



# **Annual Report and Financial Statements 2021**



**ARCHITECTS REGISTRATION BOARD**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**2021**

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# **Part One: Annual Report**

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## 1. Chair's Foreword

As chair of the Architects Registration Board, it is my great pleasure to introduce our Annual Report and Financial Statements for 2021. The past year has been a year of transformation, and we welcomed new members to the Board and to the staff executive, including a new Chief Executive and Registrar. They have all joined the organisation with aspirations for positive change, and these were encapsulated in the publication of our ambitious Corporate Strategy in October 2021.

This Report outlines our work in 2021 and offers a review of our progress and successes. Our vision is that over the next five years, we will reform initial education and training for architects, aiming for a profession that is accessible, diverse, inclusive and inspirational. We aim also to transform our systems and processes, building a high performance culture within the organisation, and to deliver a new scheme for continuing professional development. All the while we will strive for continuous improvement in all parts of our operation, and this Report sees our staff reflect on the efforts of individual departments in 2021.

The magnitude of the Grenfell tragedy demanded a powerful and committed response from all who work within the built environment industry. In 2021 we published robust new guidance on fire and life safety to architects and the institutions that educate them, along with similarly strong guidance on sustainability, another key issue confronting the built environment, and one where architects can make a real difference.

The Building Safety Act opens the way for measures to ensure that such an event and such a loss of life as that experienced on 14 June 2017 cannot happen again. The Act gives ARB new responsibilities and new powers that complement our existing statutory duties. The Act is a significant milestone in the effort to strengthen public safety, and we welcome the new role it creates for us in monitoring continuing professional development. We know that the issue of building safety is an issue that architects care about hugely, and we have been consulting with the profession at all stages as we design the new scheme.

Exit from the EU has given us cause to examine the place of UK architecture in the world and to redraw how we interact with counterpart organisations in other jurisdictions. We now have a more important role than ever in ensuring that the UK remains a desirable place in which to both practise and study as an architect. We agreed our first Memorandum of Understanding in 2021 and are in discussions for a number of Mutual Recognition Agreements with international counterparts – more details on these in subsequent chapters.

ARB occupies a small but vitally important place in the built environment. Architects have a central role in creating a world in which the built environment inspires and allows people to feel safe. Our job is to deliver effective regulation so that architects and other professionals are empowered to build that world.

I want to extend thanks to the immense work of our staff team in the previous year. 2021 was a year of flux and change for ARB, and the staff responded brilliantly to whatever challenges they were faced with. I also want to thank my Board colleagues, for their unwavering dedication to our cause of improving the regulatory environment by creating a culture in which architects are encouraged and supported to be as good as they can be.

*Alan Kershaw, ARB Chair*



## 2. Chief Executive and Registrar's Foreword

This Annual Report details the activities ARB has undertaken in 2021, the achievements we have delivered and the projects we have begun. But more than that it also begins to describe the kind of regulator we aspire to be and how the strategic priorities set out in our five-year Corporate Strategy will guide our work in the coming years and deliver on our purpose and our vision for regulation of architects.

We passionately believe that if regulation is to be effective, by enabling architects to be the best they can be and ensuring the continued confidence of those who use the services of architects, we need to listen and engage well.

Through our work to develop a new model for the initial education and training of architects, we want to enable improved access to the profession, promote diversity and support inclusion.

Through our new statutory model of Continuing Professional Development, we will promote the development of the profession and professionalism amongst architects in a way which is proportionate and avoids compliance and tick box approaches.

We will only get these and other policies right if we improve our capability around research, engagement and consultation. Although Covid-19 limited opportunities for face-to-face meetings and events in 2021, we held numerous online events with stakeholders from across the UK and we held two high-profile consultative surveys on initial education and training and CPD. Both surveys enabled us to test proposed approaches and improvements in our regulatory approach and gather valuable feedback.

We have also begun a major programme of internal reform within ARB to make sure we improve our registrant services and deliver efficient and effective regulation. Our vision is for architects to be able to manage their own registration applications and personal data. We also wish to maximise the insight we can gather from the data on the register about demographics, trends in the profession and information needed to address issues such as diversity. We began work to transform our systems, processes and information technology in 2021 and while changes will take a number of years to implement, we hope to see significant improvement within 2022/23.

Although 2021 was a challenging year, it was also an exciting year. The Board approved a new and ambitious strategy and my team at ARB successfully grappled with the positive challenges set by the Board and also worked hard to develop a new hybrid model of working, underpinned by the best available evidence around productivity and workforce development.

*Hugh Simpson, Chief Executive and Registrar*

### 3. About ARB

#### Introduction

ARB is an independent professional regulator, established by Parliament as a statutory body through the Architects Act, in 1997. We are accountable to government.

The law gives us a number of core functions:

- To ensure only those who are suitably competent are allowed to practise as architects. We do this by approving the architecture qualifications required to join the Register of architects.
- We maintain a publicly available Register of architects so anyone using the services of an architect can be confident that they are suitably qualified and are fit to practise.
- We set the standards of conduct and practice the profession must meet and take action when any architect falls below the required standards of conduct or competence.
- We protect the legally restricted title 'architect' and take action against those who use the title but are not registered with ARB.

#### Purpose, vision and approach

##### Our purpose

We want a world in which the built environment inspires those who live and work in it, reflects the needs of society so that people are safe and can live well, and helps to tackle the fundamental challenges our planet faces.

##### Our vision

Our ambitious vision for ARB is set out in the Corporate Strategy we published in 2021. Our goal is to deliver improvements and tangible outcomes in each of our core statutory functions; and meaningful and positive change in our strategic priorities.

Our vision and commitment is to:

- Demonstrate leadership for the sector in responding to key challenges including safety and climate change;
- Foster a culture of equality, diversity and inclusion in our own organisation and take action to ensure change occurs in architecture;
- Work with the profession (including employers, educators, students and others) to modernise initial education and training;
- Build on the professionalism of architects, implementing a new model of continuing professional development which supports and encourages good practice and lifelong learning;
- Embed a culture of continuous improvement within ARB so that our regulatory services are accessible, effective, and designed around the needs of architects and consumers.

##### Our approach

We are committed to delivering regulation which adheres to the high-level principles of good regulation: proportionality, accountability, consistency, transparency and targeting.

Within that framework we see a number of principles which we believe must guide our work if we are to deliver effective regulation:

- Open and engaging
- Evidence-based
- Promoting diversity
- Responsive

You can learn more about how we intend to demonstrate our approach in our Corporate Strategy: <https://arb.org.uk/about-arb/accountability/5yearstrategy/>

Our work is overseen by a Board of 11 members, all appointed by the Privy Council. This includes an independent, non-executive Chair and ten non-executive Board members: five members of the public and five architects. You can learn about our governance and organisation structure in the Financial Statements in Part Two of this report, and on our website: <https://arb.org.uk/about-arb/>.

### Introduction

#### Our strategic priorities

The Board had identified four strategic objectives for delivery in the years 2019-2021, and the work planned for 2021 was designed to support the delivery of those objectives. The strategic objectives were:

- Having a fit for purpose Architects Register
- Maintaining strong relationships
- Planning an effective exit from the European Union
- Organisational excellence

In October 2021, we published a [five-year Corporate Strategy](#), covering the period 2022-26. We identified five pillars in this strategy and we started working towards these in 2021, building on the key objectives of the previous plan. The five pillars of the new Corporate Strategy are:

- Continuous improvement in our regulatory services
- Modernise initial education and training of architects
- Develop and deliver a new model of continuing professional development
- Transform our systems, processes, and technology
- Invest in our people

#### Progressing towards a new strategy

In this chapter, our Progress Report, we report the progress we have made towards delivering our plans.<sup>1</sup> This covers:

- Developing a new model of continuing professional development (CPD) for architects: Here we set out the work we have done to help improve competence in the profession and prepare to introduce a new model for CPD. This work is crucial in ensuring the *Register is fit for purpose*, and our dedicated approach to engagement means we have been developing *strong relationships* with those impacted by our work.
- Modernising initial education and training: In 2021 we progressed our major review of the way architects are trained and educated. As with CPD, this project will help to make sure the *Register is fit for purpose*, and we have sought to develop our approach through *strong relationships* and two-way engagement.
- International routes to registration: Following the *UK's exit from the EU*, we have been working to develop new international routes for architects to join the UK Register, and for architects in the UK to join registers in other countries. This section offers an update on that work.
- Organisational excellence: This section sets out our progress against our 2021 plan and how it has set the foundations for crucial parts of our new Corporate Strategy, including transforming our systems and processes, investing in people, and ensuring equality, diversity and inclusion our approach.

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<sup>1</sup> While the new Corporate Strategy is effective for the years 2022–26, work towards the strategic objectives it set out began in 2021. Italics have been used here to highlight common threads between the previous strategic objectives and the new ones effective for 2022.

## Developing a new model of continuing professional development for architects

In 2021 ARB:

- Published original research undertaken in 2020 to support the development of our CPD scheme and other major projects including our education review;
- Published robust new guidelines for architects on fire and life safety, and environmental sustainability;
- Published a policy paper setting out four principles to underpin the CPD scheme;
- Undertook a major engagement survey, which received 763 responses, on our proposed principles for the scheme.

The Architects' Code of Conduct and Practice expects all architects to keep their knowledge and skills relevant to their professional work up to date. At present, the only time we can check whether an architect has maintained competence is when they are the subject of a disciplinary complaint. For most architects, at no point in their career will they have to positively affirm, or submit evidence to the regulator, that they have properly maintained competence.

Dame Judith Hackitt's *Building a Safer Future* Review which followed the Grenfell Tower tragedy called for greater emphasis on both improved competence and regulatory oversight across the construction industry. To play our part in meeting Dame Judith's recommendations, we want architects to be able to demonstrate their commitment to continued learning throughout their professional lives. This will promote public confidence in the competence of the profession.

In response to Dame Judith's report, the Building Safety Bill was introduced to Parliament in June 2021 and received Royal Assent in April 2022. The Act will expand ARB's core functions, giving us the power to monitor the training and development architects carry out throughout their careers. ARB will use the new powers proposed under the Act to create a scheme that connects a commitment to maintaining competence to an architect's continued right to registration.

In March 2021 ARB published [new guidelines](#) for all architects on Fire and Life Safety Design and Sustainability Competence. Dame Judith's report recommended that we should address fire safety in design as part of the competence levels required of architects.

When the draft Building Safety Bill was first published in 2020 (and has since become an Act), ARB carried out a significant piece of research into the future competence of architects. This included an analysis of how architects might best maintain and develop their skills, knowledge, experience and behaviours throughout their careers. All UK registered architects were invited to complete a survey and we published the [results](#) in August 2021 alongside a policy paper that drew on the research. That paper, [Scheme for Continuing Professional Development: Proposed principles](#), set out four initial principles to guide our CPD scheme. These principles are:

Improve the overall competence of the profession

- The scheme will need to create an overall positive shift in the collective competence of the profession by promoting a culture of continuing professional development. We want the scheme to encourage architects to think about their competence and take personal accountability for addressing it. The aim is to drive up standards of competence throughout the whole profession.

- It is therefore likely that the model will be based on formative learning rather than competence assessments or tests. We do not believe that it is possible to create single point assessments that are capable of being relevant to the range and diversity of architectural practice.
- The scheme should focus on outcomes instead of inputs. This means that the quality and impact of the learning undertaken will be paramount, rather than the hours that have been logged.
- The purpose of the scheme will not be a drive to remove architects from the Register, but to encourage a cycle of learning and development. While there must be a consequence for those architects who are unwilling or unable to commit to maintaining their competence, or to engage in the process, it will be unconnected to the disciplinary process which deals with serious cases of incompetence and misconduct.

#### Tailored by architects to their own practice and needs

- We believe that every architect has unique development requirements, so an effective CPD scheme must allow for individuals to maintain and develop their competence in a way that is relevant to their practice. This means that we are not proposing to introduce a 'one-size-fits-all' scheme. Instead, we will develop a scheme that will encourage architects to reflect, plan, act and evaluate on their learning activities in a way that is relevant to their own practice and development needs.
- The scheme should however allow for ARB to make interventions where we identify particular areas of competence that the whole profession needs to address. For example, following Dame Judith Hackitt's [Building a Safer Future Review](#) and in light of the climate crisis, we recently addressed the need for all architects to maintain their competence for fire and life safety and sustainability (we shared new [guidelines with architects](#) in March 2021 and published new [guidance for schools](#) of architecture in August 2021). Again, this would be done in a way that allows architects to carry out additional CPD in a way that is relevant to their work.

#### Proportionate and deliverable

- As research suggests that architects are already committed to carrying out significant levels of CPD, we want our scheme to formalise, direct and regulate that learning. The scheme we design should, where possible, avoid any additional costs for architects, and they should be able to view the time they spend on it as an investment in their development.
- This would likely rule out a model which requires a detailed analysis of every architect's ongoing competence on an annual basis. It could, for example, allow for a regime that covers the whole profession on a light-touch basis or a periodic sample of the profession in a more involved way.

#### Avoid duplication where possible

- One of the key themes emerging from the Government's consultation on the proposed changes to the Architects Act was the need to avoid unnecessary duplication with the CPD requirements of architects' professional bodies. An ARB scheme should minimise unnecessary bureaucracy and allow architects maximum opportunity to use their time valuably.

- While ARB must create a model that is suitable for all registered architects, we should pay due regard to how best it can work alongside these existing schemes – both in terms of subject matter and logistical compatibility (such as being able to write up CPD once but log it in more than one system).

In tandem with the publication of this policy paper, we launched a major public engagement exercise to help shape our approach to developing the CPD scheme. In October 2021 we hosted an online workshop for members of our [Architects Engagement Group](#), providing members with a forum in which to discuss the proposed principles and share their views.

Architects were also invited to share their views via an online survey, launched alongside the publication of the policy paper. This survey received 763 responses, the majority of which (723, which equates to 95%) were from Registered architects, including 30 who were architects describing themselves as academics. The survey closed on 29 November 2021 and full analysis of the results will be published in 2022, along with information about next steps.

## Modernising initial education and training

In 2021 ARB:

- Consulted on and subsequently published new guidance on fire and life safety, and environmental sustainability for institutions offering ARB-recognised qualifications;
- Published a discussion paper setting out why and how we want to modernise initial education and training of architects;
- Invited views on our proposals in a major engagement survey that closed in 2022 with hundreds of responses.

As the professional regulator, ARB is responsible for setting the standards for registration as an architect. We currently fulfil this role by setting Criteria and processes that institutions teaching architecture must meet in order for their students to qualify and register as architects.

Between February and April 2021 we conducted a public consultation on new guidance for schools of architecture, relating to the topics of Fire and Life Safety Design and Environmental Sustainability. This guidance was published in August 2021 and became effective from September 2021. As of that month, when we monitor a school as part of its annual process, or considers an application for a qualification to be recognised, we have asked to see a plan as to how the school implemented or will implement the guidance in its curriculum.

To meet the demands of today and the challenges of tomorrow, we need to ensure architects acquire the right skills, knowledge, experience and behaviours to support safe, effective practice. The Grenfell Tower tragedy, the Climate Emergency, and the need to consider how professional regulation can help to address the demonstrable lack of diversity and inclusion within the profession have all given cause for us to review the requirements we set for initial education and training; and to examine the routes to registration.

Ultimately, we are seeking to develop a regulatory model that focusses on the outcomes required of an individual at the end of their initial period of education and training. We want to shift focus onto what a newly qualifying architect is able to do, whatever the specific route they have followed to the point of registration.

[Under the existing model](#), an architect is expected to have completed Parts 1, 2 and 3. The evidence we have collected, and feedback from the profession, indicates that this system is inflexible and needs modernising to address key challenges facing the sector, and to make the profession more inclusive and reflective of society.

In October 2021 ARB published a discussion document, [Modernising Initial Education and Training](#). This was informed by the [independent research we commissioned in 2020](#).

Through our detailed engagement and the research commissioned and collated, we have developed a vision for success for this work, described below against the key stakeholder groups and what success would look like for them:

- Public: Ensure that anyone joining the Register is equipped to design a built environment that reflects the needs of society so that people can be safe and live well, and helps to tackle the fundamental challenges our planet faces.



- Profession and employers: Provide future architects with skills, knowledge, experience and behaviours that they can develop and apply throughout their career.
- Institutions: Allow for flexibility and innovation by bodies that provide education and training, ensuring the UK remains an attractive place to study.
- Future architects: Enable anyone with the right competencies to become an architect by a route that is right for them.
- Regulatory: Through an effective and proportionate quality assurance model, give clarity about the accountability of ARB, the institutions, and students.

In tandem with the discussion document, we launched a survey to invite views on our modernisation proposals. We explored ideas through a series of events, *Developing Competencies for Tomorrow's Architect*, held online and in London and Bristol. Videos of these events and clips of presentations from expert panel speakers were shared on our YouTube channel and across our social media channels:

<https://www.youtube.com/channel/UCfRbfOWTRwr3CUpau9Z67xw>

The survey closed on 10 January 2022, and received 711 responses. Results and analysis for the survey will be published later in the year. The results of our research in 2020 and 2021 will inform how we develop new arrangements. A report on the survey will be published in 2022, at which point we will identify the next steps for this major programme.

## International routes to registration

In 2021 ARB:

- Engaged in discussions with our counterpart regulators, including in Europe, the USA, Australia, New Zealand and Hong Kong;
- Launched a consultation and sought views on the development of our international routes to registration;
- Communicated new developments to architects so that they could understand the impact of the changes.

One of our key duties is to set standards for entry to the UK Register of Architects. For professionals who have trained outside the UK jurisdiction, we must decide which qualifications and levels of experience are equivalent to qualifications and experience gained in the UK before an individual can join the Register.

Following the UK's exit from the European Union, the Mutual Recognition of Professional Qualifications Directive (MRPQ) ceased to apply to the UK. As of 1 January 2021, ARB has been operating under interim arrangements put in place by Government to facilitate the continued recognition of EU qualifications and the registration of EU architects.

The Professional Qualifications Bill, which was introduced to Parliament in May 2021 and received Royal Assent in April 2022, provides for a new approach for recognising EU qualifications and experience. The Act allows regulatory bodies such as ARB to put in place mutual recognition agreements (MRAs) with counterparts from other countries and regions to enable UK architects to register in those places, and vice versa.

We established our first MoU on 1 January 2021 with our counterparts in Ireland, the Royal Institute of the Architects of Ireland (RIAI). This facilitates the mutual registration of UK and Irish architects.

Over the course of the year, we engaged with our counterparts in Australia and New Zealand, Hong Kong, and the USA to discuss future arrangements. Through the Architects Council of Europe (ACE), we have also been working constructively with EU counterparts to develop recommendations that will form the basis of a new MRA. Once agreed by ARB and ACE, these recommendations will be considered by the UK Government and the EU Commission under the Trade and Co-operation Agreement.

In October 2021, ARB published a consultation document setting out our proposed approach, our principles, and a proposed scheme for changes to international routes to registration. This set out three sets of principles to support the development of the following in relation to the new scheme. These covered:

- the overarching approach to the new routes;
- the additional measures individuals holding international qualifications will need to meet prior to registration;
- mutual recognition agreements and memoranda of understanding.

The detail of all this is available on our website.<sup>2</sup> We also held a stakeholder roundtable in November 2021. This, alongside separate meetings with interested stakeholders, helped to inform the development of the routes.

### **Next steps**

The consultation on changes to our international routes to registration closed in January 2022. Our analysis of the responses will be used to inform the next stages of this work. As part of our engagement, we also heard that other organisations and individuals wanted more information from us. In response, we have started to publish more frequent updates on our website and will continue to do so as our discussions with other regulators continue.

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<sup>2</sup> The paper is available on ARB's website at <https://arb.org.uk/eu-exit/update-on-the-development-of-arbs-international-routes-to-registration/>

## Organisational change

In 2021 ARB:

- Sought to improve equality, diversity and inclusion in the profession by promoting the use of data about its current makeup, launching a review of education and training with the aim of improving routes into the profession and actively engaging with underrepresented groups;
- Set out a bold ambition for radical overhaul of our IT systems and to make our services more accessible and easier to use for architects, higher education institutions and stakeholders;
- Presented a new people strategy as a component of our Corporate Strategy.

### Equality, diversity, and inclusion

In 2021 we continued to progress our efforts to help create a profession that reflects the makeup of society. This ambition was fundamental to our proposals to reform initial education and training and the routes to registration.

While the current educational model is widely recognised as thorough, and the UK is rightly proud of the esteem in which UK architecture qualifications are held in, our evidence shows it has also created significant barriers to some people becoming architects at all. The cost of education and the requirements for work experience create barriers for people from less affluent backgrounds or without existing networks in the profession. This is likely to have a disproportionate impact on those from poorer backgrounds and minority groups. New routes into the profession must be developed if the UK is to continue to produce world-class architects able to innovate, work effectively with other professionals and contribute to a high-quality, sustainable built environment.

As part of our engagement programme for our proposals for initial education and training we ran a series of events entitled *Developing Competencies for Tomorrow's Architect*. The second event in this series was dedicated to the topic of professionalism and ethical behaviour. The panel was made up of a diverse group of speakers and the discussion was given over to themes of diversity and inclusion.

We are continuing to collect equality and diversity data for the Register. While architects must submit certain legally recognised information as part of the registration process, EDI data is submitted on a voluntary basis. We want to have as much data as possible on the composition of the Register so that we are better equipped to understand the demographics in which the profession could improve its inclusion and diversity. ARB encourages all UK architects to complete the E&D Survey. As of the 8<sup>th</sup> of January 2022, 72.6% of architects had supplied data. This is an increase of 4.4% on the 68.2% supplying data at the end of 2020.

Our commitment to furthering equality, diversity and inclusion in the profession was also expressed in our approach to communications and engagement. Over the course of 2021 we spoke at events and met with groups and networks for underrepresented groups in architecture. These included:

- *Exposing the Barriers in Architecture Education, from a FAME Perspective*, an online research symposium hosted in October by FAME Collective. FAME Collective is a research network for female architects of minority ethnic.
- *RIBA Radio*, an initiative organised by RIBA in November focussed on promoting diversity and inclusion within the architecture profession.

## **Transforming our systems, processes and information technology**

ARB is a small organisation but requires robust and effective infrastructure to operate effectively and securely. There has been historic under-investment which needs rectifying to ensure that our systems remain secure. This will allow us to continue to manage the Register effectively, enable better use of data and generate insight into the make up of the profession for policy makers. It will also help us prepare for future changes, including the implementation of the new scheme for CPD.

The Covid pandemic and government advice shaped how we worked in 2021. We followed advice when recommendations to work from home were issued, and we evolved to a flexible model of working. We continued to operate effectively, but working remotely during the pandemic has demonstrated that ARB's current technology has limitations. We need systems and processes which can facilitate a new operating model in which staff work flexibly and architects, higher education institutions and stakeholders can access our services and engage with us remotely where necessary.

Our ambition for ARB's new IT systems is:

- We will overhaul our systems and processes, so we move rapidly to a 'self-serve' model for registrants who need to update their data and information we hold;
- We will invest in our core information technology infrastructure to continue to protect the security and integrity of registrant data and deliver our statutory functions in a more efficient way;
- We will introduce cloud- based services and procure new software to manage the registration database;
- We will build our capacity and capability around data and insight.

Work on this transformation began in 2021, and we have set the requirements for the next phase of the work to be undertaken in 2022.

## **Investing in our people**

As with many organisations, effective working both within teams and with stakeholders was negatively affected by the pandemic. While we have been able to utilise online technology for meetings, we also know that information sharing, personal development and collective working have faced challenges.

ARB staff performed admirably and adapted quickly to the new ways of working, and we have made effective use of online technology to stay connected. However, we want to equip our workforce to be flexible, to adapt to changes happening in the sector, and to do so consistently with our organisational values. Just as we have made a commitment to promoting diversity in architecture, we also want to ensure that we are promoting diversity within ARB, our staff groups, our Board and our associates.

Our Corporate Strategy set out our aims for our people strategy:

- With our staff, we will co-create the organisational values and underpinning behaviours for everyone who works at ARB;
- We will build a new flexible operating model so that we can continue to attract and retain staff in a post-Covid market;
- We will develop a new performance framework so that staff are highly motivated and clear on what success looks like;

- We will invest in staff training and development, particularly identifying new skills required in the organisation and gaps in knowledge;
- We will put equality, diversity and inclusion at the heart of all we do, with specific measurable goals, and report on our achievements.

## 5. Departmental updates

### Introduction

In the chapter above, we detailed the progress we have made against our strategic priorities in 2021, to move towards those set out in our Corporate Strategy for 2022 to 2026.

While these priorities guide our direction of travel, we are at all times committed to continuous improvement across all our regulatory services. In this chapter we summarise the work undertaken in 2021 to meet our statutory functions, including:

- recognising qualifications for architects to join the Register;
- managing and maintaining the Register, and ensuring it remains easily accessible so that anyone can check the registration status of any architect;
- upholding professional standards, including investigating complaints about misconduct and title misuse;
- managing ARB's governance and international relations;
- managing ARB's corporate functions to ensure the organisation runs smoothly, and
- effectively communicating with architects and other audiences to involve them in our policy development and regulatory approach.

## Qualifications

Our Accreditation Team is responsible for ensuring that qualifications in architecture meet ARB's educational standards and other requirements. 2021 was a busy year for the team. We prescribed 10 new qualifications. We hosted a planning session with each of these institutions, to make sure they understood the process, the timescale, and what we would expect of them at each stage. We renewed 30 existing qualifications – more than double the number for 2020. We ran 147 annual monitoring assessments, and prospective architects in the UK have increasingly more choice as to how they gain accreditation. As per the terms of ARB's MoU with the RIAI, our counterparts in Ireland, we also began recognising Irish qualifications in 2021.

In August we issued new guidance for those wishing to join the Register and to institutions on the subjects of fire and life safety. As of September 2021, when we monitor a school as part of its annual process or consider an application for a qualification to be recognised, we are now asking to see a plan as to how the school has implemented or will implement the guidance in their curriculum, in addition to the previous requirements.

### Facts and figures

**147**  
Qualifications  
monitored

(124 in 2020)

- Across 53 institutions



**30**  
Qualifications renewed

(14 in 2020)

- Across 12 institutions
- 7 approved under the apprenticeship framework



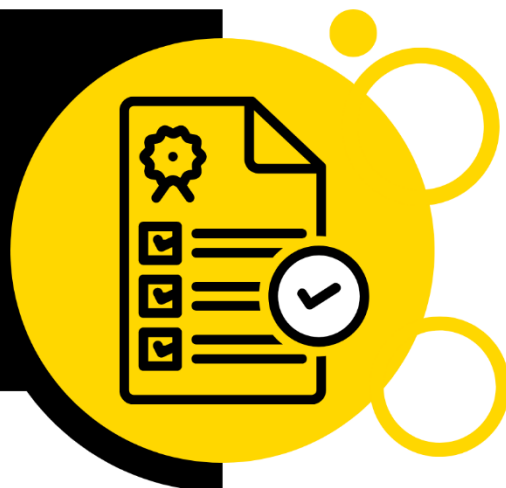


# 10

## Qualifications prescribed

(25 in 2020)

- Across 9 institutions (4 with no previous history of prescribed qualifications)
- 2 of the qualifications were under the apprenticeship framework



## In 2021, we notified RIAI of the following:

- 4 new qualifications (first time prescription)
- 2 new and additional qualification titles were added to a suite of existing titles
- 2 existing award titles were changed
- 1 institution was notified as a new awarding body

(All of these changes related to Part 2 (masters) qualification level)



The Governance and International department is a new directorate, created in November 2021. The governance team ensures that there is a robust governance structure in place to support the organisation. The international team is responsible for developing the new international route to registration, which includes the development of mutual recognition agreements (MRAs)/MoUs with international regulators.

In 2021 we began a review of the Board's Handbook, including our declarations of interest policy. We reviewed the role and appointment of the Senior Independent Board Member. We provided support to our sponsoring Government department, who were preparing to launch recruitment campaigns for ARB's permanent Chair and a lay Board member vacancy. We also started preparing for a series of legislative changes which will impact on the Architects Act 1997, and on some of our governance processes.

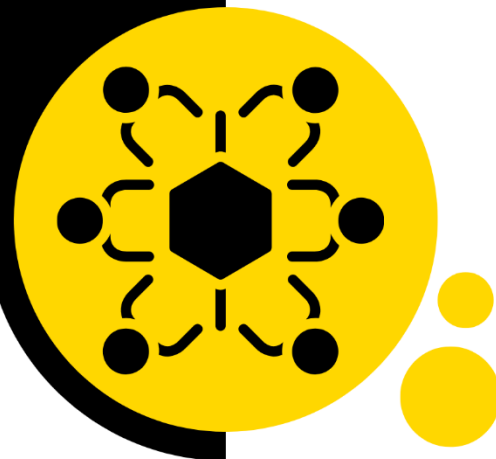
Throughout the year we continued to make progress with the development of our new international routes and associated MRAs/MoUs.

### Facts and figures

# 3

## MRAs under development

- EU - Architects Council of Europe
- USA - National Council of Architectural Registration Boards
- Australia and New Zealand - Architects Accreditation Council of Australia and New Zealand Registered Architects Board



# 2

## MoUs under development

- Hong Kong - Architects Registration Board Hong Kong and Hong Kong Institute of Architects
- Australia and New Zealand - Architects Accreditation Council of Australia and New Zealand Registered Architects Board



# 1 Active MoU

- Ireland - Royal Institute for the Architects of Ireland



## Professional Standards

The Professional Standards department ensures the conduct and competence of practising architects, and the appropriate use of the legally protected title ‘architect’ – it’s our responsibility to respond and to investigate when a complaint is raised. The total incoming number of complaints we received in 2021 has remained steady and in line with what we received in previous years. However, a higher number of those complaints have been of a serious nature, so we saw more decisions going to the Professional Conduct Committee (PCC) than in recent years.

Despite restrictions on in-person meetings, PCC hearings continued in 2021, with the majority being facilitated online. We found this to be an effective means of organising hearings and are continuing this approach into 2022. We will continue to monitor the effectiveness of hosting hearings in this way, and to use data to analyse whether it disadvantages any particular groups. We also carried out a review of our investigations rules and key guidance documents to ensure they remain modern and user-friendly. New documents will be published in spring 2022.

### Facts and figures

**160**

Total complaints  
received

(154 in 2020)



**101**

Complaints resolved  
without the need for  
formal action

(106 in 2020)



# 38

Complaints referred to  
the Professional  
Conduct Committee

(26 in 2020)



# 326

Incidents of title  
misuse investigated

(502 in 2020)



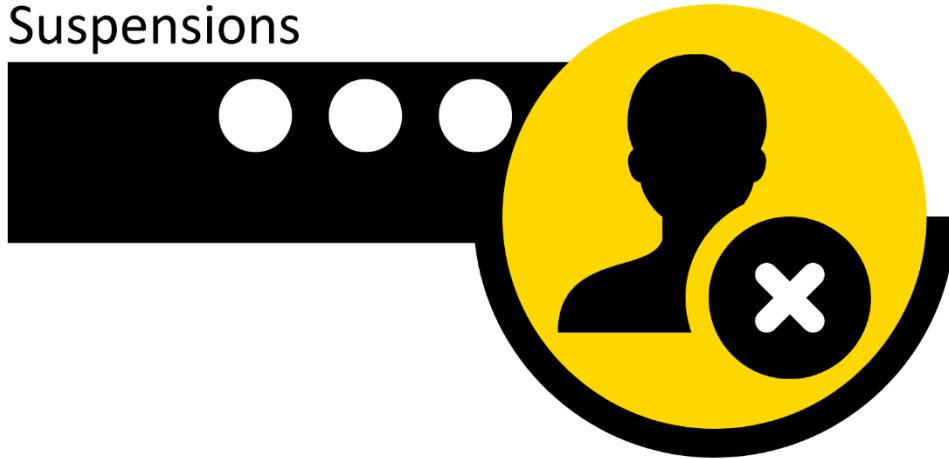
# 59

Complaints referred  
for investigation

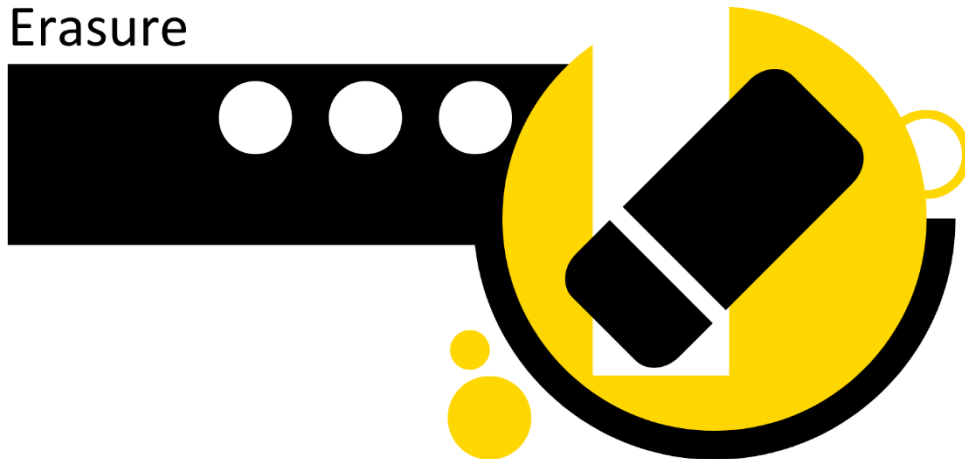
(48 in 2020)



## 5 Suspensions



## 1 Erasure



## Registration

The role of the Registration team is to assess new applications to join the Register, ensure competency assessments for those re-joining are undertaken, update details on the Register, and manage collection of the statutory retention fee. To allow for Covid-related issues, we extended the deadline for payment of retention fees from 31 December 2021 to 7 January 2022. The retention fee was raised in 2021 (from £119 to £149). The number of architects on the Register remained relatively stable. More information about the 2021 retention period is available here: <https://arb.org.uk/retention-period-2021-register-of-architects-2022/>

We admitted fewer architects from the EU route to the Register than previously, and in many cases it took longer to process their registrations than the 'within 15 days' target we aim for. This was due to a large volume of poor-quality applications being submitted shortly before the end of EU transition period. Some of these applications were missing information, and because the UK is no longer within the EU, it took longer than in previous years to get the information required. On applications coming from UK routes, we processed 90% within 15 days.

We are continuing to collect EDI data for the Register. Architects do not have to supply this as a statutory requirement, and we rely on them to submit this on a voluntary basis. Our EDI information on the 8<sup>th</sup> of January 2022 related to 72.6% of architects – a higher proportion than ever before. Having this data allows us to better understand the make-up of the profession and to understand which groups are underrepresented.

### Facts and figures



# 1,182

## New admissions from the UK route

(1,355 in 2020)

(90% processed within 15 working days)



# 324

## New admissions from EU routes

(477 in 2020)

(59% processed within 15 working days)



# 2,218

## Architects removed from the Register

(1,643 in 2020)

- Deaths = 56
- Resignations = 831
- Non-payment of annual fee = 1,331





The Corporate team manages infrastructure and support functions at ARB including Finance, Information Technology, Human Resources, Facilities and Health and Safety, Audit and Risk, and Administration. These all support the delivery of our statutory functions and our ambitions for high quality regulation within a culture of continuous improvement.

We facilitated a full review of Board member attendance allowances and commenced the implementation of an online expense claiming system, mitigating the need for posted hard copy forms. This has also helped to support our aim of reducing paper wastage across the organisation. We continue to be an accredited Living Wage employer, and ensure key suppliers also pay Living Wage to their staff.

During 2021 we recruited for 13 staff roles, six of them new. By the end of 2021 ARB's headcount was 36 permanent staff, compared with 2020's headcount of 37. Throughout the year we also successfully recruited members to our Professional Conduct Committee and re-appointed our examination pool for prescribed examinations.

We managed audits on the accessibility of a selection of our key services, and on our prescribed examination process. Re-testing of previous audit findings was also carried out, as well as a detailed software asset assurance review. The team managed a full tender process for ARB's internal audit firm to ensure best practice and value for money. We also undertook a review of our records management and digitised most records required to be retained.

In 2021, we achieved at least 99% uptime across all critical IT services, with no cyber-attacks or reported data breaches. We also managed the smooth transition to a new, modern service provider for the retention fee Direct Debit collection service.

### Facts and figures

## Financials



**We ended 2021 in a financially secure position, with income outweighing expenditure.**

# 85%

Of suppliers paid  
within 30 days

(82% in 2020)



# 36

Total permanent staff  
at year end

(37 at the end of 2020)



# 13

New hires

• Including 6 new roles



As a new department formed in 2021, one of our overarching ambitions was to make ARB more transparent. We wanted architects and other audiences to be better able to understand our role and the work that we do. It was particularly important to us to improve our two-way engagement with architects, so that the professionals we regulate were presented with new and more opportunities to share their views and to help shape our approach to regulation.

We set up the Architects Engagement Group, an informal network of architects and other stakeholders, all willing to share their views to help shape our work. We changed the way that we consult by investing in a new online survey platform that was developed to help public bodies interact with a range of audiences. Over the course of the year, we carried out four engagement surveys and consultations.

In a bid to make ARB more open to the profession, we held a number of events - a new approach to involving stakeholders in the development of our regulatory policy. We held listening events hosted online, a workshop on our principles for the new CPD scheme, and two hybrid events focussing on our proposals to reform initial education and training, hosted in Bristol, in London and online. We met with key organisations to discuss issues affecting architects, and hosted workshops and roundtables to discuss crucial topics including our Corporate Strategy, professional indemnity insurance, and international routes to registration. Our meetings included professional institutes covering the whole of the UK, representative bodies in other areas of the sector, academic institutions and special interest groups covering topics such as environmental sustainability, and equality and diversity.

We also continued to communicate with architects and other stakeholders through regular newsletters and by sharing information on our website and across all our social media channels, and we began a process of briefing interested Parliamentarians.

### Facts and figures



An average audience of

**44,067**

received 6 eBulletins



**419,551**

Post views on social  
media



**320**

Architects Engagement  
Group Members



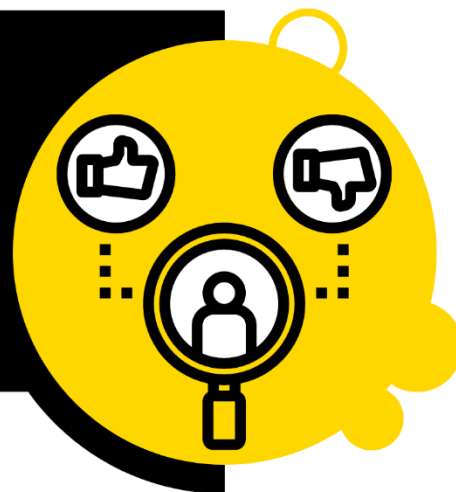
# 295

Attendees for 8 online  
and in-person events



# 1,534

Responses across 4  
separate surveys and  
consultations



# 38,989

Followers on social  
media

(35,586 in 2020)



(Measured across LinkedIn, Twitter and Facebook)

## 6. Work with us and connect

We are always eager to engage with architects and stakeholders, and to hear their views on the work that we are doing. There are a number of ways you can get in touch and receive updates as we develop new approaches to the things we do:

- Architects can join our Architects Engagement Group to take part in events, conversations, or research to help shape our work.
- Sign up to receive *ARB Insight*, our newsletter.
- Connect with us on social media for regular updates on our work:
  - [Twitter](#)
  - [LinkedIn](#)
  - [Facebook](#)
  - [YouTube](#)
- More details for all the above, and other ways to get in touch, can be found on our website here: <https://arb.org.uk/talk-to-us/>

# **Part Two: Performance and Accountability Reports and Financial Statements**

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# Chapter One: Performance Report

## Overview

The Annual Report and Financial Statements follow the requirements of the Government Financial Reporting Manual (FReM) issued by HM Treasury. Section 5.2 of the FReM requires ARB to prepare a *Performance Report* which approximates to a Strategic Report prepared under the Companies Act 2006. It provides information about ARB and our work during the year.

## Our purpose and activities

ARB is an independent professional regulator, established by Parliament as a statutory body, through the Architects Act, in 1997 (the Act). We are accountable to government. The law gives us a number of core functions:

- To ensure only those who are suitably competent are allowed to practise as architects. We do this by approving the qualifications required to join the UK Register of Architects.
- We maintain a publicly available Register of Architects so anyone using the services of an architect can be confident that they are suitably qualified and are fit to practise.
- We set the standards of conduct and practice the profession must meet and take action when any architect falls below the required standards of conduct or competence.
- We protect the legally restricted title 'architect' and take action against those who use the title but are not registered with ARB.

We are an arm's-length body, designated as a Public Corporation, independent of government and majority-funded by fees paid by architects. Our sponsoring department is the Department for Levelling Up, Housing and Communities (DLUHC).

Our Board is supported by our Chief Executive and Registrar, senior management and executive teams as well as a range of committees. More information about our structure can be found within our Accountability Report and on our website [here](#).

## Our strategic priorities

The Board had identified four strategic objectives for delivery in the years 2019-2021, and the work planned for 2021 was designed to support the delivery of those objectives. The previous strategic objectives were:

- Having a fit for purpose Architects Register
- Maintaining strong relationships
- Planning an effective exit from the European Union
- Organisational excellence

In October 2021, we published a [five-year Corporate Strategy](#), covering the period 2022-26. We identified five pillars in this strategy and we started working towards these in 2021, building on the key objectives of the previous plan. The five pillars of the new Corporate Strategy are:

- Continuous improvement in our regulatory services
- Modernise initial education and training of architects
- Develop and deliver a new model of continuing professional development
- Transform our systems, processes, and technology
- Invest in our people

## **Our Chief Executive and Registrar's perspective**

In 2021 we continued to adapt to the challenges presented by Covid-19 and the ongoing requirement to work from home for the majority of the year.

To support our strategic goal for organisational excellence we worked hard to develop a new People Strategy for ARB recognising the importance of having the right staff, with the right skills and the right incentives in place to deliver our statutory functions and support our ambitions for high quality regulation.

To deliver on our 2019-22 strategic goals we consulted on and published new guidance for institutions delivering architecture qualifications on Fire and Life Safety Design and Sustainability. We also published guidelines for registered architects on these two critical topics.

Further progress was made to develop a new model for the recognition of international qualifications in architecture, through the development of Mutual Recognition Agreements (MRAs). We developed and consulted on a new set of principles which will inform and support our work in this area and we made significant progress in the development of specific MRAs with the European Union, with the National Council of Architecture Registration Boards (of the United States) and with the registration authorities in Australia and New Zealand. We hope to sign a number of agreements when the necessary legislation is in place during 2022.

During 2021 we further bolstered our work to engage with the profession, launching a new Architects Engagement Group which met online a number of times during 2021 and considered a range of topics including the development of a new model for statutory continuing professional development as well as reform of the initial education and training of architects.

We also consulted on important guidance and Rules relating to our work to investigate allegations of serious professional incompetence (SPI) or unacceptable professional conduct (UPC) including updated acceptance criteria and sanctions guidance.

Finally, the Board approved a new Corporate Strategy for 2022-26, informed by the research, feedback provided and consultation work undertaken in 2020/21. This Corporate Strategy sets out a number of ambitions for ARB as we seek to deliver more effective and efficient regulation which can help to address some of the key challenges facing the sector and the profession.

## **KPIs, risk and uncertainty**

### **Key issues and risks**

Architects play a crucial role in creating a built environment that is safe, sustainable and in which everyone in society can live well. There are many challenges to achieving those goals. We know from the tragic events at Grenfell that there is much to be done to truly embed a culture of safety not just in architecture but across all the professions and organisations involved in building and construction. We know from overwhelming evidence the acute challenge society faces in relation to the climate emergency and the need to embed sustainability in all that we do.

An overarching risk for the organisation was that our regulatory model did not keep pace or reflect these challenges as well as the ongoing concerns around lack of diversity within the profession. The work to develop a new Corporate Strategy was an explicit attempt to address these fundamental issues.

Other critical risks the Board considered in 2021 included the need for a more sustainable organisational structure, recognising that we needed to grow our organisation to be able to deliver

our statutory functions including growing demands placed on staff through increased activities, such as prescription, as well as preparing for new statutory responsibilities including a new model of CPD and new international routes to registration.

The Board also considered the key risk caused by aging Information Technology Infrastructure as well as complex legacy application systems which are no longer fit for purpose. We also had to manage the withdrawal of our external Direct Debit technology platform supplier which we needed to replace urgently in 2021 to enable us to carry out our annual retention cycle, collecting the fees paid by registered architects. We commissioned a detailed IT audit which enabled us to begin plans for a new transformation programme of work in 2022/23.

The detailed work to mitigate risks as well as our strategy and business planning for 2022 demonstrated the need for us to carry out major investment.

The continued COVID-19 lockdown measures in place throughout 2021 presented operational risks for the organisation. The Senior Leadership Group continued to engage with staff around COVID restrictions and any phased returns to the office, as well as ensuring the team had the necessary equipment to work from home for such prolonged periods.

We have managed these risks through scenario planning around both the impact on the profession and the availability of resources. We are in a strong position in terms of cash flow and reserves and so, at the time of writing, our Board is satisfied there is no material uncertainty in relation to us as a going concern.

## **Performance summary**

During 2021, with the continued challenge of COVID-19 and an increased workload, we delivered on our core requirement to ensure that our statutory duties, as set out in the Architects Act 1997, were all met.

## **Performance Analysis**

### **How performance is measured**

In addition to the Corporate Strategy, our Board sets an annual Business Plan for the organisation.

At every Board meeting our Chief Executive and Registrar provides updates on risk linked to organisational and strategic performance. Any emerging concerns about the effective delivery of the Business Plan and core work are raised with the Audit and Risk Assurance Committee and the Board in a timely manner.

We also report against fixed Key Performance Indicators (KPIs) of our core functions. Our current and previous Business Plans are in the public domain, available to view on our website [here](#).

Continuous dialogue took place between our Chief Executive and Registrar, the Board and the DLUHC to ensure we managed risks appropriately and effectively.

### **Development and performance analysis**

In addition to the Business Plan and Strategic Plan, we have a number of KPIs for core statutory functions. Our annual performance against key business areas can be found on our [website](#).

## Financial performance

The *Financial Statements*, set out in Chapter Four from page 56 onwards, have been prepared in accordance with the Government's Financial Reporting Manual (FRM).

Our main source of funding is the annual retention fee, paid by every architect on the Register, representing 91% of our total income. Our largest area of spend is the organisation's staffing resources, representing 46% of our operational costs.

We ended the year with a retained surplus of £496,041. The surplus resulted from funding from the Department for Levelling Up, Housing and Communities (DLUHC, formerly MHCLG) in relation to the costs of developing Mutual Recognition Agreements post EU exit and there were also a number of IT projects that were paused whilst an audit was carried out on our infrastructure. These funds will be ringfenced within reserves for use in 2022 as part of our IT transformation project.

As a responsible statutory regulator and employer, we hold reserves so there are funds available should unforeseen circumstances materialise. Such circumstances might include an increase in expenditure or a reduction in income, or the need to respond to a portfolio of organisational risks should one or more of those risks be realised.

In 2021 we met our reserves policy and set aside a reserves fund of at least four months' operating costs as well as our liabilities in the event we are wound-up.

A majority of the reserves held are not required for cash flow purposes and are invested in a mixed portfolio to ensure that they do not lose their value while not required. We use an external investment broker to manage the portfolio on a day-to-day basis, in line with the Board's investment strategy, to maintain at least the real value of its capital.

A breakdown of the reserves can be found in our *Financial Statements* on page 56.

## Non-financial matters

We continued to follow government guidelines in respect of COVID-19 restrictions, resulting in staff working remotely for the majority of 2021. Any periods of returning to the office were risk-assessed and safe working protocols remained throughout the year. Professional Conduct Committee (PCC) hearings and Prescribed Exams continued to run virtually.

In 2021, we received 15 requests for information under the Freedom of Information Act. 10 were accepted (or partially accepted) and five were refused. All requests were dealt with within the relevant statutory requirements. To our knowledge, there were no complaints made to the ICO about ARB in 2021.

There have been no health and safety incidents reported during the year. All statutory checks and tests have been undertaken and classified as complete.

We carried out a number of policy reviews and other projects and service improvements. For a summary of other work undertaken in 2021, including research, reviews and the development of new guidelines and a strategic statement, please see Chapter Four of the Annual Report in Part One of this document.

## **Environmental matters**

Our staff team has predominantly worked from home for the majority of 2021. Working practices have continued to change to accommodate this, helping with our drive for largely paperless working.

We are committed to encouraging our stakeholders and suppliers to use electronic means of communication as the default option where possible. Throughout 2021 we actively promoted use of email communication over post and encouraged registrants to use our online services.

When working in the office, the use of laptops, meeting room monitors, and office Wi-Fi continues to be embraced across the organisation for all in-person meetings. More meetings were held virtually, even when COVID restrictions were more relaxed, saving the necessity of travel. This trend is likely to continue longer term as we consider our future ways of working.

In 2021, we again achieved a huge 53% reduction on office-based printing compared to 2020. We strive to use recycled products and supplies, and sustainability policies for third party suppliers are a key consideration in any new supply contracts. Throughout 2021, we have commenced a cyclical review of our utilities, and our energy supplier has guaranteed that 100% of electricity supplied will be renewable. We have installed window film to office windows to improve staff comfort and to help in our efforts to reduce energy consumption; alongside this we have adjusted automatic timings on the office air system to reduce running time.

## **Chapter Two: Accountability Report**

### **Overview**

This section provides an overview of how we ensure accountability, principally through our governance structure and other core assurance mechanisms.

### **Corporate Governance Report**

Having good governance in place helps us deliver effective regulation and our core purpose. It helps ensure that, where risks exist, they are suitably mitigated and, where problems and challenges emerge, they are dealt with appropriately.

The report outlines our governance and risk management arrangements. It reflects the challenges we have faced during the year and our successes in managing risk, as well as areas where we will be taking steps to improve.

### **Chief Executive and Registrar's Report**

ARB Board members are responsible for maintaining and promoting the public's trust and confidence in the integrity of both the organisation and the architects' profession. They are required to adhere to the seven principles of public life.<sup>3</sup>

ARB's Board is made up of eleven members in total, including one independent, non-executive Chair and ten non-executive members (five architect members and five lay members).

We hold a register of all declarations of interest made by our Board members. We require that register to be updated as and when there are changes, and the declarations are confirmed periodically.

For every Board and Committee meeting, Board members are asked to declare any personal interests which may give rise to a conflict of interest or a perception of such. The declaration is then noted, and the member may be asked to leave for a specific item or recuse themselves.

Due to the nature of our statutory functions we hold a large amount of data, some of which constitutes personal data.

We are legally required to respond to all Freedom of Information Act requests within 20 working days, and subject access request made under the Data Protection Act within 40 days. We have complied with that duty throughout 2021.

### **Accounting Officer**

Under the Framework Agreement drawn up jointly between the Architects Registration Board (ARB) and the Department for Levelling Up, Housing and Communities (DLUHC), we prepare financial statements for each financial year in the form, and on the basis, set out in the Accounts Direction issued by the DLUHC.

The financial statements are prepared on an accruals basis and must give a true and fair view of the state of affairs of ARB and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

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<sup>3</sup> [The Seven Principles of Public Life - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/the-seven-principles-of-public-life)

In preparing the financial statements, the Accounting Officer is required to comply with the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the DLUHC, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a going concern basis.

The DLUHC has appointed the Chief Executive and Registrar as Accounting Officer of ARB. Hugh Simpson was appointed as Chief Executive and Registrar on 4 January 2021.

The responsibilities of an Accounting Officer are set out in Chapter 3 of 'Managing Public Money' published by the Treasury. They include responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, keeping proper records and safeguarding ARB's assets.

As the appointed Accounting Officer, I confirm that, as far I am aware, there is no relevant audit or other material information of which the entity's auditors and Board are unaware, and that I have taken all the steps to make myself aware of any relevant audit and other material information and to establish that the entity's auditors and Board are aware of that information.

I also confirm that the Annual Report and Financial Statements as a whole are fair, balanced and understandable, and that I take personal responsibility for the Annual Report and Financial Statements and the judgments required for determining that they are fair, balanced and understandable.

## **Governance Statement**

### **Our Board**

Information on ARB's Board members can be found [here](#).

Our Board ensures ARB is delivering its statutory duties by ensuring there is a clear strategy and assurances are given for the delivery of statutory functions. The Board provides leadership and seeks to uphold the values of the organisation.

The Board is responsible for:

- Providing strategic leadership
- Approving the annual budget and business plan
- Appointing the Registrar and holding them to account
- Establishing committees and making rules
- Overseeing the non-executive appointment process
- Ensuring relevant legislation and government guidance is adhered to
- Ensuring appropriate governance, internal control and risk management processes are in place

Further details about the role and purpose of our Board can be found on our website [here](#) and in the Annual Report published alongside this document. For more information about our Board members and their individual declarations, view our website [here](#). Details of Board members' attendance can be found in this report at page 67.

All Board members are appointed by the Privy Council after consultation with the DLUHC. A temporary Board Chair has been in place throughout 2021, while the DLUHC continues to undertake a recruitment exercise to fill the role on a permanent basis. Two new permanent Board members joined the Board on 1 March 2021 (one lay and one architect), and one lay member resigned from the Board on 31 March 2021 and this post has remained vacant pending permanent recruitment.

Throughout the year the Board met more regularly, with a mix of video and in person meetings, agreeing a new five-year corporate strategy, a new business plan for 2022 and ensuring that ARB continued to deliver its statutory functions. It continued to consider and prescribe qualifications and made statutory decisions regarding the registration and annual retention fee. The Board carried out regular assurance activities including scrutiny of operational and finance performance. To ensure there were appropriate governance and assurance arrangements in place, it also reviewed the Risk Register on a regular basis.

In 2021, the Board oversaw the successful delivery of key business plan commitments including issuing new competence guidelines on fire and life safety, and sustainability to institutions, and agreeing draft principles to underpin the continued development of new routes to international registration.

During 2021, all Board members took part in an individual annual review meeting with the Chair, providing each member with an opportunity to discuss individual priorities. The Chair also participated in an annual review meeting with an independent, external reviewer. 2021 was also the first year that the Senior Independent Board member role was in post. As per the scope of that role, the Senior Independent Board member met with the Board without the Board Chair present, and with the Executive without the CEO and Registrar present, to introduce the role and allow an opportunity for any concerns to be raised.

## **Corporate governance**

Our Board's work is governed by the [General Rules](#), which enables it to fulfil its duties under the Architects Act 1997. The Board is also guided by the *Board Member's Handbook* which covers, in broad terms, how the tasks the Board performs should be executed to align with the Standards for Public Life.

## **Risk assessment**

In 2021 we undertook two internal audits. The first was around Accessibility, which considered two of ARB's key services, Registration and investigations processes, as well as the accessibility of ARB's website and how ARB referred to and aligned with the Equality Act in respect of race and disability. The second audit was on the prescribed exam process and considered the design and adherence to its process.

Annual re-testing was also carried out to check progress on outstanding internal audit actions from previous years. We achieved a limited assurance rating in relation to the internal audit work carried out during the year and are currently working on implementing the recommendations as set out by our internal auditors.

The Board has overall responsibility for risk management and is aided by the Audit and Risk Assurance Committee (ARAC). The Board has oversight procedures to ensure appropriate systems of control are in place as well as robust and transparent risk reporting mechanisms. At the start of 2021, John Beckerleg (Lay Board member) chaired the ARAC. Cindy Leslie (Lay Board member) took up the ARAC Chair post from April 2021. Liz Male (Lay Board member) also joined the Committee in April 2021 and its other members throughout the year were Mark Bottomley (Architect member) and Christopher Wood (Independent member).



During 2021, resources and capacity continued to be a key operational risk. ARB has a much smaller workforce in comparison to other similar bodies. A combination of historic underinvestment became increasingly challenging in 2021 due to increased delivery requirements as a result of the UK's exit from the EU, alongside improvement work to support delivery of key strategic projects and business improvement. Such projects included the review of competence, work on the climate emergency, reviewing and developing our prescription process, and activities following Dame Judith Hackitt's Review 'Building a Safer Future'. IT systems also remained high on ARB's risk profile, and an IT audit was undertaken to assess the risk around ARB's infrastructure and applications.

The Board held a workshop session on risk and strategic transformation, which included consideration of the strategic risks identified in ARB's risk register as well as the risks identified as part of the IT audit. This helped to inform a Board decision to agree a small increase in headcount, and the use of external expertise to help mitigate risks around increased workload, and to drive forward a project on IT transformation.

## Remuneration Report

### Our policy

Our Remuneration and Appointments Committee is chaired by Derek Bray (Lay Board Member). Its other members are Alan Kershaw (Board Chair), Stephen McCusker (Architect Board member) and Ian Muir (an independent non-executive).

The Committee makes recommendations to the Board on pay award, incentive payment and the overall benefits package offered to the ARB workforce. In addition, the Committee makes recommendations to the Board on the attendance rates paid to non-executives. Board members are also able to claim travel and subsistence expenses.

### Remuneration

Board members received an attendance allowance of £375 per day for attending Board meetings and participating in other Board business and Committees. The Chair of the Board's remuneration is £400 per day for attending Board meetings and participating in other Board business and Committees.

The total attendance and reading allowances paid to Board members for their work on the Board, its Committees and other Board business during 2021 were £107,218 (£135,299 in 2020). Board members are also able to claim travel and subsistence expenses. Expenses totalling £12,511 (£4,854 in 2020) were claimed during the year. Claiming patterns have changed significantly with COVID-19 restrictions with most meetings being hosted online and more frequently.

A summary of the Board and Committee attendance allowance and expenses paid in 2021 is shown below. Further details can be found on page 67.

Amount	Number of Board Members
Less than £1k	0
£1k to £5k	2
£5k to £10k	5
£10k and above	4

## Pension entitlements

We provide our employees with access to a contributory Group Personal Pension Scheme (otherwise known as a Defined Contribution, or DC, arrangement). Our liability for this arrangement ceases when employment comes to an end. This arrangement meets all statutory requirements for employment law relating to employer sponsored pension arrangements.

Additionally, we have a closed (Paid Up) Occupational Money Purchase scheme (which is also a DC arrangement). There are, however, no contributions being made to this scheme, nor have there been for several years. There are no liabilities for future contributions to this scheme.

## Fair pay disclosures

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid employee in their organisation and the median remuneration of the organisation's workforce.

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payment or employer pension contributions.

The mid-banded remuneration of our highest paid employee in the financial year end 2021 was £120,187 (£134,521 in 2020). This is 3.45 times higher than the median remuneration of our workforce (3.54 times in 2020). The median remuneration of the workforce was £34,879 (2020, £37,910).

## Staff Report

The composition and numbers of ARB staff at 31 December 2021 was:

	2021		2020	
	Female	Male	Female	Male
Chief Executive and Registrar	0	1	0	1
Permanent Staff	21	14	16	10
Fixed Term / Temporary	5	4	3	0
<i>TOTAL Split</i>	26	19	19	11
<i>TOTAL Employees</i>	45		30	

## Overview

Our workforce is a key asset and consists of people with expert knowledge and experience in our areas of responsibility. We continue to work on strategies to ensure we retain and develop this talent. This section provides an overview of key staffing facts and our commitment to being a good employer.

## **Staff composition and cost**

During 2021 ARB had a permanent headcount of 43, including a senior leadership group of six. On average, over the year, there were 32.75 employees costing c£2.4m, and further information can be found in Note 6 of our *Financial Statements* on page 62.

**24.43%** Staff turnover for 2021 (28% in 2020). The figure is higher than the national average across all sectors with staff mainly leaving for career and educational purposes. However, with such a low number of staff, any departures and recruitment have a significant statistical impact.

**134.5** Days lost through sickness absence (140 in 2020 based on 30 full time employees). This is equivalent to 4.1 days per employee based on an average head count of 32.75 (4.8 in 2020).

## **Policies and other employee matters**

We aim to have a workforce that is representative of all sections of society where each employee feels respected and able to give their best.

To achieve this, all our job descriptions are carefully drafted to ensure that the skills and knowledge reflect the job requirements and do not place unnecessary restrictions on applicants. Applicants are also invited to complete an Equalities Monitoring form, which is received separate from the application form and is not available to the short-listing panel. All applicants are invited to provide details of any disability in order that reasonable adjustments can be made for the selection process. Equality Monitoring forms are analysed in respect to steps that can be taken to further equality and inclusion.

We continue to be supportive of staff with disabilities and appreciate the value that all employees bring to their roles. Regular one-to-one meetings provide the opportunity to identify the need for adjustments for disabled staff in employment, as well as reviewing those adjustments to ensure they continue to be relevant.

We take proactive steps to promote a culture that understands, accepts and supports both physical and mental disabilities in the workplace.

Equalities training is incorporated into the annual training plan and is one of the ways we seek to re-enforce diversity.

The wellbeing of staff is supported by the range of benefits offered by the organisation along with external support and training on mental health and wellbeing.

During our annual performance reviews and regular one-to-one meetings, consideration is given to the specific training needs of our staff.

## **Expenditure on consultancy**

We sometimes need specialist advice in areas such as the interpretation of EU law, employment advice, IT, insurance and legal challenges.

Due to the broad ranging spectrum of advice required, and to use our resources as efficiently as possible, we procure such services from a small number of suppliers as and when required.

## **Off-payroll engagements**

We do not use consultants to fill positions in the permanent employee complement. All employee posts are filled by either permanent or fixed-term employees, or (for short-term needs) by workers provided by employment agencies. Similarly, there are no off-payroll engagements.

A handwritten signature in black ink, appearing to read 'Hugh Simpson', with a stylized, cursive script.

Hugh Simpson  
Chief Executive and Registrar

18 May 2022

## **Chapter Three: Independent Auditor's Report to the Members of Architects Registration Board**

### **Opinion**

We have audited the financial statements of Architects Registration Board (ARB) for the year ended 31 December 2021 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Reserves and notes 1 to 23 to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and international financial reporting standards as interpreted by HM Treasury's Government Financial Reporting Manual.

In our opinion, the financial statements:

- give a true and fair view of the state of ARB's affairs as at 31 December 2021 and of its surplus for the year then ended;
- have been properly prepared in accordance with the Government Financial Reporting Manual (FReM).

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of ARB in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on ARB's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Other information**

The Board and Accounting Officer are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material

misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of Board and Accounting Officer**

As explained more fully in the Board's and Accounting Officer's responsibilities statement set out on pages 46 and 47, the Board and Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board and Accounting Officer are responsible for assessing ARB's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate ARB or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained an understanding of the legal and regulatory frameworks within which ARB operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Government Financial Reporting Manual (FReM), the Architects Act 1997, taxation legislation, employment legislation and General Data Protection Regulation (GDPR).

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the recognition of liabilities connected to Professional Conduct Committee cases, capitalisation of intangible fixed assets and override of controls by management. Our audit procedures to respond to these risks included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

These inherent limitations are particularly significant in the case of misstatement resulting from fraud as this may involve sophisticated schemes designed to avoid detection, including deliberate failure to record transactions, collusion or the provision of intentional misrepresentations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of this report**

This report is made solely to the Board Members of ARB, as a body, under the Architects Act 1997. Our audit work has been undertaken so that we might state to the Board Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than ARB and the Board Members as a body, for our audit work, for this report, or for the opinions we have formed.

**Crowe U.K. LLP**  
Statutory Auditor  
London

20 June 2022

## Chapter Four: Financial Statements

### Statement of Comprehensive income for the year ending 31 December 2021

	Notes	2021 £	2020 £
<b>INCOME</b>			
Registration and retention fees	3	5,293,120	4,909,440
Government funding		320,600	105,451
Prescribed examinations		209,124	168,634
Penalties and sundry receipts	4	9,624	36,302
		<hr/>	<hr/>
<b>Total operating income</b>		<b>5,832,468</b>	<b>5,219,827</b>
		<hr/>	<hr/>
<b>EXPENDITURE</b>			
Employee salaries and benefits	6	2,423,244	2,009,778
Office costs	7	561,123	549,898
		<hr/>	<hr/>
		<b>2,984,367</b>	<b>2,559,676</b>
		<hr/>	<hr/>
Printing and records	8	32,132	26,084
IT charges	9	625,278	724,924
Board allowances and expenses		126,325	166,046
Legal and other professional charges	10	1,170,796	1,446,809
Other administrative expenses	11	333,881	310,737
		<hr/>	<hr/>
		<b>2,288,412</b>	<b>2,674,600</b>
		<hr/>	<hr/>
Total operating expenditure		<b>5,272,779</b>	<b>5,234,276</b>
		<hr/>	<hr/>
<b>OPERATIONAL SURPLUS FOR THE YEAR</b>		<b>559,689</b>	<b>(14,449)</b>
		<hr/>	<hr/>
Investment income	5	<u>127,266</u>	<u>104,069</u>
		<hr/>	<hr/>
<b>SURPLUS FOR THE YEAR BEFORE TAXATION</b>		<b>686,955</b>	<b>89,620</b>
		<hr/>	<hr/>
Taxation	19	<u>(190,914)</u>	<u>(38,947)</u>
		<hr/>	<hr/>
<b>RETAINED SURPLUS FOR THE YEAR</b>		<b>496,041</b>	<b>50,673</b>
		<hr/>	<hr/>
<b>OTHER COMPREHENSIVE NET INCOME</b>			
Net gain/(loss) on investments	14	<u>756,949</u>	<u>160,364</u>
		<hr/>	<hr/>
<b>TOTAL COMPREHENSIVE NET INCOME</b>		<b>1,252,990</b>	<b>211,037</b>

All activities are continuing.



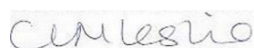
## Statement of financial position at 31 December 2021

	Notes	2021 £	2020 £
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	63,536	105,212
Intangible assets	13	53,493	97,063
Investments	14	7,315,226	6,261,305
<b>Total non-current assets</b>		<b>7,432,256</b>	<b>6,463,580</b>
<b>CURRENT ASSETS</b>			
Trade and other receivables	15	263,981	305,653
Cash and cash equivalents		7,601,643	5,820,074
<b>Total current assets</b>		<b>7,865,624</b>	<b>6,125,727</b>
<b>TOTAL ASSETS</b>		<b>15,297,880</b>	<b>12,589,307</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	843,535	419,169
Deferred income		5,820,789	4,789,572
<b>Total current liabilities</b>		<b>6,664,324</b>	<b>5,208,741</b>
<b>Provision for Liabilities</b>	23	<b>145,000</b>	<b>145,000</b>
<b>ASSETS LESS LIABILITIES</b>		<b>8,488,556</b>	<b>7,235,566</b>
<b>RESERVES</b>			
Designated reserve		1,129,200	777,200
Closure reserve		3,629,000	3,629,000
Operational reserve		2,804,128	2,247,706
Revaluation reserve		926,228	581,660
<b>TOTAL RESERVES</b>		<b>8,488,556</b>	<b>7,235,566</b>

These financial statements were approved by the Board and Accounting Officer and authorised for issue on 18 May 2022



Alan Kershaw, Chair of the Board



Cindy Leslie, Board member (Chair of the Audit Committee)



Hugh Simpson, Accounting officer (Chief Executive and Registrar)

## Statement of cash flows for the year ended 31 December 2021

	2021 £	2020 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operational surplus for the year	559,689	70,551
<b>Adjustments for non-cash transactions</b>		
Depreciation and amortisation	136,212	222,594
Loss on disposal of intangibles		
<b>Changes in operating assets and liabilities</b>		
Decrease in trade and other receivables	90,048	186,688
Increase in trade, other payables and deferred income	1,455,583	141,077
<b>Net cash inflow from operating activities</b>	<b>1,681,843</b>	<b>550,359</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends and interest from investments	127,266	104,069
Proceeds from the sale of investments	1,361,920	4,553,183
Purchase of investments	(1,658,893)	(4,317,969)
Purchases of property, plant and equipment and intangible assets	(99,342)	(134,570)
<b>Net cash (outflow)/ inflow from investing activities</b>	<b>(269,049)</b>	<b>204,713</b>
<b>Taxation</b>	<b>(190,914)</b>	<b>(38,947)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,781,569</b>	<b>786,677</b>
Cash and cash equivalents at the start of the year	5,820,074	5,033,397
<b>Cash and cash equivalents at the end of the year</b>	<b>7,601,643</b>	<b>5,820,074</b>

All cash is represented by cash in hand.

## Statement of changes in reserves at 31 December 2021

	At 1 January 2021	Movement in year	Transfers between reserves	At 31 December 2021
	£	£	£	£
Operational reserve	2,247,706	556,422	0	<b>2,804,128</b>
Closure reserve	3,629,000	0	0	<b>3,629,000</b>
<i>Designated reserves</i>				
Maintenance	68,000	0	0	<b>68,000</b>
Deferred/Special projects	709,200	352,000	0	<b>1,061,200</b>
Revaluation reserve	581,660	344,568	0	<b>926,228</b>
<b>Total</b>	<b>7,235,566</b>	<b>1,252,990</b>	<b>0</b>	<b>8,488,556</b>

### Operational reserve

The Board's reserves policy is to hold operating reserves sufficient to ensure that ARB can continue in operation for the foreseeable future, whilst retaining as a minimum the closure reserve required under the framework agreement with DLUHC. The level of reserves is set taking into account the risks faced by ARB in terms of a decline in income or increase in expenditure and the time that would be taken to return ARB to a balanced budget by reducing costs or adjusting the annual registration fee.

### Closure reserve

The framework agreement with DLUHC requires ARB to maintain its assets at a sufficient level to cover its liabilities if ARB were to be wound up. At 31 December 2021 this is estimated to be £3,629,000. The major elements of this reserve relate to:

- a significant shortfall in income in the period following notice of closure by the DLUHC resulting from an inability to collect all registration fees due during that period; and
- redundancies, lease termination costs and costs associated with winding up existing regulatory cases.

### Designated reserve

At 31 December 2021, designated reserves represented the Maintenance Reserve (£68,000 – set up to cover the regular cost of redecoration of the offices).

In addition, a further £1,061,200 has been designated for projects that were budgeted for in prior years but where deferred pending the wider organisational change programme of our IT systems and infrastructure starting in 2022.

### Revaluation reserve

At the 31 December 2021, the revaluation reserve represented the closing market value less historic cost value of ARB's investments (accumulated unrealised gains).

## Notes to the financial statements

### 1. GENERAL INFORMATION

The Architects Registration Board is incorporated under the Architects Act 1997. ARB's principal activity is acting as the statutory regulator for architects in the UK. ARB is an arms-length body overseen by the Department for Levelling Up, Housing and Communities (DLUHC) our sponsoring government department.

### 2. ACCOUNTING POLICIES

#### a) Basis of accounting

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted and interpreted by the Government Financial Reporting Manual (FReM) issued by HM Treasury.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of ARB for the purpose of giving a true and fair view has been selected. The particular policies adopted by ARB are described below. They have been applied consistently in dealing with items that are considered material to the financial statements.

These financial statements have been prepared under the historical cost convention modified to account for the revaluation of investments. Figures are presented in pounds sterling, which is the functional currency of ARB and rounded to the nearest pound. Transactions denominated in foreign currencies are translated into sterling at the exchange rate at the dates of the transactions.

After making enquiries and after taking account of the impact of COVID-19, the Board has a reasonable expectation that the organisation will be able to continue its activities for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### b) Impending application of newly issued accounting standards not yet effective

ARB discloses wherever it has not yet applied a new accounting standard and provides any information relevant to assessing the possible impact that the initial application of the new standard would have on the financial statements. The following standards relevant to ARB have been issued but are not yet effective:

- IFRS16 Leases (effective from 1 January 2022).

The impact of accounting standard IFRS16 would result in the recognition of an asset with an equal and opposing creditor totalling approximately £825k.

#### c) Staff costs

In accordance with IAS 19 Employee Benefits, all short-term staff costs payable at the year-end, which will be paid within one year from the date of reporting, are recognised in the Statement of Comprehensive Income.

#### d) Pensions

ARB operates a defined contribution pension scheme where ARB pays established annual contribution rates into a separate fund. The amount of pension benefit that a member receives in retirement is dependent on the performance of the fund. ARB recognises the cost of these contributions in the Statement of Comprehensive Income when they fall due. There are no further payment obligations for ARB once the contributions have been paid.

**e) Leases**

Payments in relation to operating leases (excluding costs for services such as insurance and maintenance) are charged to the Statement of Comprehensive Income on a straight-line basis.

**f) Value Added Tax on purchases**

ARB is unable to recover the VAT it pays on its expenditure due to the VAT status of its supplies. Therefore, all expenditure disclosed in the financial statements includes any VAT paid.

**g) Income**

Income is recognised to the extent that it is probable that the economic benefits will flow to ARB and the revenue can be reliably measured. Income is measured at the fair value of the consideration received. Income arising from the provision of services is recognised when and to the extent that ARB obtains the right to consideration in exchange for the performance of its contractual obligations.

Retention fees are recognised in the period over which they entitle an individual to be listed on the Architects Register. Registration, penalties and prescribed examination fees are recognised in the year in which the registration or prescribed examination takes place or that the penalty becomes due. Income from investments and cash is recognised in the period in which ARB becomes entitled to the income.

**h) Grants**

Grants which relate to revenue are recognised in income in the period the related costs are incurred by the entity for which the grant is intended to compensate.

**i) Corporation tax**

ARB is liable for tax on income earned and gains on investments during the year. The tax expense is recognised in the Statement of Comprehensive Income.

**j) Plant, equipment, and intangible assets**

Expenditure of £500 or more on plant and equipment or intangible assets is capitalised where it is expected to bring benefit over future years. On initial recognition, assets are measured at cost and include all costs directly attributable to bringing them into working condition.

All non-current assets are reviewed annually for impairment. Plant and equipment is depreciated, and intangible assets amortised from the time the item comes into operational use, at rates calculated to write them down to the estimated residual value on a straight-line basis over their estimated useful lives.

The following annual rates are used:

- *Leasehold improvements* - over ten years
- *Office furniture and equipment* - over five years
- *IT equipment* - over three years
- *IT development* - over three years

**k) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with maturity dates of three months or fewer.

**l) Investments**

The fair value of the investments is based on the closing market value at the accounting date. Gains and losses arising from changes in market value are included within the Statement of Comprehensive Income.

**m) Trade and other payables**

Trade payables are obligations on the basis of normal credit terms and do not bear interest. They are categorised as financial liabilities at amortised cost.

**n) Provisions**

Provisions are recognised in the statement of financial position (see page 57) where there is a legal or constructive obligation to settle a liability and the amount can be estimated with reasonable certainty.

**3. REVENUE - REGISTRATION AND RETENTION FEES**

	2021 £	2020 £
Registration fees	81,154	114,362
Retention fees	5,211,966	4,795,078
	<u>5,293,120</u>	<u>4,909,440</u>

**4. REVENUE - PENALTIES AND SUNDRY RECEIPTS**

Penalties paid on reinstatement to the Register	3,860	7,928
Sundry receipts	5,764	28,374
	<u>9,624</u>	<u>36,302</u>

**5. INVESTMENT INCOME**

Income from investment portfolio	126,348	97,570
Interest on bank deposits	918	6,499
	<u>127,266</u>	<u>104,069</u>

**6. STAFF COSTS**

Wages and salaries	1,497,730	1,413,042
Social security	163,906	160,830
Pension costs*	232,678	144,229
Medical and permanent health insurance	42,665	38,294
Recruitment costs	82,439	83,690
Staff training	26,467	8,618
Temporary staff	377,359	161,075

*From April 2021, staff were given the option to sacrifice a portion of their salary to contribute to their pension fund.	<u>2,423,244</u>	<u>2,009,778</u>
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No.

Staff numbers (average full time equivalent staff)	<u>32.75</u>	<u>30</u>
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Salaries in respect of the staff team were within the following ranges:	No.	No.
£70,000 - £75,000	0	0

£75,000 - £80,000	0	0
£80,000 - £85,000	2	1
£85,000 - £90,000	2	2
£95,000 - £100,000	1	0
£115,000 - £119,999	0	1
£120,000 - £125,000	1	0
£130,000 - £135,000	0	1

Payments were made into defined contribution pension schemes totalling £99,690 (2020: £51,564) in respect of these employees. There were no termination payments during 2021. From April 2021, staff were given the option to sacrifice a portion of their salary to contribute to their pension fund.

<b>7. OFFICE COSTS</b>	<b>2021</b>	<b>2020</b>
		£
Rent & Service Charges	<b>271,294</b>	271,869
Rates	<b>129,276</b>	128,790
Building related costs	<b>16,461</b>	23,376
Insurance	<b>0</b>	7,430
Electricity	<b>17,694</b>	14,664
Office cleaning	<b>34,355</b>	27,040
Postage and telephone	<b>59,628</b>	46,803
Maintenance of office equipment	<b>15,307</b>	15,886
Depreciation: furniture and equipment	<b>17,108</b>	14,040
	<b>561,123</b>	549,898
<b>8. PRINTING AND RECORDS</b>		
Printing	<b>28,920</b>	23,283
Stationery	<b>1,078</b>	699
Journals and newspapers	<b>2,134</b>	2,102
	<b>32,132</b>	26,084
<b>9. IT CHARGES</b>		
Depreciation and amortisation: IT equipment and development	<b>167,478</b>	208,556
IT costs	<b>457,800</b>	516,368
	<b>625,278</b>	724,924
<b>10. LEGAL AND OTHER PROFESSIONAL CHARGES</b>		
Remuneration to external auditors:		
External audit services	<b>20,400</b>	19,620
Other services - corporation tax compliance advice	<b>4,140</b>	1,740
employment tax advice	<b>0</b>	-
Legal expenses and professional charges – regulation	<b>686,099</b>	889,614
General legal, specialist advice and insurance	<b>460,157</b>	535,835
	<b>1,170,796</b>	1,446,809

## 11. OTHER ADMINISTRATIVE COSTS

Bank charges	43,855	60,970
Staff travel expenses	5,891	7,964
Prescribed examination	139,312	103,427
Prescription and Qualifications	44,689	59,496
ACE & ENACA	41,167	40,614
Public and professional awareness	29,429	30,515
Sundry expenses	29,538	7,751
	<u>333,881</u>	<u>310,737</u>

## 12. PLANT AND EQUIPMENT

	Leasehold improvements £	Office furniture & equipment £	IT equipment £	Total £
<b>Cost</b>				
At 1 January 2021	517,325	161,855	385,194	1,064,374
Additions	-	17,713	15,405	33,118
Disposals	-	(6,968)	(54,069)	(61,037)
<b>At 31 December 2021</b>	<u>517,325</u>	<u>172,600</u>	<u>346,529</u>	<u>1,036,455</u>
<b>Accumulated depreciation</b>				
At 1 January 2021	517,325	131,705	310,132	959,162
Charge for the year	-	17,108	31,683	48,791
Disposals	-	(6,967)	(28,068)	(35,037)
<b>At 31 December 2021</b>	<u>517,325</u>	<u>141,846</u>	<u>313,747</u>	<u>972,916</u>
<b>Carrying amount</b>				
<b>At 31 December 2021</b>	<u>0</u>	<u>30,754</u>	<u>32,782</u>	<u>63,536</u>
<i>At 31 December 2020</i>	<u>0</u>	<u>30,150</u>	<u>75,062</u>	<u>105,212</u>

## 13. Intangible assets (IT development costs)

	Total £
<b>Cost</b>	
At 1 January 2021	847,639
Additions	66,225
Disposals	(31,014)
<b>At 31 December 2021</b>	<u>882,850</u>
<b>Accumulated amortisation</b>	
At 1 January 2021	750,576
Charge for the year	87,421
Disposals	(8,640)
<b>At 31 December 2021</b>	<u>829,357</u>
<b>Carrying amount</b>	
<b>At 31 December 2021</b>	<u>53,493</u>
<i>At 31 December 2020</i>	<u>97,063</u>



#### 14. INVESTMENTS

	2021	2020
	£	£
<b>At market value</b>		
At start of year	6,261,305	6,336,157
Additions	1,658,892	4,317,969
Disposal proceeds	(1,361,920)	(4,553,183)
Net gains on investments	756,949	160,362
<b>At end of year</b>	<b>7,315,226</b>	<b>6,261,305</b>
<b>Cost at end of year</b>	<b>6,388,998</b>	<b>5,679,647</b>

All investments are managed by Rathbones Investment Management.

#### 15. TRADE AND OTHER RECEIVABLES

Other Receivables	74,613	105,993
Prepayments	189,368	199,660
There are no impaired financial assets.	<b>263,981</b>	<b>305,653</b>

#### 16. TRADE AND OTHER PAYABLES

Trade payables	315,470	114,355
Corporation tax	66,640	3,525
Deferred tax liability	227,168	99,320
Other taxation and social security	76,715	78,934
Accruals	157,542	123,034
	<b>843,535</b>	<b>419,168</b>

It is ARB's policy to pay purchase invoices within 30 days of receipt.

#### 17. PENSIONS

The Staff Pension Scheme is a defined contribution scheme. The cost of contributions during the period was £232,678 (2020: £142,500). There are no outstanding or prepaid contributions at the date of the statement of financial position (see page 57). The assets of the scheme are held separately from those of the Architects Registration Board in an independently administered fund. From April 2021, staff were given the option to sacrifice a portion of their salary to contribute to their pension fund.

#### 18. LEASING COMMITMENTS

ARB is committed to making the following total minimum payments under operating leases, which expire:

	Land and Buildings	
	2021	2020
	£	£
Due One Year	247,632	247,632
Between Two to Five Years	329,312	576,944

ARB is committed to the lease on its Weymouth Street premises until April 2024.

**19. TAX EXPENSE**

ARB is a mutual trading organisation and is therefore taxed only on outside sources of income. Historically this has been investment income and gains. Corporation tax was calculated at 19% of investment income and gains on investments during the period.

**20. RELATED PARTY TRANSACTIONS - ARCHITECTS REGISTRATION BOARD STAFF BENEVOLENT FUND**

ARB is able to appoint the trustees of the Architects Registration Board Staff Benevolent Fund. At 31 December 2021 all trustees of the Fund were members of the Board or employees of the Architects Registration Board.

**21. CURRENCY RISK**

ARB does not hold balances in foreign currencies. All fees payable are required to be settled in UK sterling and so ARB is not exposed to current risk.

**22. LIQUIDITY AND CREDIT RISK**

ARB aims to maintain a minimum of four months operating costs as a reserve, and reserves as at 31 December 2021 were in excess of this level. The majority of ARB's income is received at the start or before the start of the financial year. ARB has no borrowings (or legal right to borrow) and monies required for short-term working capital requirements are held in accounts with no significant restrictions on access. ARB does not consider that there is a significant exposure to liquidity or credit risk.

**23. PROVISIONS FOR LIABILITIES**

	Dilapidations <sup>1</sup> £'000	Panellists <sup>2</sup> £'000	Total £'000
At 1 January 2021	60	85	145
Additions	0	0	0
At 31 December 2021	60	85	145

1. ARB's current lease at Weymouth Street runs until April 2024 and specifies that ARB is required to return the building to its original state on expiration of the lease. This gives rise to the need to recognise a dilapidation provision.
2. The provision for potential additional panellist costs reflects our prudent estimate of the possible wider impact of a claim by a Professional Conduct panellist member received and settled in 2021. Panellists are independent contractors who sit on our Professional Conduct Committee. This is a novel claim relating to whether the member is a worker and, therefore, entitled to holiday pay. We have commissioned a review of our pool of non-executives to establish any potential liabilities placed on ARB for a change in employment status.

## Board Attendance and Remuneration

Board Member	Attendance/ Reading Allowance	Train/Tube Travel	Car Mileage/ Parking	Taxi	Other	Hotel	Subsistence	TOTAL
John Beckerleg	-	-	-	-	-	-	-	£ -
Mark Bottomley	7,225.00	203.60	42.50	-	-	111.20	-	£ 7,582.30
Derek Bray	8,625.00	957.08	78.50	108.00	-	247.70	44.97	£ 10,061.25
Stephen Brookhouse	1,500.00	-	-	-	-	-	-	£ 1,500.00
Emeritus Professor ADH Crook	8,764.29	524.90	87.60	-	-	-	7.30	£ 9,384.09
Will Freeman	13,785.00	43.50	-	28.80	-	-	-	£ 13,857.30
Alan Kershaw	30,950.00	1,647.78	-	164.60	40.14	3,999.45	1,486.83	£ 38,288.80
Cindy Leslie	4,312.50	-	-	-	-	-	-	£ 4,312.50
Liz Male	8,812.50	139.62	20.00	-	-	111.20	-	£ 9,083.32
Elena Marco	10,500.00	327.90	-	-	-	247.40	44.97	£ 11,120.27
Stephen McCusker	6,837.50	908.80	-	53.10	-	401.95	88.75	£ 8,290.10
Dr Teri Okoro	5,906.25	30.50	12.15	-	-	255.70	44.97	£ 6,249.57
<b>TOTAL</b>	<b>107,218.04</b>	<b>4,783.68</b>	<b>240.75</b>	<b>354.50</b>	<b>40.14</b>	<b>5,374.60</b>	<b>1,717.79</b>	<b>£ 119,729.50</b>

Board member	Board meetings	Ad-hoc meetings*	Prescription Committee	Remuneration Committee	Audit and Risk Committee	Policy Committee
John Beckerleg (1 Jan to 31 March 21 )	(1) 0	0			(1) 0	
Mark Bottomley	(6) 6	7			(4) 4	
Derek Bray	(6) 5	6		(4) 4		
Stephen Brookhouse (1 Jan to 28 February 21 )	(1) 1	2				(2) 2
Emeritus Professor ADH Crook	(6) 6	8	(7) 6			
Will Freeman	(6) 6	9				(5) 5
Alan Kershaw	(6) 6	22		(4) 4	(1) 1	(5) 5
Cindy Leslie (1 March onward )	(5) 5	3			(3) 3	
Liz Male	(6) 5	5				(5) 5
Elena Marco	(6) 6	6	(7) 7			
Stephen McCusker	(6) 5	8		(4) 4		
Dr Teri Okoro (1 March onward )	(5) 5	6				
Vacancy (1 April to date )	N/A	N/A	N/A	N/A	N/A	N/A

### Notes:

- (Actual number of meetings where attendance expected) compared with actual meetings attended
- More than one meeting may occur during a day, in which case the amount charged will not reflect the number of meetings
- Some members do not charge the full daily rate for meetings
- Board members attend other meetings on ARB business – such as appraisals, induction sessions and visits for new members
- Ad hoc meetings include (but are not limited to) workshops, meetings with professional bodies and working group meetings. Each Board member would have committed to different meetings, depending on which groups they were involved in.
- Alan Kershaw is the Board's current Chair and has a time commitment of c75 days per year which is dedicated to Board business

This page does not form part of the financial statements

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- email [info@arb.org.uk](mailto:info@arb.org.uk)
- call 020 7580 5861
- write to us at ARB, 8 Weymouth Street. London W1W 5BU

We'll consider your request and get back to you within 14 days.









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