



# Annual Report and Financial Statements 2022



**ARCHITECTS REGISTRATION BOARD  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
2022**

Annual report and financial statements are presented to the House of Commons pursuant to Section 6(4) of the Government Resources and Accounts Act 2000.

Annual Report and Financial Statements presented to the House of Commons by the Secretary of State for Department for Levelling Up, Housing and Communities by Command of His Majesty.



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# Part One: Annual Report

**Part One: Annual Report  
Contents**

		<b>Page</b>
<b>1</b>	<b>Chair’s Foreword</b>	7
<b>2</b>	<b>Chief Executive and Registrar’s Foreword</b>	9
<b>3</b>	<b>About ARB</b>	11
<b>4</b>	<b>Progress Report</b>	
	Developing a new model of continuing professional development for architects	12
	Modernising initial education and training	12
	Transforming our technology	13
	Improving our regulatory processes	13
	Investing in our people	13
<b>5</b>	<b>Find out more</b>	
	Our Governance	14
	Departmental Progress	14
<b>6</b>	<b>Work with us and connect</b>	15

## 1. Chair's Foreword

I am delighted to present our Annual Report and Financial Statements for 2022. The past 12 months have seen us make tremendous progress towards the goals set out in the ambitious five-year [Corporate Strategy](#) we launched at the end of 2021.

I believe passionately in the value of career-long learning, and I am pleased to say we have made strong progress on our new arrangements for [continuing professional development](#) (CPD), made possible by the power entrusted to us in the Building Safety Act 2022. This mandatory scheme will help architects demonstrate their commitment to continued learning throughout their professional lives, underpinning public confidence in the profession's competence. I repeat here my firm belief that most architects, like all good professionals, are already engaging in substantial amounts of developmental activity. Our scheme will give us the task of monitoring what is happening, and perhaps enable the profession to give itself something of a health check.

We have a lot to do to prepare the system and our Registrants for this changeover. The proposed launch date of 2024 is fast approaching and so the publication of our detailed proposals, with draft guidance to help architects understand how it will work, was a key milestone in September 2022. This was followed by a three-month consultation on the scheme, which closed on 3 January 2023 with a record 1,350 responses. We are now getting ready to pilot the scheme, to see what works best before the formal launch.

Indeed, consultation and engagement are fundamental to our regulatory approach. We want to develop policies and processes that will make a genuine difference – for example, by embedding sustainability in architectural practice for future generations – and can be implemented in practice. To do that, we have to hear from architects and a wide range of audiences, to make sure our work is based on expertise and to improve any of our proposals before they are finalised. We have been delighted to see our consultations and events reach ever-wider audiences. Our online events in 2022 were widely attended, with over 150 people joining us for a live Q&A on the CPD scheme.

I was also delighted to be able to hold ARB's first ever in-person conference, the Education Symposium, at which we met over 60 educators and architects to discuss our fundamental review of architecture education and training – the first in as much as five decades. The year began with the analysis of 711 responses to our engagement survey, which formed the basis of [new draft proposals](#). Our early ideas were scrutinised at the Symposium, with useful sessions on the future regulatory framework, and on the competencies that should form the basis of qualifications.

Importantly, the new framework is intended to create a more open and accessible profession, offering more - and more flexible - routes to anyone who aspires to become an architect. To aid the development of our thinking, we visited several schools of architecture, and I was enthused by the dedication of the professors and Heads of School who kindly welcomed me. By the end of the year either the Chief Executive or I had visited Bath, Brighton, Cardiff, Dundee, Edinburgh, Portsmouth, Reading, Robert Gordon, Salford, Ulster and UWE. As 2022 came to a close, final preparations were under way to launch a major consultation in February 2023.

It is essential that any regulator's processes are robust and fair. Important changes in our regulatory processes were made throughout 2022. They include the publication of new rules and guidance in support of an efficient disciplinary system, and improvements to the examination process and candidate experience, alongside working with institutions in architecture education to simplify the submission of pass list information for those registering for the first time.

This was also a year of positive internal change at ARB with a new set of staff values and behaviours developed and implemented, with staff choosing four key values: *collaboration, innovation, commitment, and each other*. I cannot hope to list here all the work of our dedicated team, but other projects on which we made notable progress include our programme to build a more robust and resilient IT infrastructure that will ensure secure data can be managed more effectively, and work on mutual recognition agreements, as part of our new international routes to registration. You can visit our website to see facts and figures demonstrating the progress we made across all our strategic objectives.

I want to end by welcoming the new Board members, thanking the Board for their service and thanking ARB's hard-working staff for their dedication and application during a fantastically productive year.

Alan Kershaw, ARB Chair



## 2. Chief Executive and Registrar's Foreword

This year's annual report covers the first year of our bold and ambitious Corporate Strategy 2022-26. Against our five key priority areas we have made excellent progress and [delivered on most of the commitments](#) we set out in our Business Plan 2022. The five priority areas are:

- Continuous improvement in our regulatory services
- Modernising the Education and Training of architects
- Delivering a new system of Continuing Professional Development for architects
- Transforming our systems, processes, and technology
- Investing in our people and building a positive and inclusive culture based on shared values and behaviours.

We made great strides to improve our core regulatory services, particularly registration where we met or exceeded all our key performance indicators throughout the year. We completed a full statutory consultation on a new system of Continuing Professional Development for architects and we remain on course to launch this later in 2023 with a roll-out in 2024. The Board also approved proposals for consultation on major reforms to the initial education and training of architects which will be subject to consultation in 2023.

One of the most challenging operational areas for ARB has been our ageing IT infrastructure and the need to replace our legacy application systems. In 2022 we began a major IT Transformation Programme which will deliver enhanced IT security and enable us to deliver improvements in our service to architects. By moving away from paper-based manual processing we will improve delivery efficiencies for ARB and foster a much better working environment for staff.

One of our most notable successes in 2022 has been the investment in our people and culture change. We have brought in new performance management framework and pay structure, co-created new ARB values with our staff and overhauled many of our HR policies and procedures. We saw sickness absence fall and a staff turnover drop of 24% in 2021 to just 9% in 2022.

Looking ahead to 2023, subject to the outcomes of our statutory consultation, the Board will be asked to approve new competency outcomes for those studying and training to be architects, alongside a new set of standards for education providers and a new risk-based accreditation methodology. If approved, we expect implementation of the new requirements to be phased in over a number of years from 2023 with students starting courses delivering to new learning outcomes from 2025.

We were also scheduled to sign new Mutual Recognition Agreements with regulatory colleagues in the United States, as well as Australia and New Zealand. These agreements will provide a much simpler and more affordable route to registration for UK architects wanting to work overseas as well as international architects wishing to take up employment in the UK. These landmark agreements are designed to uphold public safety - through robust analysis of qualifications and quality assurance in those jurisdictions - as well as supporting UK businesses.

Looking beyond 2023 we will manage the introduction of the new CPD framework, review our new UK Adaptation Assessment and conduct a full review of the ARB Prescribed Examination. We aim to publish a new updated Code of conduct in 2024 after extensive engagement with the public and the profession. In 2024 we should complete our organisational Transformation Programme, where all architects will be able to access ARB registration services through a 'self-serve' model, and we will be in a much better position to capture, analyse and publish data and insights into the profession and the sector.

We have made good progress within ARB to ensure we are an organisation which values and supports equality, diversity and inclusion. But we know we have much more to do, both ensuring that, in particular, our Board and network of associates better reflect society and also that we are continuing to promote professionalism and quality within the profession.

Hugh Simpson, Chief Executive and Registrar

### 3. About ARB

We are 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.

## 4. Progress Report

ARB's strategic priorities for 2022 were shaped by our [Business Plan](#) and our five-year [Corporate Strategy 2022-2026](#) published in October 2021, covering every aspect of the organisation's work, and setting out ARB's intentions and ambitions. The hard work of ARB's team enabled us to pass key strategy milestones on the path to 2026.

### Developing a new model of continuing professional development (CPD) for architects

Powers given to ARB in the Building Safety Act 2022 opened the way for us to develop a new system of [continuing professional development](#) (CPD) for architects. The CPD scheme has been designed to help architects demonstrate their commitment to a culture of continued learning throughout their professional lives and provide public confidence in the competence of the profession. The proposed launch date for the mandatory new scheme – 2024 – is fast approaching and significant progress was made in 2022.

In April, ARB published a [report](#) that analysed the 763 responses received to the earlier three-month consultative survey, and the views and insights from the survey were discussed by the Board as we developed the new scheme. In September 2022, detailed proposals for the Scheme for Continuing Professional Development were published, with draft guidance to help architects understand how ARB intends the scheme to work. At the same time a three-month consultation on the proposed scheme and draft guidance was launched (which closed on 3 January 2023) and work began to develop a pilot scheme that will be rolled out in 2023.

### Modernising the initial education and training of architects

ARB's major review of architecture education and training continued in 2022 – the first in five decades. In June, ARB [published analysis of the survey](#) that closed in January 2022, in which we invited stakeholders to share their views on our proposal to modernise the initial education and training of architects. We found that 65% of respondents agreed that the existing structure of Parts 1, 2 and 3 needs to change (with only 17% disagreeing) and 80% agreed that we should move away from a rules-based approach of the Criteria to an outcomes-based approach.

We therefore drafted proposals based on the evidence and stakeholder views that we had analysed. These proposals aim to ensure that those who study and train in the UK demonstrate the necessary competencies to become architects. The new framework is also intended to create a more open and accessible profession by enabling more flexible routes to becoming an architect. We tested our ideas along the way, including through an online workshop in June and an event, our first Education Symposium, in London in September. Both were attended by learning providers and architects, as well as a range of other groups, and provided invaluable input as our proposals were shaping up.

As 2022 came to a close, the Board approved the proposals for a landmark reform in the regulatory framework, and final preparations were underway for a major consultation to be launched in February 2023. The proposals include a new regulatory framework for educating and training architects; the competencies architects must be able to demonstrate to join the register; the standards learning providers must meet for ARB to accredit their qualifications; the associated accreditation process, including our Committee and Rules; and the arrangements for transitioning to the new approach.

## Transforming our technology

ARB's technology transformation programme is underway and due to bring comprehensive improvements both internally, for staff, and externally, for Registrants and for everyone interacting with the organisation. Once the programme is completed in 2024, the new dynamic platform will enable Registrants to manage their own data online, saving both time and money. A more robust and flexible IT infrastructure will ensure ARB controls secure data that can be managed more effectively through more efficient systems and processes.

## Improving our regulatory processes

If architects and the public are to benefit from regulation then ARB must look to modernise and transform the way in which we operate. Important changes in our regulatory processes were made throughout 2022. Key achievements over the year include:

- Improvements to the process and experience of examination candidates, alongside working with institutions in architecture education to simplify the submission of pass list information for those registering for the first time. ARB's [registration website](#) has also been revised to simplify information about existing routes to registration, including information on processes and guidance which have been updated using feedback from architects.
- The publication of new rules and guidance in support of a fair, efficient disciplinary system.
- Professional indemnity insurance has become an area of concern for architects and the wider built environment in recent years and in 2022 ARB consulted on and published [updated guidance](#) for architects, using the information gathered from a consultation earlier in the year. These changes mean architects should find it easier to get compliant cover that still provides protection for consumers and the public.
- Since leaving the European Union ARB has renewed our efforts to progress mutual recognition agreements, as part of our new [international routes to registration](#). We have collaborated closely with counterparts in the USA, Australia, New Zealand and Europe. We also consulted on the new UK Adaptation Assessment that will form part of the process for incoming non-UK applicants.

## Investing in our people

We are fully committed to building a positive and inclusive culture based on shared values and behaviours. High quality regulation can only be delivered by a motivated team that is well-trained and well-led. To maintain our standards and further this ambition, 2022 saw the development and implementation of a new set of staff values and behaviours. These were developed with the full input of the ARB staff team following staff events and surveys.

As part of our People Strategy, 2022 also saw the benchmarking and establishment of pay bands for all ARB roles and the introduction of performance related pay. This included a refreshed annual review process with the appropriate support and training to align with the new performance framework.

## 5. Find out more

### Our governance

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. For more information about ARB's Board see: <https://arb.org.uk/about-arb/arbs-board-committees/>

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/>

### Departmental Updates

Our work in 2022 took place in the context of our [Corporate Strategy 2022-2026](#). While these priorities guide our direction of travel, we are at all times committed to continuous improvement across all our regulatory services.

Throughout 2022 we continued 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 update them on our regulatory approach and their responsibilities.

To see facts and figures demonstrating progress against these statutory functions, visit our website at: <https://arb.org.uk/publications/publications-list/annual-report/2022-year-in-review/>

## 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 to 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](#)
  - [Instagram](#)

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**



## Part Two: Financial Statements

Contents	Page
1 Performance Report	2
<ul style="list-style-type: none"><li>• Overview</li><li>• ARB's purpose and activities</li><li>• Our Chief Executive's perspective</li><li>• KPIs, risk and uncertainty</li><li>• Performance summary</li><li>• Performance analysis</li><li>• Financial performance</li><li>• Non-financial matters</li><li>• Environmental matters</li></ul>	
2 Accountability Report	6
<ul style="list-style-type: none"><li>• Corporate governance report</li><li>• Chief Executive's report</li><li>• Accounting officer statement</li><li>• Governance statement</li><li>• Our Board</li><li>• Corporate governance</li><li>• Risk assessment</li><li>• Remuneration report</li><li>• Staff report</li></ul>	
3 Independent Auditor's Report to the Members of Architects Registration Board	13
4 Financial Statements	16
<ul style="list-style-type: none"><li>• Statement of comprehensive income for the year ended 31 December 2022</li><li>• Statement of financial position at 31 December 2022</li><li>• Statement of cash flows for the year ended 31 December 2022</li><li>• Statement of changes in reserves at 31 December 2022</li></ul>	

Notes to the Financial Statements

## **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 us 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.

### **ARB's purpose and activities**

The Architects Registration Board (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 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'.

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](#).

### **Our strategic priorities**

This year was the first year of our ambitious five-year Corporate Strategy covering the period 2022 to 2026.

Our Strategy describes the approach we want to take to all that we do: being open and engaging; using evidence to drive our policy work and operational delivery; promoting diversity and being responsive to feedback; demonstrating a willingness to adapt and change positions where the evidence suggests we should. At the heart of our Strategy are five key priorities. These are:

- Continuous improvement in our regulatory services
- Modernising initial education and training of architects
- Delivering a new system of continuing professional development for architects
- Transforming our systems, processes and information technology
- Investing in our people and building a positive and inclusive culture based on shared values and behaviours

The annual Business Plan and the associated work planned for 2022 was designed to support the roadmap to delivery of these priorities.

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

Our new five-year Corporate Strategy sets out a clear statement about the purpose of regulation, ARB's vision and the key strategic priorities the Board has committed to deliver.

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. The contribution that regulation can make to this overarching purpose may be small, but we recognise that architects and other professionals in the built environment can achieve their own goals, potential and outcomes only if we are delivering effective regulation.

During 2022, we have made excellent progress to deliver against our five key strategic priorities. The report on our Business Plan<sup>1</sup> sets out progress of activities in detail. Policy development highlights include work to develop a new framework for the initial education and training of architects which is subject to a full statutory consultation in 2023, as well as the consultation carried out on a new statutory framework for continuing professional development scheme which we plan to pilot in 2024.

We have made significant progress in transforming our systems, processes, and technology. We want to make it much easier for architects to be able to engage with ARB using a self-service online portal to manage their registration information and applications. This transformation will enable us to make much needed improvements to our cyber security and staff experience and allow us to better capture, interrogate and publish important data about the profession including data on equality, diversity, and inclusion.

In 2022 progress was made towards building a positive and inclusive culture at ARB. A new performance framework was rolled out; staff co-created and agreed a new set of values and behaviours for ARB and, as a result of changes we've made, a significant reduction in staff turnover and sickness absence has been reported to the Board.

Operational highlights from 2022 include the further development of Mutual Recognition Agreements with international counterpart regulators, to assist UK architects in registering in countries such as the United States, Australia and New Zealand, as well as a new agreement with the European Union.

## **KPIs, risk and uncertainty**

### **Key issues and risks**

The Corporate Strategy sets out our ambition in areas such as the initial education and training of architects and improvements on how we work with the sector and the profession. It also details the need to invest in and improve our core regulatory functions. These are vital in maintaining the confidence of both the public and the profession of architects in how we deliver our statutory duties.

To effect changes to these areas, it is crucial that we engage with and listen to as wide a range of interest groups as possible and communicate effectively. We demonstrated this throughout 2022 by issuing a number of consultations on topics such as proposed rules to establish an Appeals Committee and draft guidance for a continuing professional development (CPD) scheme. A range of round table and webinar events have been held in support of these key business areas. The Board Chair and the

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<sup>1</sup> [9.Business-Plan.pdf \(arb.org.uk\)](#)

CEO have also met with stakeholders on initial education and training (IET), with the Chair carrying out visits to individuals within the education sector to keep stakeholders informed.

Resources, particularly in respect of staff, remained a key risk throughout 2022 although the newly implemented People Strategy and hybrid working policy helped mitigate this, with the turnover of staff seeing a significant improvement from 2021. Workload continued to increase, particularly in Professional Standards with a rise in complaints and complex cases, along with new areas of work including the development of international routes to registration. A further area of pressure was a substantial project to move the majority of ARB associates to a new category of worker status. While this added to pressure in terms of workload, one benefit is that it will allow us to invest in the development of those individuals who carry out work, such as prescribed examinations, on behalf of ARB.

IT systems have remained a risk throughout 2022 although good progress has been made on ARB's IT Transformation Programme. As part of the transformation work, immediate risks in this area have been identified and mitigated throughout the year including investment in technology upgrades and supplementing network capacity to mitigate events such as server or power failure. This was identified as part of the IT Transformation Programme and mitigations quickly put in place. Full reports were made to the Audit and Risk Assurance Committee and to the Programme Board.

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 ARB as a going concern.

### **Performance summary**

During 2022, we delivered on our core requirement to ensure that our statutory duties, as set out in the Architects Act 1997, were all met.

In addition, good progress has been made on the priorities set out in our Corporate Strategy, reaching the goals set out in our 2022 Business Plan.

### **Performance analysis**

#### **How performance is measured**

In addition to the Corporate Strategy, our Board approves 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 have a Business Plan Delivery Group, made up of members of the staff team, to look at progress and risks in key areas.

We 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](#).

Continuous dialogue took place between our Chief Executive and Registrar, the Board and the DLUHC to ensure we managed risks appropriately and effectively. A discussion on risk was also held with ARB's allocated risk partner from DLUHC, and a copy of ARB's risk register was provided to the Department.

Project management support in respect of the IT Transformation Project is firmly embedded, and reports against key project milestones are reported to a Transformation Programme Board.

## **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 17 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 94% of our total income. Our largest area of spend is the organisation's staffing resources, representing 45% of our operational costs.

We ended the year with an operating surplus of £868,424. The surplus resulted from underspends within our staffing and professional experts as a result of the wider recruitment market and our inability to recruit to certain roles, which have now been filled. There were also a number of IT transformation projects that due to timing of delivery have been rolled into 2023 and the funds ringfenced within our reserves.

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.

ARB's reserves policy is to hold at least four months' operating costs as well as our liabilities in the event we are wound-up. The total operating reserves as at 31 December 2022 is £3,514,457 which represents 6.8 months of operating costs and £3,629,000 of estimates wind up costs.

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 changes in reserves can be found in our Financial Statements on page 20.

## **Non-financial matters**

During 2022 and as part of our People Strategy, we collaboratively developed a new set of values and behaviours with our staff, as well as strengthening our performance reviews and rolled out a hybrid working policy.

We received seven requests for information under the Freedom of Information Act 2000. Six were accepted (or partially accepted) and one was refused on the basis that the requested information was not held. All seven requests were dealt with within the relevant statutory timeframes. To our knowledge, there were no complaints made to the Information Commissioners Office (ICO) about ARB in 2022.

There have been no health and safety incidents reported during the year. All statutory checks and tests such as electrical, emergency lighting, fire safety and air and water quality have been carried out. Staff have also undertaken training on first aid, including using a defibrillator.

## **Environmental matters**

Our staff team, following the introduction of the hybrid working policy, continue to mix both office work and working from home on a regular basis. One of the factors considered when agreeing the hybrid working policy was the reduction in staff travelling to the office, something that is not only beneficial from a wellbeing perspective but also relevant to our environmental impact. Board and Committee meetings have also predominantly been held online throughout 2022, with only Board development days and a small selection of Professional Conduct Committee hearings being held in person. By maintaining this hybrid approach for staff and Board meetings rather than reverting to pre-pandemic attendance, we have calculated that we have saved over one tonne of carbon emissions based on travel to and from the office alone. This calculation is based on individual postcodes relative to the office and mode of transport previously used. We intend to keep the hybrid working policy under regular review.

In 2022 we carried out a review of our procurement policy which now has clear reference to environmental impact and sustainability being considered as part of the process and as part of value for money considerations. We also commenced work on a property strategy that considers ARB's future property needs. What is clear is that sustainability will be a key factor in any decisions taken and has featured in all Executive and Board discussions held to date.

Our commitment to encouraging our stakeholders and suppliers to use electronic means of communication as the default has continued. Throughout 2022 we actively promoted the use of our online services for Registrants as well as requesting changes to the Architects Act 1997 to better reflect new methods of communication. Board meetings and workshops were all paperless, as well as our committees.

Our energy supply is 100% renewable, and we continue to monitor and adjust energy consumption when office attendance is at a minimum.

We have started a staff working group around sustainability which is to be used as a forum for team members to share information and ideas and to identify and recommend solutions for areas where we can improve.

## **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>2</sup>.

ARB's Board is made up of 11 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 2000 requests within 20 working days, and subject access requests made under the Data Protection Act 2018 within 40 days. We have complied with that duty throughout 2022.

### **Accounting officer statement**

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.

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 has been appointed as Chief Executive and Registrar.

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.

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<sup>2</sup> [The Seven Principles of Public Life - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

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 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 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 on our [website](#).

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](#) and in the Annual Report published alongside this document. For more information about our Board members and their individual declarations, view our [website](#). Details of Board members' attendance can be found on page 29.

All Board members are appointed by the Privy Council after consultation with the DLUHC. A temporary Board Chair was in place at the start of 2022 but following a full recruitment campaign carried out by DLUHC, Alan Kershaw, who had previously served as temporary Chair, was appointed in June 2022 to the role on a permanent basis.

There continued to be a vacancy for a lay Board member throughout 2022, while the DLUHC continued to undertake a recruitment exercise to fill the role on a permanent basis.

The Board adapted its approach to meeting structure in 2022 so its time could be used most effectively to maximise support in achieving an ambitious programme of work. This meant an increased overall number of meetings in 2022, made up of Board workshops, formal Board meetings to consider decision and assurance matters and also separate shorter meetings focused on Prescription Matters.

The Board met to seek assurance that the executive continued to deliver its statutory functions including the prescription of qualifications and making decisions regarding the registration and annual retention fee for architects. The Board carried out regular assurance activities including scrutiny of operational and financial performance. It also reviewed the Risk Register on a regular basis to ensure there were appropriate governance and assurance arrangements in place. It established a



Transformation Assurance Group with two Board members meeting regularly with staff to enable to the Board to be assured about this key priority area for ARB.

In 2022, the Board oversaw the successful delivery of key business plan commitments and operational improvements including amendments to the Scheme of Delegation to allow for delegation of some Registrar functions, made possible by legislative change to the Architects Act 1997. It also approved revised guidance to the profession on professional indemnity insurance and considered proposed new procedures for UK adaptation assessments to form part of the new international routes for registration as well as undertaking a review of the Committees terms of reference and membership.

ARB became a host of the Boardroom Apprentices Programme, a programme supported by DLUHC. This programme is aimed at creating a diverse pool of capable and ready Board members by enabling practical experience, skills and knowledge on existing boards.

During 2022, 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. The Senior Independent Board member met with the Board without the Board Chair present and met with the Executive without the CEO and Registrar present, to provide an overview of 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 it has established 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**

2022 was the first year with our new internal audit partner, TIAA Ltd, who undertook three internal audits. The first looked at the governance arrangements for ARB's IT Transformation Programme, a key area for delivery as part of the five-year strategy. The second was on HR management, particularly recruitment, looking at the selection and appointment process, onboarding, signing of contracts and payroll for new starters. The third area for internal audit was an assurance review around core financial controls such as reconciliations, cash and banking, and payments. All three internal audits received substantial assurance opinion. Follow-up work was also carried out by TIAA Ltd to check progress on implementation of the above audits as well as reviewing outstanding internal audit actions, from previous internal audit partners.

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. In 2022, Cindy Leslie (Lay Board member) was the chair of the Audit and Risk Assurance Committee. Liz Male (Lay Board member) and Mark Bottomley (Architect Board member) were Committee members. The Independent member of the Committee, Christopher Wood, resigned from the post with effect from 21 April 2022. A recruitment exercise was carried out by ARB, and Dónall Curtin was appointed as the independent member of the committee. All Committee meeting minutes were reviewed by the Board, and the Committee also presented an Annual Report with its work in 2022 mapped against its Terms of Reference.

The Board held a workshop session on risk and approved a refreshed risk framework and appetite in July 2022. The ambitions set out in the Corporate Strategy, along with increased business as usual activities meant that resources and capacity continued to be a key operational risk in 2022. Information technology also remained a heightened risk, although good progress was made on the IT

Transformation Project, with updates provided on this key area at each ARAC meeting throughout 2022.

## Remuneration report

### Our policy

Our Remuneration and Appointments Committee was 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 member).

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.

### Remuneration – Non-Executives

Changes were introduced from January 2022 to the way in which the Board Chair and Board members are remunerated. Board members now receive an annual attendance amount, paid monthly. This change was made to bring ARB in line with good practice, bring operational efficiencies, help budget certainty, and support the recruitment of new Board members in future, particularly in relation to diversity and inclusion. To help to ensure the annual amounts payable accurately reflected the work undertaken throughout the year, all Board members were asked to submit a record of time spent on Board business over a fixed time period. This was reviewed by the Remuneration and Appointments Committee mid-way through the year and while the evidence showed that the majority of roles were remunerated at the right level, remuneration should increase slightly for Board members who were also members of the Prescription Committee to reflect the additional time commitment. This recommendation was agreed by the Board. Rates of the annual pay are shown below:

Role/s	Annual remuneration
Board chair	£39,375
Board member	£8,000
Board member with Committee chair responsibility	£9,500
Board member and Prescription Committee member* & **	£9,500

\* Board member and Prescription Committee member pay increased to £11,500 per annum with effect from 1 November 2022

\*\* The pay for a Board member who was a member of the Prescription Committee, but took on the role of Prescription Committee chair part way through 2022, was increased to £12,000 per annum with effect from 1 November 2022

The total attendance and reading allowances paid to Board members for their work in on the Board, its committees and other Board business during 2022 was £133,363 (£107,218 in 2021).

Board members are also able to claim travel and subsistence expenses. Expenses totalling £19,257 (£12,511 in 2021) were claimed during the year. Claiming patterns have changed significantly and while most Board and Committee meetings are hosted online, 2022 saw increased engagement with stakeholders, particularly from the Chair of the Board.

## Staff report

### 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.

### 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 2022 was £124,058 (£120,187 in 2021). This is 3.35 times higher than the median remuneration of our workforce (3.45 times in 2021). The median remuneration of the workforce was £36,968 (2021, £34,879).

### Staff composition and cost

The composition and numbers of ARB staff in post as at 31 December 2022 was:

	2022		2021	
	Female	Male	Female	Male
<b>Chief Executive and Registrar</b>	0	1	0	1
<b>Permanent Staff</b>	26	18	21	14
<b>Fixed Term / Temporary</b>	3	1	5	4
<b>TOTAL Split</b>	29	20	26	19
<b>TOTAL Employees</b>	49		45	

During 2022 ARB had a permanent headcount of 46, including a senior leadership group and the Chief Executive and Registrar. On average, over the year, there were 43.8 employees costing £2,752,388, and further information can be found in Note 6 of our *Financial Statements* on page 23.

Staff turnover for 2022 was 9.1% (24.4% in 2021). The figure is significantly lower than the national average across all sectors with staff mainly leaving for career and educational purposes.

Staff time lost through sickness absence was 119.5 Days (134.5 in 2021 based on average staffing of 32.7 full time employees). This is equivalent to 2.7 days per employee based on an average head count of 43.8 (4.1 in 2021).

### **Policies and other employee matters**

We aim to have a workforce that is reflective of all sections of society where each employee feels respected and able to give their best. Key to this is ensuring we promote equality, diversity, and inclusion so that we are ensuring we attract as diverse a pool of candidates, and employees as possible. 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 equality monitoring form, which is received separately 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.

Equality, diversity and inclusion 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.



Hugh Simpson  
Chief Executive and Registrar  
17 May 2023

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

We have audited the Financial Statements of Architects Registration Board (ARB) for the year ended 31 December 2022 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Reserves, and notes 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 the 2021/22 Government Financial Reporting Manual (FReM) which applies International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the Financial Statements:

- give a true and fair view of the state of ARB's affairs as at 31 December 2022 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 the Board and Accounting Officer**

As explained more fully in the Board's and Accounting Officer's responsibilities statement set out on page 7, 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. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below. 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.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the Financial Statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

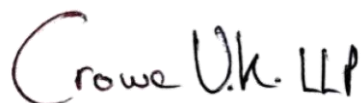
We obtained an understanding of the legal and regulatory frameworks within which ARB operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Financial Statements. The laws and regulations we considered in this context were the Government Financial Reporting Manual (FRM), the Architects Act 1997, taxation legislation, employment legislation and General Data Protection Regulation (GDPR). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items. We also considered the opportunities and incentives that may exist within the entity for fraud.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Board and other management and inspection of regulatory and legal correspondence, if any. 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. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the Financial Statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

#### **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.

A handwritten signature in black ink that reads "Crowe U.K. LLP". The letters are cursive and slightly slanted to the right.

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

Date: 1 June 2023

## Chapter Four: Financial Statements

### Statement of comprehensive income for the year ending 31 December 2022

	Notes	2022 £	2021 £
<b>INCOME</b>			
Registration and retention fees	3	6,589,273	5,293,120
Government grant income		150,235	320,600
Prescribed examinations		243,187	209,124
Penalties and sundry receipts	4	59,745	9,624
<b>Total operating income</b>		<b>7,042,440</b>	<b>5,832,468</b>
<b>EXPENDITURE</b>			
Employee salaries and benefits	6	2,752,338	2,423,244
Office costs	7	539,124	561,123
		<b>3,291,462</b>	<b>2,984,367</b>
Printing and records	8	20,624	32,132
IT charges	9	1,006,020	625,278
Board costs		152,620	126,325
Legal and other professional charges	10	1,202,919	1,170,796
Other administrative expenses	11	489,374	333,881
Finance costs	18.3	10,997	0
		<b>2,882,554</b>	<b>2,288,412</b>
Total operating expenditure		<b>6,174,016</b>	<b>5,272,779</b>
<b>OPERATIONAL SURPLUS FOR THE YEAR</b>		<b>868,424</b>	<b>559,689</b>
Investment income	5	158,230	127,266
<b>SURPLUS FOR THE YEAR BEFORE TAXATION</b>		<b>1,026,654</b>	<b>686,955</b>
Taxation	19	0	(66,640)
<b>RETAINED SURPLUS FOR THE YEAR</b>		<b>1,026,654</b>	<b>620,315</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Net (loss) / gain on investments	14	(667,739)	756,949
Taxation (Amounts not reclassified to operating surplus)	19	161,196	(124,274)
		<b>(506,543)</b>	<b>632,675</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>520,111</b>	<b>1,252,990</b>

All activities are continuing.



## Statement of financial position at 31 December 2022

	Notes	2022	2021
		£	£
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	59,764	63,536
Right-of-use assets	18.1	311,643	0
Intangible assets	13	103,635	53,494
Investments	14	6,414,173	7,315,226
<b>Total non-current assets</b>		<b>6,889,215</b>	<b>7,432,256</b>
<b>CURRENT ASSETS</b>			
Trade and other receivables	15	184,581	263,981
Cash and cash equivalents		9,860,388	7,601,643
<b>Total current assets</b>		<b>10,044,969</b>	<b>7,865,624</b>
<b>TOTAL ASSETS</b>		<b>16,934,184</b>	<b>15,297,880</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	731,841	843,535
Deferred income		6,732,949	5,820,789
Lease liability	18.2	251,470	0
<b>Total current liabilities</b>		<b>7,716,260</b>	<b>6,664,324</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liability	18.2	64,257	0
		<b>64,257</b>	<b>0</b>
Provision for liabilities	20	145,000	145,000
<b>ASSETS LESS LIABILITIES</b>		<b>9,008,667</b>	<b>8,488,556</b>
<b>RESERVES</b>			
Operating reserve		3,514,457	2,804,128
Closure reserve		3,629,000	3,629,000
Designated reserve		1,661,248	1,129,200
Revaluation reserve		203,962	926,228
<b>TOTAL RESERVES</b>		<b>9,008,667</b>	<b>8,488,556</b>

These Financial Statements were approved by the Board and Accounting Officer and authorised for issue on 17 May 2023.



} Alan Kershaw, Chair of the Board



} Hugh Simpson, Accounting officer (Chief Executive and Registrar)

## Statement of cash flows for the year ended 31 December 2022

	2022	2021
	£	£
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Operational surplus for the year</b>	<b>868,424</b>	559,689
<b>Adjustments for non-cash transactions</b>		
Depreciation and amortisation	<b>127,965</b>	136,212
Depreciation of right-of-use asset	<b>186,986</b>	0
<b>Changes in operating assets and liabilities</b>		
Decrease in trade and other receivables	<b>79,400</b>	90,048
Increase in trade, other payables and deferred income	<b>961,662</b>	1,331,309
<b>Net cash inflow from operating activities</b>	<b>1,356,013</b>	1,557,569
<b>Cash flows from investment activities</b>		
Proceeds from the sale of investments	<b>2,254,859</b>	1,361,920
Dividends and interest received	<b>158,230</b>	127,266
Purchase of investments	<b>(2,021,544)</b>	(1,658,892)
Purchases of plant and equipment and intangible assets	<b>(174,335)</b>	(99,343)
Taxation	<b>0</b>	(66,640)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>217,210</b>	(335,689)
<b>Cash flows from financing activities</b>		
Payments of principal on lease (note 18.4)	<b>(182,902)</b>	0
<b>Net cash inflow (outflow) from financing activities</b>	<b>(182,902)</b>	0
<b>Net increase in cash and cash equivalents</b>	<b>2,258,745</b>	1,781,569
Cash and cash equivalents at the start of the year	<b>7,601,643</b>	5,820,074
<b>Cash and cash equivalents at the end of the year</b>	<b>9,860,388</b>	7,601,643

All cash is represented by cash in hand.

## Statement of changes in reserves at 31 December 2022

	At 1 January 2022	Movement in year	Transfers between reserves	At 31 December 2022
	£	£	£	£
<b>Operating reserve</b>	2,804,128	710,329	0	<b>3,514,457</b>
<b>Closure reserve</b>	3,629,000	0	0	<b>3,629,000</b>
<b>Designated reserves</b>				
Maintenance	68,000	0	0	<b>68,000</b>
Transformation	1,061,200	532,048	0	<b>1,593,248</b>
<b>Revaluation reserve</b>	926,228	(722,266)	0	<b>203,962</b>
Total	<u>8,488,556</u>	<u>520,111</u>	<u>0</u>	<u><b>9,008,667</b></u>

### **Operating reserve**

ARB's reserves policy is to hold operating reserve sufficient to ensure that ARB can continue in operation for the foreseeable future. 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.

The total operating reserves as at 31 December 2022 is £3,514,457 which represents 6.8 months of operating costs.

### **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 2022 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 2022, designated reserves represented the Maintenance Reserve of £68,000 which was established to cover the regular cost of redecoration of the offices.

In addition, a further £1,593,248 has been designated for IT transformation that was budgeted for in 2022 and will be delivered during 2023.

### **Revaluation reserve**

At the 31 December 2022, 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 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted and interpreted by the 2021-22 Government Financial Reporting Manual (FReM) issued by HM Treasury.

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of a new standard as set out below in note 18 in relation to IFRS16 leases.

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 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) 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.

#### c) 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.

#### d) Leases

This is prepared in accordance with and adoption of IFRS16 Leases from 1 April 2022, which has resulted in changes in the accounting policies and adjustments to the amounts recognised in the Financial Statements see note 18. ARB has recognised a lease liability measured at the present value of the remaining lease payments, discounted using the HM Treasury incremental borrowing rate of 3.51% as per FReM guideline. ARB has elected to recognise a right-of-use asset at an amount equal to the lease liability and depreciated on a straight-line method over the remaining years.

**e) 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.

**f) 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. Income from investments and cash is recognised in the period in which ARB becomes entitled to the income.

**g) 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.

**h) Corporation tax and deferred 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.

Deferred tax is recognised in respect of timing differences that have originated but not reversed at the reporting date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the reporting date. Timing differences are differences between the entity's taxable operating surplus and its results as stated in the Financial Statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the Financial Statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse; based on tax rates and laws that have been enacted or substantively enacted by the reporting date. Deferred tax is measured on an undiscounted basis.

The taxation in the Statement of Comprehensive Income has been reclassified in the prior year to present the deferred tax movement within other comprehensive income. There is no impact on the comprehensive income for the year.

**i) 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

**j) 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.

**k) 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.

**l) 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.

**m) Provisions**

Provisions are recognised in the statement of financial position (see page 28) where there is a legal or constructive obligation to settle a liability and the amount can be estimated with reasonable certainty.

<b>3. REVENUE - REGISTRATION AND RETENTION FEES</b>	<b>Notes</b>	<b>2022</b>	<b>2021</b>
		<b>£</b>	<b>£</b>
Registration fees		<b>85,817</b>	81,154
Retention fees		<b>6,503,456</b>	5,211,966
		<b>6,589,273</b>	5,293,120
<hr/>			
<b>4. REVENUE - PENALTIES AND SUNDRY RECEIPTS</b>			
Penalties paid on reinstatement to the Register		<b>48,845</b>	3,860
Sundry receipts		<b>10,900</b>	5,764
		<b>59,745</b>	9,624
<hr/>			
<b>5. INVESTMENT INCOME</b>			
Income from investment portfolio		<b>144,936</b>	126,348
Interest on bank deposits		<b>13,294</b>	918
		<b>158,230</b>	127,266
<hr/>			
<b>6. EMPLOYEE SALARIES AND BENEFITS</b>			
Wages and salaries		<b>1,912,089</b>	1,497,730
Social security		<b>219,870</b>	163,906
Other pension costs		<b>327,238</b>	232,678
Medical and permanent health insurance		<b>71,189</b>	42,665
Recruitment costs		<b>45,348</b>	82,439
Staff training		<b>22,245</b>	26,467
Temporary staff		<b>154,359</b>	377,359
		<b>2,752,338</b>	2,423,244

Salaries in respect of the senior management team within the following ranges:

£80,000 - £85,000	<b>2</b>	2
£85,000 - £90,000	<b>2</b>	2
£95,000 - £100,000	<b>1</b>	1
£115,000 - £119,999	<b>0</b>	0
£120,000 - £125,000	<b>1</b>	1

Payments were made into defined contribution pension schemes totalling £109,813 (2021: £99,690) in respect of these employees.

<b>7. OFFICE COSTS</b>	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Depreciation on right-of-use asset	186,986	0
Rent	60,646	247,632
Service charges	31,927	23,662
Rates	129,276	129,276
Building related costs	12,560	16,461
Electricity	19,433	17,694
Office cleaning	29,382	34,355
Postage and telephone	48,774	59,628
Maintenance of office equipment	12,654	15,307
Depreciation: furniture and equipment	7,486	17,108
	<b>539,124</b>	<b>561,123</b>
<b>8. PRINTING AND RECORDS</b>		
Printing	15,845	28,920
Stationery	2,840	1,078
Journals and newspapers	1,939	2,134
	<b>20,624</b>	<b>32,132</b>
<b>9. IT CHARGES</b>		
Depreciation and amortisation: IT equipment and development	113,566	167,478
IT operational costs	391,662	389,575
IT transformation projects	500,792	68,225
	<b>1,006,020</b>	<b>625,278</b>
<b>10. LEGAL AND OTHER PROFESSIONAL CHARGES</b>		
All amounts stated above include VAT		
Remuneration to external auditors:		
External audit services	23,840	20,400
Other services - corporation tax compliance advice	6,300	4,140
Internal Audit	10,980	6,258
Legal expenses and professional charges – regulation	649,089	686,099
General legal, specialist advice and insurance	512,710	453,899
	<b>1,202,919</b>	<b>1,170,796</b>
<b>11. OTHER ADMINISTRATION EXPENSES</b>	<b>2022</b>	<b>2021</b>
Bank charges	176,729	43,855
Staff travel expenses	13,405	5,891
Prescribed examination and prescription	200,403	184,001
Architects Council of Europe (ACE)	40,831	41,167
Public and professional awareness	(1,102)	29,429
Room hire and other sundry expenditure	59,108	29,538
	<b>489,374</b>	<b>333,881</b>

## 12. PLANT AND EQUIPMENT

	Leasehold improvements	Office furniture & equipment	IT equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2022	517,325	172,600	346,530	1,036,455
Additions	0	10,835	41,160	51,995
Disposals	0	(7,498)	(13,010)	(20,508)
<b>At 31 December 2022</b>	<b>517,325</b>	<b>175,937</b>	<b>374,680</b>	<b>1,067,942</b>
<b>Accumulated depreciation</b>				
At 1 January 2022	517,325	141,847	313,747	972,919
Charge for the year	0	14,399	41,368	55,767
Disposals	0	(7,498)	(13,010)	(20,508)
<b>At 31 December 2022</b>	<b>517,325</b>	<b>148,748</b>	<b>342,105</b>	<b>1,008,178</b>
<b>Carrying amount</b>				
<b>At 31 December 2022</b>	<b>0</b>	<b>27,189</b>	<b>32,575</b>	<b>59,764</b>
<i>At 31 December 2021</i>	0	30,753	32,783	63,536

## 13. Intangible assets (IT development costs)

	Total £
<b>Cost</b>	
At 1 January 2022	882,850
Additions	122,340
Disposals	(118,584)
<b>At 31 December 2022</b>	<b>886,606</b>
<b>Accumulated depreciation</b>	
At 1 January 2022	829,357
Charge for the year	72,198
Disposals	(118,584)
<b>At 31 December 2022</b>	<b>782,971</b>
<b>Carrying amount</b>	
<b>At 31 December 2022</b>	<b>103,635</b>
<i>At 31 December 2021</i>	53,494

## 14. INVESTMENTS



	2022 £	2021 £
<b>At market value</b>		
At start of year	7,315,227	6,261,305
Additions	2,021,544	1,658,892
Disposal proceeds	(2,254,859)	(1,361,920)
Net (loss) / gain on investments	(667,739)	756,949
<b>At end of year</b>	<b>6,414,173</b>	<b>7,315,226</b>
<b>Cost at end of year</b>	<b>6,210,211</b>	<b>6,388,998</b>

All investments are managed by Rathbones and are invested in a mixture of Gilts (UK Sovereign debt), Corporate Bonds and Equity funds.

#### 15. TRADE AND OTHER RECEIVABLES

Other receivables	4,299	74,613
Prepayments	180,282	189,368
	<b>184,581</b>	<b>263,981</b>

#### 16. TRADE AND OTHER PAYABLES

Trade payables	265,764	315,470
Corporation tax	0	66,640
Deferred tax liability	66,045	227,168
Other taxation and social security	84,734	76,715
Accruals	315,298	157,542
	<b>731,841</b>	<b>843,535</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 £327,238 (2021: £232,678). A payment of £28,369 remained outstanding at the year-end and there were no prepaid contributions at the date of the statement of financial position (see page 18). The assets of the scheme are held separately from those of the Architects Registration Board in an independently administered fund.

#### 18. LEASING

IFRS 16 Leases is being applied by HM Treasury in the Government Financial Reporting Manual (FRm) from 1 April 2022. The new standard sets out the principles in relation to the recognition, measurement, presentation, and disclosure of leases. Accordingly, IFRS16 eliminated the classification of leases as either operating leases or finance leases as required by IAS17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a lease term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of right-of-use assets separately from interest on lease liabilities in the statement of comprehensive income.

<b>LEASING RIGHT OF USE ASSETS</b> (Weymouth Street premises)	<b>2022</b>
	<b>£</b>
Right of use assets (Weymouth Street lease)	<b>311,643</b>
<b>18.1 Lease Assets – Right of use</b>	
Balance at 31/12/2021	0
IFRS16 adjustment	498,629
Balance at 01/01/2022	498,629
Depreciation	(186,986)
Balance at 31/12/2022 - IFRS16	<b>311,643</b>
<b>18.2 Lease Liabilities</b>	
Balance at 31/12/2021	0
IFRS16 adjustment	498,629
Balance at 01/01/2022	498,629
Reduction in lease liability	(182,902)
Balance at 31/12/2022 - IFRS16	<b>315,727</b>
Current lease liability (due in 2023)	(251,470)
Non-current liability (Balance)	<b>64,257</b>

Amounts relating to lease recognised for the reporting period

<b>18.3 Total expenses relating to lease</b>	
Depreciation charge for the right of use asset	186,986
Interest expense on lease liabilities	10,997
Total expenses related to lease	<b>197,983</b>
<b>18.4 Cash flow activity</b>	
Cash outflow for lease (IFRS16) - Financing activity	
Principal - rent	182,902
Interest	10,997
	193,899
Cash outflow for lease - operating activity	0
Total cash outflows	<b>193,899</b>

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

## 19. CORPORATION TAX AND DEFERRED TAX

Only ARB's investment income and gains are treated as taxable. For 2022, there is a deferred tax liability reduction relating to unrealised losses on investments of £161, 196. The reduction is due to the fall in market value of ARB's investment portfolio.

At 1 January 2022	Change within the year	At 31 December 2022
227,241	(161,196)	66,045

## 20. PROVISIONS FOR LIABILITIES

	Dilapidations * <sup>1</sup> £'000	Panellists* <sup>2</sup> £'000	Total £'000
At 1 January 2022	60	85	145
Additions	0	0	0
At 31 December 2022	60	85	145

\*<sup>1</sup>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.

\*<sup>2</sup>The provision for potential additional panellist costs reflects our prudent estimate of the possible wider impact of a claim to an employment tribunal for additional sums by Professional Conduct panellist members. Panellists are independent contractors who sit on our Professional Conduct Committee. Given the potential liability still existed as at 31 December 2022, the decision has been made for the £85k provision to remain in the Financial Statements. This is considered sufficient to cover the estimated liability in respect of holiday pay for individuals on the Committee.

Board Members Expenses for 2022								
Board Member	Train/Tube Travel	Car Mileage/ Parking	Taxi	Airfare	Other	Hotel	Subsistence	TOTAL
Mark Bottomley	-	-	-	-	-	-	-	£ -
Derek Bray	1,293.50	113.95	-	-	-	337.50	35.00	£ 1,779.95
Tony Crook	942.65	159.95	-	-	-	231.60	-	£ 1,334.20
Will Freeman	25.60	-	-	-	-	-	-	£ 25.60
Alan Kershaw	2,256.34	-	281.00	507.93	-	6,898.55	2,327.92	£ 12,271.74
Cindy Leslie	-	-	-	-	-	-	-	£ -
Liz Male	159.14	50.00	-	-	-	337.50	-	£ 546.64
Elena Marco	656.53	112.13	-	-	-	679.00	-	£ 1,447.66
Stephen McCusker	1,471.10	-	21.20	-	-	337.50	21.00	£ 1,850.80
Teri Okoro	-	-	-	-	-	-	-	£ -
<b>TOTAL</b>	<b>6,804.86</b>	<b>436.03</b>	<b>302.20</b>		<b>-</b>	<b>8,821.65</b>	<b>2,383.92</b>	<b>£ 19,256.59</b>

Board member	Board meetings	Board workshops	Ad-hoc meetings*	Prescription Committee	Remuneration Committee	Audit and Risk Committee
Mark Bottomley	(10) 10	(5) 5	0			(4) 4
Derek Bray	(10) 6	(5) 5	0		(4) 4	
Emeritus Professor ADH Crook	(10) 8	(5) 5	0	(8) 8		
Will Freeman	(10) 10	(5) 4	0			
Alan Kershaw	(10) 10	(5) 5	20	1 (observing)	(4) 4	1 (observing)
Cindy Leslie	(10) 9	(5) 5	0			(4) 4
Liz Male	(10) 10	(5) 5	0			(4) 4
Elena Marco	(10) 10	(5) 4	0	(8) 7		
Stephen McCusker	(10) 8	(5) 5	0		(4) 3	
Dr Teri Okoro	(10) 10	(5) 4	0			
Vacancy (throughout 2022)	N/A	N/A	N/A	N/A	N/A	N/A

\* Ad hoc meetings include (but is not limited to) meetings with Stakeholders such as Professional bodies, architect practices and DLUHC, review meetings and meetings of the public chair forum.

#### Notes:

- (Actual number of meetings where attendance expected) compared with actual meetings attended.
- Board members attend other meetings on ARB business – such as appraisals, induction sessions and visits for new members.

If you need information on this document in a different format such as an audio recording or braille, you can:

- 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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