

## Open session

**Board meeting:** 17 May 2023  
**Agenda item:** 12ii  
**Subject:** Management Accounts for 2023  
**Action:** To Note

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### Purpose

The purpose of this paper is to inform the Board of ARB's financial position as at 31 March 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 in income of £86k.

Further information is set out below.

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### Recommendations

It is recommended that the Board:

- i. Note the content of this paper.

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### Annexes

Annex A – Management Accounts Summary.

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### Author/Key Contact

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## 1. Open session

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

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## 2. Background and Key points

### Operation Income

- 2.1 The income forecast is £8,450k against a budget of £8,536k, resulting in a £86k reduction in the anticipated income when compared to the budget.
- 2.2 The annual retention fee for 2023 has now been collected and 41,240 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 removed for non-payment was higher than anticipated resulting in a loss of income of £154k.
- 2.3 However, for the first quarter of 2023 we forecasted that 430 of those removed for non-payment would re-apply and come back on the register; as at the 31 March 2023 we had received 648 applications. It is anticipated that, as a result of the large numbers returning to the register, the £154k loss of annual fee income is likely to be significantly reduced within this second quarter of 2023. We are closely monitoring these reinstatement levels.
- 2.4 We have been cautious with the forecast of income for those re-joining the register and those joining the register for the first time as over the last three years, the timing of applications has fluctuated year on year when compared with what had previously been a relatively stable flow of applications. By the next Board meeting we will be in a better position to report a more accurate outturn given the registration fee element of the pro-rata quarterly fees will be within the lower rate.
- 2.5 The UK adaptation assessments are due to start in July 2023 and while it is difficult to predict demand given this is the first time it has been in operation; we are anticipating around 70 applications in 2023. We are testing the new assessment process between April and June 2023, and at its March 2023 meeting, the Board agreed to waive four application fees for volunteer candidates resulting a reduction in income of £12k.
- 2.6 Additional income of £45k is likely to be received from our investment portfolio during 2023 given their ongoing performance.



## **Expenditure**

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

## **Investments**

- 2.8 The Board's Investment Broker has confirmed that the portfolio is performing in line with the Board's investment strategy.

## **One-Off and Capital Costs**

- 2.9 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 which are currently tracking to budget.

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## **3. Resource Implications**

- 3.1. Resource implications are set out above.

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## **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.

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## **5. Communication**

- 5.1 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.

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## **6. Equality and Diversity implication**

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

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## **7. Recommendations**

It is recommended that the Board:

- i. Note the content of this paper.

DEPARTMENT	Actual	Actual	Actual	Actual	Actual
	CEO Office	Corp	Reg'n	Prof Stds	Quals
	0	1	2	3	4
	£	£	£	£	£
<b>Operating Income</b>					
Annual retention fee	0	0	7,409	0	0
Entry/re-entry to the register	0	0	273	0	0
Prescribed examinations	0	0	141	0	0
UK adaption assessments	0	0	0	0	0
Sundry receipts	0	0	0	0	0
Investment income	0	35	0	0	0
<b>Operating Income</b>	<b>0</b>	<b>35</b>	<b>7,823</b>	<b>0</b>	<b>0</b>
<b>Overheads</b>					
Employee costs	53	225	104	139	65
Office costs	0	191	1	32	0
Printing	0	46	0	0	0
Board costs	0	0	0	4	0
Legal and professional costs	4	0	5	218	0
Other administrative costs	0	15	24	1	0
IT costs	0	55	0	0	0
IT Transformation costs	0	3	1	10	0
Utilisation of reserves for IT transformation	0	0	0	0	0
<b>Expenditure</b>	<b>57</b>	<b>535</b>	<b>135</b>	<b>404</b>	<b>66</b>
<b>Net operating costs</b>	<b>(57)</b>	<b>(500)</b>	<b>7,688</b>	<b>(404)</b>	<b>(66)</b>

(Decrease in income or increase in expenditure)/Increase in income or decrease in expenditure

Actual IT 5 £	Actual Projects 6 £	Actual Comms 7 £	Actual Gov & Int 7 £	Actual Period 3 YTD £	Budget to month 3 YTD £	Var' to Budget (M3) YTD £	Full Yr Budget YTD £
0	0	0	0	7,409	7,536	(127)	7,536
0	0	0	0	273	196	77	393
0	0	0	0	141	90	51	270
0	0	0	0	0	0	0	207
0	0	0	0	0	1	(1)	10
0	0	0	0	35	10	25	120
<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,858</b>	<b>7,833</b>	<b>25</b>	<b>8,536</b>
0	0	57	71	714	870	(155)	3,478
0	0	0	0	224	151	72	606
0	0	1	0	47	28	19	111
0	0	0	87	91	48	43	193
53	15	5	3	303	457	(153)	1,826
0	0	0	2	43	141	(98)	564
56	72	0	0	183	188	(5)	753
0	262	0	1	277	601	(324)	2,404
0	0	0	0	0	0	0	(1,400)
<b>109</b>	<b>350</b>	<b>63</b>	<b>164</b>	<b>1,882</b>	<b>2,484</b>	<b>(601)</b>	<b>8,536</b>
<b>(109)</b>	<b>(350)</b>	<b>(63)</b>	<b>(164)</b>	<b>5,976</b>	<b>5,349</b>	<b>627</b>	<b>0</b>

Full Yr Forecast	Full Yr Var'
YTD	Bud vs Fcast YTD
£	£
7,382	(154)
428	35
270	0
195	(12)
10	0
165	45
<b>8,450</b>	<b>(86)</b>
3,478	0
606	0
111	0
193	0
1,826	0
564	0
753	0
2,404	0
(1,400)	0
<b>8,536</b>	<b>0</b>
<b>(86)</b>	<b>(86)</b>