



Subject	2015 Management Accounts		
Status	Open Session		
Purpose	For Decision		
From	Marc Stoner, Financial Controller		
History	Parent Committee	First Submitted	Revision Number
	N/A	14/05/2015	1

If you have any queries on this paper, please contact Marc Stoner on 020 7580 5861

1. Purpose

To inform the Board of ARB's financial position at 31 Marc 2015, including the year-end forecast required for 2015.

2. Recommendations

- i. To note the contents of the paper; and
- ii. To approve the spend and utilisation of the Designated Maintenance Reserve as outlined under section 8 of this report.

3. Terms of Reference

Under the Board's Scheme of Decision Making, management accounts go directly to the Board for noting.

4. Open

5. 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

Support architects through regulation

The prudent financial management of ARB enables the delivery of all of ARB's statutory requirements and objectives.

6. Risk Implications

Continuous assessment of the financial landscape enables the management group to alert the Board should any financial risks arise.

7. Key Points

- i. Attached at **Annex A** is the March 2015 Management Accounts, which includes the year-end forecast and variances against the 2015 budget.

This shows a forecasted surplus at the year-end of £182k (Column G), which is mainly due to an increase in the number of new registrants, those re-joining, saving on staff costs due to vacancies, and lower than budget staff salary increase.

ii. **Operating Variances – year to date**

Income

The year-end forecast is currently £4,129k (Column G) against a budget of £4,002k (Column H), resulting in £127k increase (Column I) in income over the current budget.

This is made up as follows:-

- The number of new registrants and those re-joining the Register continues to increase above the assumptions made when the budget was set (September 2014). There were 1,824 removals for non-payment of the retention fee in January 2015 which is approximately 600 more removals than anticipated when setting the budget, 63% of whom have now re-joined the Register by the end of March 2015. The income partly offsets the reduced retention fee income and associated costs of processing the applications.
- There have been a larger number of candidates (57) having already sat the Prescribed Exam during the first quarter of the year. Any additional income is offset against increased expenditure, as the process is based on full cost recovery.

iii. Expenditure

The year-end forecast is currently £3,684k (Column G) against a budget of £3,739k (Column H), resulting in a £55k (Column I) underspend.

- Staff costs – £55k underspend. We are currently holding 5 vacancies, (Registrar, Qualifications Executive and 3 Registration Administrators) 3 of these roles are currently being covered by temporary/fixed term contracts and duties of the other 2 roles being undertaken by the staff across the organisation. Additionally we continue to have one member of staff on long term absence; this role is being covered through temporary part time resources covering communications, with the Human Resource function currently being outsourced.
- Through the on-going commitment and flexible working by team members to cover the majority of the work (temporary resources are secured, as and when required), we are able to deliver, however when trying to rebuild resources in the Registration team recently, we have experienced difficulties in attracting the right level of skills to the organisation, which we believe is due to the on-going Periodic Review and only offering fixed term contracts,

which is not attractive to those people in permanent positions in other organisations.

- Fixed term contracts do not provide stability for the organisation or the individuals in those roles. Therefore, there is a significant risk that those individuals may seek alternative permanent employment outside of ARB.
- Existing staff members worked extremely flexible during the retention fee period, including getting as many people back on the Register as quickly as possible.
- During 2014 it was anticipated that additional resources maybe required for implementing any changes resulting from the outcome of the Period Review. As the Review is yet to be concluded, additional resources may be required during 2015; authorisation will be sought from the Board if additional financial resources are required, over and above the agreed budget.

iv. **Capital Variances**

There are currently no variances to report.

8. Reserves / Maintenance Reserve

ARB sets aside a sum of money each year in a designated maintenance reserve to cover the cost of repairs and redecoration of the offices in accordance with the terms of the lease. Some repairs / maintenance will be required during the year and approval is sort from the Board, to provide approval for the Registrar to draw on the funds contained within the designated maintenance reserve to cover the costs. The balance of the maintenance reserve is £27k and the works required are anticipated to be around £15k.

9. Resource Implications

The forecasted balance of the Operating Reserve Fund, excluding any unrealised gains on investments, as at 31 December 2015, is £2,696k. This is equal to approximately 8.6 months of 2015 budgeted operating costs and therefore meets the Boards reserves policy.

After taking account of capital accounting adjustments which are included within the above balance, this reduces to approximately 8 months of 2015 budgeted operating costs and therefore still meets the Boards reserves policy.

10. 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 will contribute towards maximising cost savings.

11. Equality and Diversity Implications

None currently identified.