



**Subject** Management Accounts 2017  
**Purpose** To Note  
**From** Marc Stoner – Head of Finance and Resources

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## 1. Summary

The purpose of the paper is to inform the Board of ARB's financial position at 31 March 2017, including the year-end forecast for 2017.

Attached at **Annex A** is the management accounts summary, which includes the year-end forecast and variances against the 2017 budget. This shows a forecasted surplus at the year-end of £278k (Column G) compared with to a budgeted surplus of £262k (Column H), a change of £16k.

## 2. Open

## 3. Contribution to the Board's Purpose and Objectives

In delivering the Act, ARB's objectives are to:

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.

## 4. Background

### i. Income

The year-end forecast is currently estimated at £4,677k (**Annex A, Column G**) against a budget of £4,659k (**Annex A, Column H**), resulting in a £18k (**Annex A, Column I**) increase in income.

- **Annual Retention Fee** – £52k increased income - When setting the budget for the annual fee in September 2016, the number of registrants paying the fee was estimated at 36,985. The Register continued to grow during the remainder of 2016, less architects were removed for non-payment, resulting in approximately 37,486, fee payments for 2017.
- **Entry/Re-entry to the Register** – £34k decrease in income – the level of registrant's joining the register remains similar to 2016. However, those re-joining the register are lower than anticipated due to the decrease in the number of removals for non-payment of the retention fee as outlined above.

ii. **Expenditure**

The year-end forecast is currently estimated at £4,112k (**Annex A, Column G**) against a budget of £4,110k (**Annex A, Column H**), resulting in a £2k (**Annex A, Column I**) overspend.

- Office costs – £7k overspend in relation to Business Rates. When setting the 2017 budget back in September 2016, the budget was increased by £12,400 as we were made aware that a revaluation review was being carried out. However, the final valuation that came into force on 1 April 2017 was £7k higher than anticipated.
- Title misuse - £5k underspend as a result of recovering costs at the prosecution stage.

iii. **Capital and One Off Costs - Variances**

There are currently no variances to report and a number of projects are being progressed. Projects may need to be re-prioritised now that the Period Review has been published. Updates will be provided at future Board meetings.

iv. **Reserves**

The balance of the Operating Reserve Fund, excluding any unrealised gains on investments, as at 1 January 2017, was £4,609k. There are sufficient funds to meet the DCLG requirements to hold the cost of closure and therefore meets the Board's reserves policy. The current policy is due for review in quarter 3 of 2017 but the level of resources held also forms part of the budget and retention fee considerations. Also contained within the reserves are the funds being held for various projects carried forward as well as those that were deferred awaiting the Periodic Review outcomes.

**5. Resource implications**

The year-end surplus will be transferred to reserves. It should be noted that holding this level of reserves was a factor when the Board made the decision in September 2016 to hold the retention fee at £107.00 for 2017.

**6. Risk Implications**

The Operational Management Group closely monitor the impact on workloads and financial resources and will report to the Board where appropriate, to keep the Board up to date.

**7. 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.

**8. Equality and Diversity Implications**

None currently identified.