
Overheads														
Employee Costs	55,573	38,389	50,841	23,645	0	0	21,767	20,848	211,063	289,833	(78,770)	3,478,000	3,478,000	0
Premises (rent, rates, utilities etc)	1,443	0	0	0	0	0	0	0	1,443	50,500	(49,057)	606,000	606,000	0
Printing and postage	0	0	0	0	0	0	0	0	0	9,250	(9,250)	111,000	111,000	0
ACE & ENACA	0	0	0	0	0	0	0	0	0	4,083	(4,083)	49,000	49,000	0
Board and Committee Expenses	0	0	0	0	0	0	0	12,075	12,075	16,667	(4,592)	200,000	200,000	0
Professional Services and Legal Advice	61,625	0	0	0	0	12,960	0	0	74,585	49,083	25,502	589,000	589,000	0
Professional Conduct, Title and Regulation	0	0	0	0	0	0	0	0	0	85,167	(85,167)	1,022,000	1,022,000	0
Banking and Payment Processing	2,863	0	0	0	0	0	0	0	2,863	6,417	(3,554)	77,000	77,000	0
Prescribed Examinations & DSA	0	0	0	0	0	0	0	0	0	30,000	(30,000)	360,000	360,000	0
Prescription/Qualification/Education	0	0	0	0	0	0	0	0	0	10,500	(10,500)	126,000	126,000	0
IT and Digal Spend (BAU)	0	0	0	0	21,766	0	0	0	21,766	62,833	(41,067)	754,000	754,000	0
Business Plan and transformation	0	0	0	0	0	21,652	0	0	21,652	97,000	(75,348)	1,164,000	1,164,000	0
NET Overheads	121,504	38,389	50,841	23,645	0	12,960	21,767	32,923	302,029	541,000	(238,971)	8,536,000	6,492,000	0
Profit/(Loss)	6,513,295	(38,389)	(50,841)	(23,645)	0	(12,960)	(21,767)	(32,923)	6,332,770	7,193,833	(861,063)	0	1,969,000	75,000