



Subject Management Accounts and Year-End Forecast 2020

Purpose To Note

From Marc Stoner – Head of Finance and Resources

If you have any enquiries on this paper, please contact Marc Stoner at marcs@arb.org.uk or on 020 7580 5861

1. Summary

The purpose of the paper is to inform the Board of ARB's financial position at 31 January 2020, including the year-end forecast outturn for 2020.

Attached at **Annex A** is the management accounts summary, which includes the year-end forecast and variances against the 2020 budget approved budget.

Overall there is an increase in income of £6k from the collection of the retention fee. This is owing to a slightly larger register than predicted when setting the budget for 2020 in September 2019.

There are no other variances to report at this stage.

Further information is provided below where there maybe fluctuations in the forecast as the year progresses.

2. The Board should note the following:

- The increase in income from the collection of the 2020 fee.
- The areas identified where budget pressure may occur during the year as outlined in section 5 below.

3. Open

4. Contribution to the Board's Purpose and Objectives

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

- Protect the users and potential users of architects' services and support architects through regulation.
- To manage the organisation's finances prudently whilst delivering ARB's statutory requirements and objectives.

5. Background

- i. The budget was set by the Board at its meeting in September 2019.
- ii. Whilst there are variances showing in the year to date figures (**Annex A, Column E**),

this is related to timing differences as opposed to actual under/over spends. Any actual variances are detailed below.

iii. **Operational Income**

- **Annual Retention Fee:** £6k increased income – When setting the budget for the annual fee in September 2019, the number of registrants paying the fee was estimated at 41,150. The Register continued to grow during the remainder of 2019, resulting in approximately 41,206 fee payments for 2020.
- **Other income streams:** We continue to monitor the other income streams as any impact on the UK exit from the EU remains unknown.

iv. **Employee costs:**

This is ARB’s largest area of spend. This budget contains all of the costs associated with ARB’s employees including salaries, contractual benefits, training and the cost of recruitment.

The table below is a breakdown of the staff costs across each departments:

Department	No. of Staff		Actual to 31/01/20			Full Year Forecast		
	Perm	Fixed	Actual	Budget	Variance	Forecast	Budget	Variance
			£000	£000	£000	£000	£000	£000
Corporate	10		43	50	7	600	600	0
Registration	8		36	33	(3)	395	395	0
Professional Standards	7	3	42	44	2	527	527	0
Qualifications	7		35	33	(1)	398	398	0
Recruitment, Temporary Staff, Training			4	19	15	226	226	0
Total Employee costs	32	3	160	179	19	2,146	2,146	0

ARB’s permanent head count is 32 full time members of staff. We currently have three additional fixed term posts within the Professional standards team, of which one is maternity cover.

We currently have four vacancies, three of which relate to the approved increased in head count of seven by the Board in September 2019. The remaining vacancy is for the Head of Registration who left in January 2020. There have also been four further resignations, one within the Professional Standards team and three within the Registration team. Additional temporary resources have been brought in whilst recruitment is undertaken.

It is anticipated that the savings from the vacant/soon to be vacant roles will be offset by the cost of temporary support and the cost of recruitment.

The Remuneration and Appointments Committee have recently commissioned a pay and reward review for staff and non-executives. Any cost implications will be considered once the outcome of the review is known.

vi. Professional Services and Legal Advice:

Following a recent tender exercise for the Boards legal service provider, a new contract was awarded. Any potential savings from the new contract have not yet been identified as we work through the transitional period between the new and existing supplier. There are also a number of new work streams required by the Board which may result in increased costs as the year progresses, such as the pay and reward benchmarking exercise referred to above.

vii. Professional Conduct and Regulation:

Following a recent tender exercise for the provision of legal work in relation the Professional Conduct Committee, a contract was awarded on a fixed price basis. Savings are currently being established, as some of the previously anticipated savings will be required to meet the recommended increased remuneration of the legally qualified chairs of the Professional Conduct Committee (as recommended at item 6 of this agenda), and a potential wider review of the investigations processes as specified in item 20.

viii. Capital and One Off Costs:

There are currently no variances to report and projects are progressing. Any underspends as a result of the timing of delivery will be set aside within reserves at the year end and reported to the Board. Where efficiency savings are made, funds will be returned to general reserves for utilisation by the Board.

ix. Reserves:

Work is currently underway on the financial year end outturn in relation 2019 and further information will be provided once that work is complete. However, there are no concerns that the Board will not meet its current reserves policy.

6. Resource implications

The above paper highlights those areas of spend that may increase during the year. The Board should be assured that there are sufficient reserves to mitigate any increased spend and as always the executive seeks to find efficiencies and savings where possible.

6. Risk Implications

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

8. Communication

ARB is committed to seeking cost-saving initiatives to help ensure value for money. Sound budget planning and the prudent management of ARB's financial resources contribute towards maximising cost savings.

9. Equality and Diversity Implications

None currently identified in relation to reporting of the forecasted outturn for 2020.