

# Architects Registration Board

**Annual Report** and Accounts

2019



Architects  
Registration  
Board



**ARCHITECTS REGISTRATION BOARD  
ANNUAL REPORT AND ACCOUNTS  
2019**

Accounts presented to the House of Commons pursuant to Section 6(4) of the Government Resources and Accounts Act 2000

Annual Report presented to the House of Commons by the Secretary of State for Housing, Communities and Local Government by Command of Her Majesty



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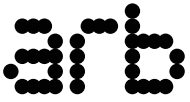
Ministry of Housing, Communities and Local Government Fry  
Building  
2 Marsham Street  
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SW1P 4DF  
Telephone: 030 3444 0000

ISBN 978-1-5286-2064-2

CCS0720845254 07/20

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office



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“ We help **maintain trust and standards** in the profession.”

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# Performance Report

This section provides an overview of the Architects Registration Board (ARB). It sets out our purpose and strategies, the key challenges and risks we have faced and our performance over the year.

A handwritten signature in black ink, appearing to read 'M Stoner'.

**Mark Stoner**

Acting Chief Executive and Registrar

19 June 2020



# Foreword

## Chief Executive's Report

As Acting Chief Executive and Registrar, I am pleased to introduce our 2019 Annual Report and Financial Statements. I accepted the role in May 2020, prior to which I fulfilled the role of Head of Finance and Resources working closely with our Board, our former Chief Executive and Registrar and my fellow senior leadership colleagues.

2019 was a demanding year. We worked hard to respond to the UK's exit from the EU and provide support and guidance to the profession and Government. We also adapted to a number of changes to our governance, with the induction of a new all-appointed Board in March 2019 and new committee structures to better support our regulatory work. Throughout the transition of our Board structures we managed to ensure the continued smooth running of our organisation and provided a comprehensive induction for the new Board members.

As an organisation we value input from a wider ranging group of stakeholders. You can see more on who we engaged with in 2019 in our *Impact Analysis* section. While not a full list, I hope it gives you a sense of the extent of our engagement with others.

During 2019, we played our part in responding to the independent review of building regulations and fire safety. As part of a collaboration between a range of professions from across the construction industry, we chaired a working group considering the competence of architects working on High-Risk

Residential Buildings and contributed to a report produced by the collective. Work in this area will continue in 2020.

As well as the continued growth of registrants on the Architects Register we also experienced growth in demand for our services, particularly in relation to the prescription of qualifications and requests for proof of registration/qualification certificates. In 2019 we recognised the need to grow in staff capacity in order to deliver our core duties, business plan activities, respond to the above challenges and meet the current and future expectations of our Board and sponsoring Government department.

Despite these challenges we delivered the majority of our planned activities. Our strong performance over the year would not have been possible without the professionalism, positivity and hard work of all ARB staff. I would like to thank them sincerely for their effort and the drive they demonstrated in a time of significant change and increased workloads.

Marc Stoner

**Acting Chief Executive and Registrar**

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“ We help the public make informed choices about who to hire for their project. ”

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## Our purpose and role

We are here to protect the public by maintaining the standards of architects.

We are the independent, statutory body established by Parliament under the Architects Act 1997 to regulate UK architects. We hold a Framework Agreement with our sponsoring Government department, the Ministry of Housing, Communities and Local Government (MHCLG).

By ensuring UK architects practise with the right levels of competence and conduct, we ensure trust is maintained in the profession. Through the Architects Register, and supporting advice, we enable the public to check whether someone is an architect and make informed choices about who they hire for a project. Our independent complaints service provides reassurance to those seeking architectural services, and recourse if things go wrong.

We endeavour to be an effective and proportionate regulator, and deliver our duties with consistency, integrity, objectivity, openness and transparency.

The work we do can be summarised across six main areas:

- Maintaining the Architects Register, a tool anyone can use to confirm whether someone is a UK architect
- Setting the UK standards required to join the Register
- Ensuring only appropriate applicants from the UK and overseas join the Register
- Setting and enforcing the professional standards expected of UK architects
- Taking action against those who call themselves an architect illegally
- Acting as the UK's Competent Authority for architects



# “ As regulator, we set the UK educational standards for entering the profession. ”

Our core functions are delivered by four teams, assisted by skilled providers in key areas such as examinations and hearings.

## Professional Standards

Ensure the conduct and competence of practising architects, and the appropriate use of the legally protected title ‘architect’ through proactive guidance and awareness raising as well as the handling of complaints.

## Qualifications

Ensure qualifications in architecture meet the educational standards and other requirements set by the Board through a prescription process, so those qualifications can be used to join the Architects Register.

## Registration

Ensure the integrity of the Architects Register by vetting the applications and competence assessments of those wishing to join, updating architects’ details as they change, managing annual retention and ensuring individuals are removed from the Register when appropriate.

## Corporate

Facilitate the general operation of ARB across a range of disciplines including finance, audit, recruitment, facilities, communications and governance administration.

Our Board provides leadership and strategic direction to the wider ARB team. They are supported by our Registrar and Chief Executive, senior management group and wider staff team as well as a range of committees. More information about our structure can be found on the next page, within our *Accountability Report* and on our website [here](#).

As part of our three year Strategic Plan (2019-2021), our Board identified four strategic objectives.

- Organisational Excellence
- Planning for an effective exit from the European Union
- Fit for purpose Register of Architects
- Strong Relationships

Our main priorities for 2019 were to act as a catalyst for a wider conversation about what makes a competent architect, to seek greater engagement with architects at all stages of their career, and to be more proactive in raising awareness of the Register and its role in helping the public make informed choices.

You can view our full Strategic Plan and Business Plan on our website [here](#).

# 21 Board and Committee meetings in 2019

## Our 2019 Board

### Chair of the Board



Alison White

### Architect Members



[Mark Bottomley](#)



[Will Freeman](#)



[Elena Marco](#)



[Stephen McCusker](#)



Richard Parnaby

### Lay Members



[John Beckerleg](#)



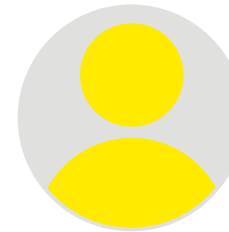
[Derek Bray](#)



[Emeritus Professor  
ADH Crook](#)



[Liz Male](#)



Appointment  
Pending

“ We are committed to providing advice and signposting to **help architects navigate their regulatory responsibilities.** ”

## Key challenges

2019 was certainly a year of challenges for a new Board, keen to establish itself and work with the profession to prioritise its plans for the future.

We adapted and strengthened our governance arrangements to provide a firm foundation for our future development. The Board also took the opportunity to review its whole approach to risk and risk management.

The impact of the UK's exit from the EU continues to be very uncertain and required us to prepare for a number of different scenarios. We established a separate risk register for this work and provided the profession with information as it emerged. Activity will continue into 2020 and beyond as the exit negotiations are concluded and we work through how to implement any future mutual recognition agreements for the benefit of architects.

During the year we also experienced a growth in demand for our services, particularly in relation to the prescription of qualifications and issuing proof of registration/qualifications certificates.

In addition, we were called on to help respond to the independent review of building regulations and fire safety. The recommendations will have a wide ranging impact on a number of professions, and we are working to capture the emerging requirements for architects in our future procedures.

In 2020 we all faced the outbreak of COVID-19. Fortunately our business continuity planning enabled our operations to adapt rapidly and effectively to new ways of working. We explored the risks and challenges in detail and the Board changed its strategic and operational business plans

as the impact on the profession and our functions became clearer. Our focus was on the delivery of our core functions and other services needed most at this time.

The full impact of the COVID-19 pandemic on the profession and ARB is yet to be understood. We are committed to providing information, advice and signposting to help architects navigate their regulatory responsibilities in these circumstances.

We are carefully monitoring the impact of the pandemic on the size of the Register, recognising that income from registration fees is the main source of funding for our statutory duties.

In May and June 2020, we also experienced the resignations of our Chief Executive and Registrar, and our Board Chair. We responded rapidly to these significant changes. The Acting Chief Executive and Registrar, Marc Stoner, was appointed in just over two weeks and the Temporary Chair, Alan Kershaw, within a week. This enabled us to ensure the continued smooth operation of the organisation.

We are managing all these challenges and 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 going concern for the next 12 months.

“ To function effectively we need a **properly resourced, competent and motivated staff team.** ”

## Performance summary

Overall we performed well in 2019. To function effectively we need a properly resourced, competent and motivated staff team. The demands of the year highlighted the need for us to grow in capacity to deliver our services, as well as meet the current expectations and future ambitions of our Board and sponsoring Government department. The Board recognised this need and agreed to the appointment of seven additional members of staff towards the end of 2019.

A key achievement this year has been the establishment of the newly appointed Board and revising governance arrangements. This work proceeded well but there is more to be completed around the supporting documentation. Stakeholder engagement surveys were undertaken, an important activity to the Board, and will be analysed and acted upon in 2020.

Like most organisations, investment in information technology is ongoing to make sure we provide the best possible service. In 2019, projects to improve registration and HR systems were commenced.

The Board recognises the importance of understanding the impact of the work it undertakes. Work in this area began in 2019 with the commissioning of new research to advise us on how best to measure impact, as well as the formation of a cross-organisation staff team tasked with reviewing our current approach to data collection and reporting.

Undoubtedly, the UK's exit from the European Union was a significant challenge during the year, not least with the uncertainty around the final arrangements. We prepared extensively for any final outcome of the negotiations and provided information to the profession whenever possible. We also shared information with counterparts who approached us from around the globe, upon which potential mutual recognition agreements in relation to the registration of architects could be based.

Regarding the Architects Register, work on reviewing and improving the routes to registration was put on hold pending the outcome of the EU exit negotiations. However the Board initiated activities to consider how architects' ongoing competence could be regulated. We also increased our public awareness raising activities for the Register. This work will continue into 2020 and build on some of the insight we obtained from the stakeholder research findings.

Looking at the 50 specific activities listed in our business plan, 36 items (72%) were successfully delivered. Six (12%) were partially delivered and eight (16%) were put on hold. In terms of KPIs, we successfully achieved 13 (62%) of the targets set. Four (19%) were partially achieved and four (19%) were not achieved. Further information on our performance against the 2019 Business Plan can be found on our website [here](#) (Item 9).

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“ Our Board reviews our Risk Register on a quarterly basis. ”

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## Performance Analysis

### Our performance measures

The Board agrees an annual business plan for the organisation in line with our strategic objectives, and monitors achievement during the year. In addition, Key Performance Indicators (KPIs) are set by the Board to demonstrate efficiency.

Our performance is measured through reports submitted to the Board every six months against this annual plan. Any emerging concerns about the effective delivery of the Business Plan and core work are raised with Board in a timely manner. Our current and previous Business Plans are in the public domain, available to view on our website [here](#).

In addition to these reporting mechanisms, our Board reviews our Risk Register on a quarterly basis. At every Board meeting our Registrar and Chief Executive provides a dedicated update on risk linked to organisational and strategic performance.

During 2019, particular attention was placed on ensuring we could deal with the impacts of EU Exit on the regulation of the architects and ARB's workload.

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

Our annual performance against these KPIs can be found on the following pages.

“ A core ARB value is to be **proportionate**, ensuring the efficient and effective use of our resources.”

## KPI analysis

We approach our role as regulator in three ways. Our strategic plans provide long term focus for everything we do, our business plans outline discrete activities planned for the year, and Key Performance Indicators (KPIs) enable us to measure our effectiveness in delivering our core functions. We continually review our KPIs so they remain challenging targets.

We understand the importance of not only measuring the efficiency of the delivery our core functions, but also our impact. More on our wider areas of work can be found in the section following this - Impact Analysis. Here you can see a summary of our performance against our 2019 KPIs. Further information on our performance against the 2019 Business Plan can be found on our website [here](#) (Item 9).

### Maintaining the quality of the Register

Core function KPI	Target	Result
Applications received through the UK route to registration processed within 15 working days.	90% of applications processed within 15 working days.	95%
Applications received through the automatic European route to registration processed within 15 working days.	90% of applicants processed within 15 working days.	82%
Reinstatements and readmissions.	90% reinstatements and readmissions processed within 5 working days.	97%

“ We continually review our KPIs so they remain **challenging targets for us to reach for.** ”

Maintaining the qualifications of architects

Core function KPI	Target	Result
Average no. of weeks to complete initial scrutiny of prescription applications.	95% in 2 weeks	100%
Average no. of weeks taken between an application being received to it being considered by the Committee for the first time.	95% within 7 weeks	100%
Average no. of weeks taken for an Independent Adviser to respond to Committee’s request	95% within 3 weeks	100%
Average no. of weeks taken for an annual monitoring submission to be considered by the Committee for the first time.	95% within 6 weeks	77%
ARB to have processed responses to all queries regarding the UK’s notifications to the European Commission within two weeks of receipt.	100%	33%
ARB to have scrutinised and reviewed European notifications within the two month consultation period set out in the European Commission’s Notification Procedures.	100%	57%

Raising public awareness of the Register and helping users and potential users of architects’ services to make informed choices

Core function KPI	Target	Result
Title complaints in office – No. of weeks from date of receipt to referral to ARB’s solicitor or closure.	80% in 16 weeks	98%
Title complaints with ARB’s solicitor to conclusion - No. of weeks from date of referral to non-prosecution conclusion/summons.	80% in 12 weeks	71%
Online Register availability 24 hours a day, seven days a week.	95% within 3 weeks	100%



Maintaining the standards of conduct and practice of architects

Core function KPI	Target	Result
Complaints in office – No. of weeks from receipt of complaint to a referral to the Investigations Panel or closure.	80% within 12 weeks	92%
Complaints with the Investigations Panel – No. of weeks from referral of case to issue of final decision.	80% within 12 weeks	85%
End-to-end case completion – No. of weeks from receipt of complaint to the conclusion of case at the PCC.	80% within 57 weeks* *Cases closed under the previous PCC Rules (before 1 February 2019) were subject to a 56 week target	59%



# ARB - Facts & Figures

## as of 31 December 2019

### Professional standards

#### Architect Conduct and Competence

**224**



formalised complaints received  
(versus 174)

**83** referred for formal investigation  
(versus 48)

#### Title Misuse

**741**



**733** resolved without the need for formal action

**8** prosecutions  
(versus 4)

#### Disciplinary Register Movements

- 1** rejoined at the end of their suspension  
(versus 6)
- 1** suspended  
(versus 3)
- 1** erased  
(versus 4)



\* the number of investigations and prosecutions held in 2019 do not directly relate to the complaints received that year. Some may be cases from complaints received in 2018.

### Qualifications

**29**



qualifications prescribed  
(versus 32)

**7**



EU qualifications notified  
(versus 21)

**2** UK qualifications notified to the European Commission  
(versus 2)

**85**



qualifications annually monitored  
(versus 118)

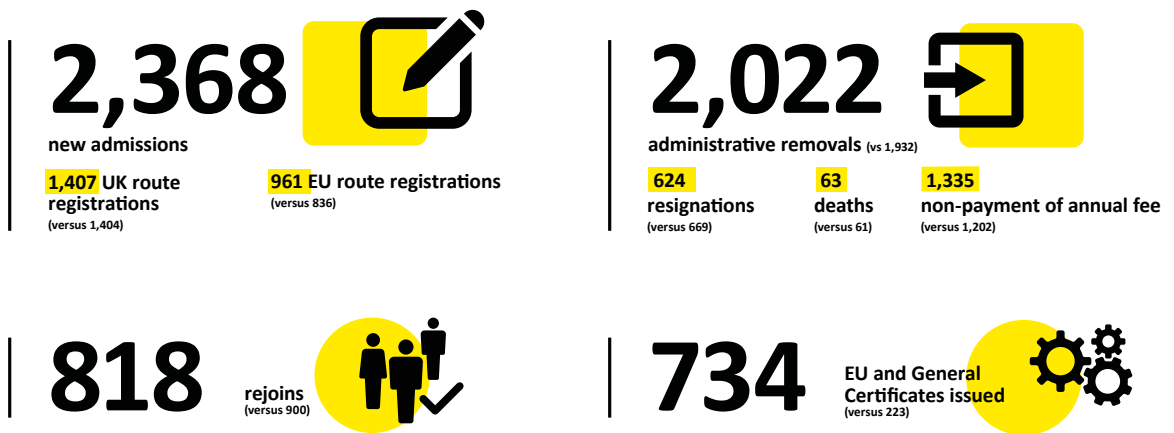
**62**



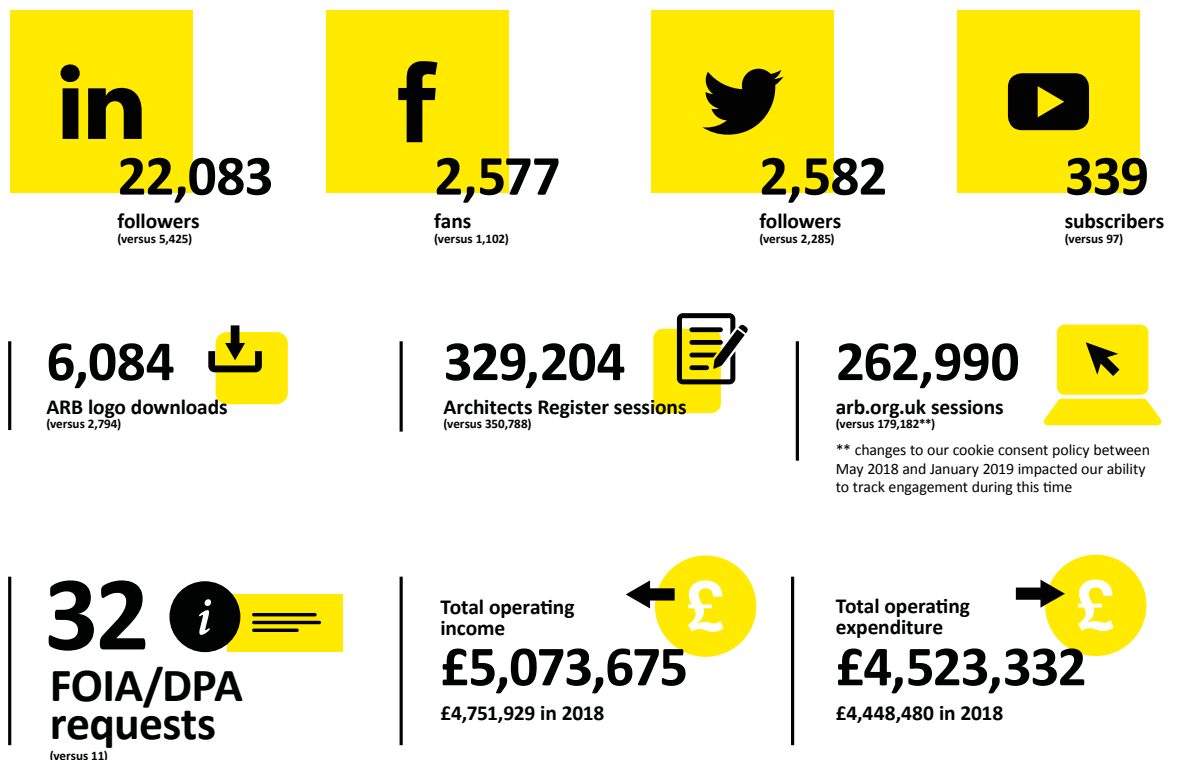
presentations to students  
(versus 56)

“ We ensure only those with the **appropriate qualifications and experience** are listed on the Architects Register. ”

## Registration



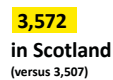
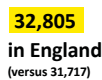
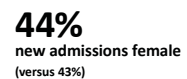
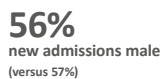
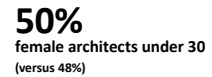
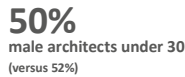
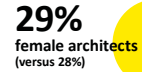
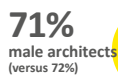
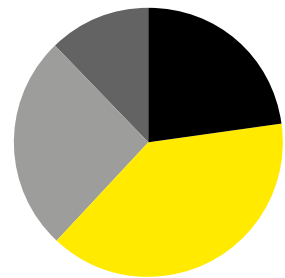
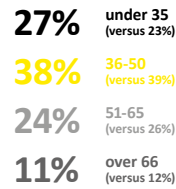
## Corporate



# Register - Facts & Figures

## as of 31 December 2019

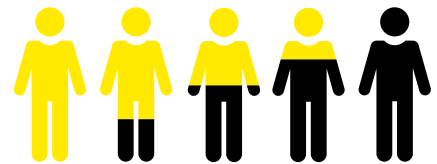
### Register



“ We hope the anonymised data we share is **useful to policy makers and those that are able to effect social change.** ”

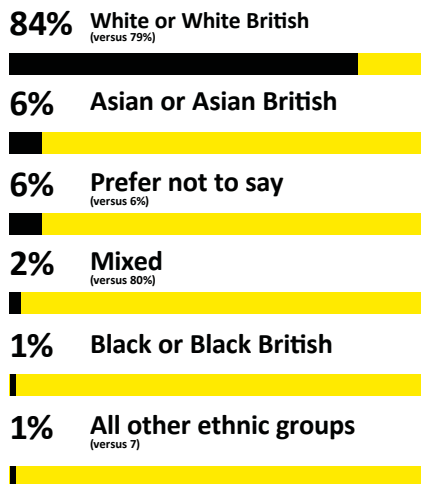
## Registrant equality and diversity data

ARB started collecting equality and diversity (E&D) information for UK architects in 2012. As of 2019, we held E&D data for approximately 62% of the Register.

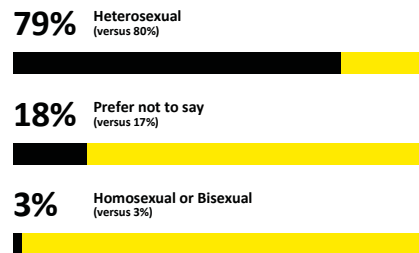


It is important to note that Register data may vary from survey data. Every architect must provide certain, legally recognised information as part of the registration process. They are also invited to complete an E&D survey which asks how they self-identify and includes broader categories such as sexual preference and disabilities. For our latest E&D data visit our [website](#).

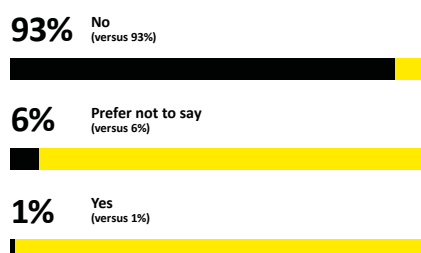
### Ethnicity



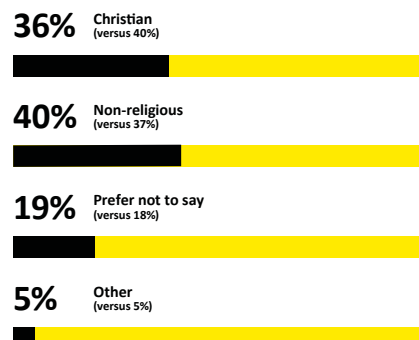
### Sexual Orientation



### Disability



### Religion



“ We are a **small team** who aim big when **protecting the public** through fair, effective and proportionate regulation.”

## Impact analysis

We're a small staff team with big ambitions for public protection and architectural standards. Below are some of the main activities we undertook in 2019 in service of our strategic objectives. To demonstrate we are effectively delivering our statutory duties it's important we can show not just what we have done but the impact of our activities as well. We plan to review and improve our collection and analysis of our performance data so we can show our value more effectively in future.

### Organisational Excellence

One of our internal values is to strive to do better. We set ourselves high standards and always look for ways we can improve. Through our Organisational Excellence strategic aim we look to deliver efficiencies and improve performance in a way that enhances accessibility.

We successfully **inducted our Board** following a change to its constitution, including seven new members and a new Chair. We conducted a series of briefing sessions to ensure the Board were well-informed on important areas of work. We [organised engagement sessions](#) with a range of architects, education providers and other stakeholders so the Board could learn first-hand about the views, experiences and pressures on those our work effects. We also took the opportunity to introduce digital systems to facilitate paperless and virtual Board meetings.

One of our Board's six core values is integrity. We endeavour to operate in a way that is professional, honest and treats others with respect. Last year, we were delighted to achieve **accreditation as a Living**

**Wage Employer** from the Living Wage Foundation. This means we pay our staff and contractors either their recommended living wage or London living wage rates, depending on where they are based. In doing this, we are voluntarily paying more than the national living wage.

We are fully supportive of the exciting apprenticeship route into the profession. We were pleased to assist the Trailblazer Group developing the Architectural Assistant and Architect apprenticeships to help ensure the resulting qualifications could be used to register as an architect in the UK. In 2019, we navigated the first requests to prescribe **qualifications being delivered within the apprenticeship framework**, which tested the boundaries of the Board's rules and guidance. In total we [approved six qualifications](#) for provision within the framework, five at Part 2 and one at Part 3.

### Planning for an effective exit from the European Union

We remain committed to responding to the UK's changing relationship with Europe and the rest of the world, so we can continue to protect the public and support architects through regulation.

We continuously **monitored and communicated on the potential impact of EU Exit** on the regulation of architects, briefing our Board and updating the profession when definitive, practical information was possible. We published [dedicated online content](#) and regularly communicated updates through our eBulletin and social media channels.

# “ At ARB, we believe in **continuous improvement** and enhanced the user experience for some key services in 2019. ”

We provided **targeted updates to our wide range of stakeholders** whenever possible. We wrote to architects at key junctures in the year and attended Government led roundtable events across the UK to engage with architects in person. We briefed education providers, professional bodies and other groups at regular intervals.

We **maintained positive working relationships with our counterparts abroad**. The Government is ultimately responsible for negotiating free trade agreements with other countries. To our counterparts in other EU member states we provided UK insights on EU Exit. We have shared information with counterparts who had approached us from around the globe upon which potential mutual recognition agreements in relation to the registration of architects could be based. As the UK's relationship with the EU becomes clearer, we will continue to support the Government as requested in this area.

## Fit for purpose Architects Register

The Register is the official and definitive record of all UK architects, it is by becoming registered that someone becomes a UK architect. To maintain standards and trust in the profession it is essential that entry and retention requirements for the Register are fit for purpose, and that its purpose is known and understood.

We began our approach to **reviewing the competence of UK architects** by seeking legal advice to establish the extent of our remit in this area, to ensure we operate within the limits of our role. We worked with other professions from across the construction industry to produce the [Raising the Bar report](#) in response to Dame Judith Hackitt's challenges to ensure the competence of

those working on higher risk buildings, particularly in respect of life safety. Building on this specific area of work, we established [two working groups of independent experts](#) to review whether our current systems ensure appropriate competence for those entering the Register in fire/life safety design and climate change. This work, and the Raising the Bar report proposals, will feed into a broader reflection by our Board on how best to regulate architects' ongoing competence, starting with research into what it means to be a modern architect.

We understand how important maintaining the reputation and standards of UK architects is to many. As part of our **title protection activities** in 2019 we carried out more misuse of title investigations than ever before (over 60% more than in 2018). For one case brought to [prosecution](#), the magistrates imposed the maximum fine for each charge and ordered a total of £24,318 to be paid by those convicted. Our public awareness work in 2019 included conducting small scale advertising trials to gauge effectiveness of raising awareness of the Register with the general public. In addition to publishing new online content on this topic and increasing our followers across all our social media platforms, we established a data sharing agreement with a national public protection charity and developed a process for advising, and correcting, the press.

## Strong Relationships

We know that constructive collaborations can yield benefits beyond the sum of their parts and that strong relationships with others will help us directly and indirectly to achieve our regulatory purpose.



# 22,083 LinkedIn followers, up from 5,425 in 2018

To help us benchmark our current impact and understand future performance we commissioned a **stakeholder research project** to explore awareness, understanding and opinions of ARB. We engaged with architects, the public, architectural schools and students, Government, professional bodies, other regulators and non-architects who had engaged with our services. Fieldwork concluded in early 2020, once analysed the findings will be used to directly inform our Board's strategic considerations and our future regulatory activity.

We recognise the importance of responding to the needs of those who engage with us, and ensuring effective **access to our services**. In 2019 this included producing new complaints process guidance, and a [Virtual Tour of a PCC hearing](#). We know that being involved in a Professional Conduct Committee (PCC) hearing can be stressful. We wanted to help demystify the process and help prepare people for the experience. Viewers can explore the virtual hearing environment and click icons for either text or audio information.

We are grateful for the **support and insight of our stakeholders**, here are some of the organisations we engaged with in 2019:

- Advertising Standards Authority
- Alzheimer's Society
- Architects Benevolent Society
- Architects Climate Action Network
- Architects Council Europe
- Architecture LGBT+
- Association for Professional Studies in Architecture
- Architecture Students Network
- Chartered Trading Standards Institute
- Citizens Advice

- Considerate Constructors Scheme
- European Network of Architects' Competent Authorities
- Freehold
- Office for Students
- Quality Assurance Agency for Higher Education
- Royal Incorporate of Architects Scotland, Royal Institute of British Architects, Royal Society of Architects in Wales and Royal Society of Ulster Architects
- Standing Conference of Heads of Schools of Architecture
- UK Regulators Network

We recognise our staff team as **internal stakeholders**. We operate under five internal values: Be Positive, Be Brave, Be Supportive And Honest, Be An Expert and Strive To Do Better. These values form part of performance reviews, training and work/social activities. There have been no health and safety incidents reported during the year and all statutory checks and tests were completed. We have comprehensive fraud and whistleblowing policies and processes in place which are reviewed and updated regularly.

In 2019 we continued to **work towards our three year [Equality & Diversity Performance Plan](#)**. Our Equality Scheme and our E&D Survey were reviewed and updated. We recognise the importance of being as transparent as possible with information we hold and revised our [Equality & Diversity webpage](#) to include anonymised statistics collected through E&D Survey for architects. We hope this data is useful to policy makers and those that are able to effect social change. In 2019 all staff received fundamental Equality and Diversity training and staff with management or recruitment responsibilities received advanced training.

“ We manage our resources carefully, allocating funding to agreed priorities. ”

## Financial performance

The Financial Statements, set out on [pages 37-54](#), have been prepared in accordance with the Government’s Financial Reporting Manual (FRoM).

### Income and Expenditure

#### Income

We ended the year with an operating surplus of £550,343. Part of this surplus was planned in order to ensure we had sufficient reserves, in accordance with our Board’s reserves policy. More information about reserves can be found later in this section.

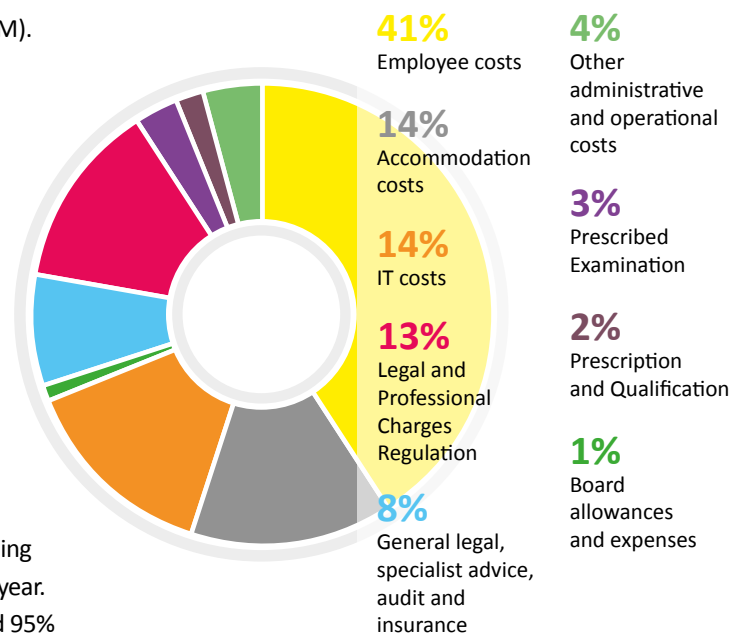
At the end of the year our operating income totalled £5,073,675. Our main source of funding is an annual retention fee paid by architects wishing to remain on the Architects Register for another year. This totalled £4,814,758 in 2019 and represented 95% of our total income. Some of our income also comes from fees paid by individuals joining the Register for the first time or returning to the Register following a voluntary break or removal.

During 2019, the Register grew by 3% resulting in additional fees being received. We also saw an increase in requests for certificates to support registration in other EU states which resulted in additional income.

#### Expenditure

At the end of the year our operating expenditure was £4,523,332. Our largest area of expenditure was staffing costs which totalled £1,873,831 in 2019 and represented 41% of our operational costs. The following chart provides a breakdown of our operating costs to show how funds are spent.

### How we allocate our resources

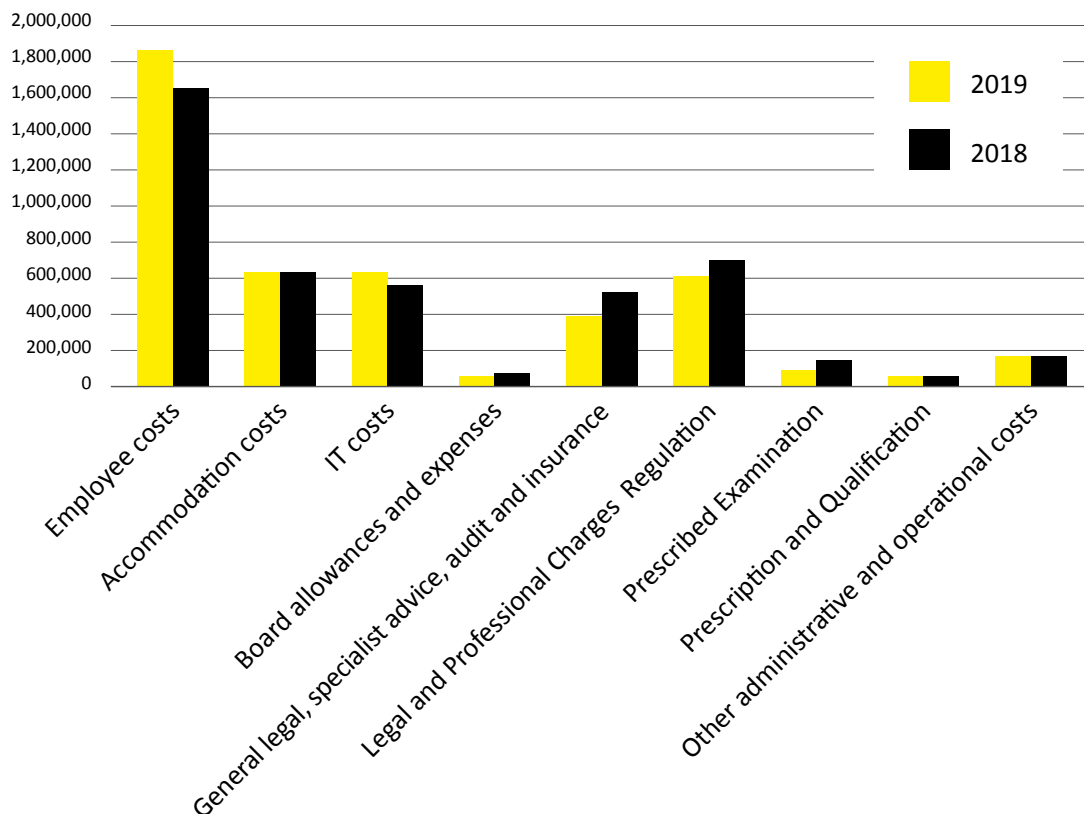


During 2019, we transitioned between our former and current Board structures. With changes in governance arrangements, an increase in the size of the Register and an increase in the overall workload of the organisation, our costs increased. Our staff resources increased from 26 to 29 full time employees. While the Board transitioned during the first three months of 2019, fewer professional conduct hearings were listed, resulting in lower hearings costs. These funds were rolled over into 2020 to ensure all hearings could be held. Some of our IT projects run over several years and so funds for these are set aside as designated reserves to ensure they do not impact future fees.



“ It is good practice for regulators to hold reserves for unforeseen events, we divert funds when appropriate to minimise impacts on the fee. ”

### Comparison of our spend



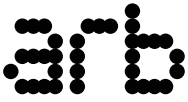
## Reserves and Investments

### Reserves

As a responsible statutory regulator and employer, we hold reserves so there are funds available should unforeseen circumstances materialise such as an increase in expenditure or a reduction in income. We also hold reserves to respond to a portfolio of organisational risks should one or more of those risks be realised. In 2019 the balance within reserves was £7,024,529. This is in line with our reserves policy to hold at least four months’ operating costs as well as our potential liabilities in the event we are wound-up. Further information on the makeup of these funds can be found on [pages 39 and 41](#) of this report.

### Investments

Reserves of around £6 million, that are not required for cash flow purposes, are invested in a mixed portfolio of Gilts (UK Sovereign debt), Corporate Bonds and Equity funds. During 2019, the investment portfolio was managed by Quilter Cheviot Investment Management in line with the Board’s investment strategy, with a low to medium risk attitude, with an aim of protecting the real value of capital and maintaining the required liquidity.



Reduced paper consumption by **36%**

## Environmental impact

We take our responsibility to the environment very seriously. We regularly review the way we work, and the resources we consume, to ensure we minimise our impact. We also review the environmental impact of our key service suppliers.

**One of the ways we minimised our impact in 2019 was to reduce the amount of papers we printed by 36%, an improvement on the previous year's reduction of 18%. We did this by:**

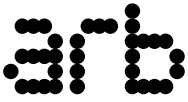
- Moving to a secure, electronic document sharing system for Board and Committee activities, allowing them to become paperless
- Eliminating physical papers from our professional conduct and competence investigation process by adopting a similar secure sharing platform
- Utilising dual screens at workstations, and large screen projections via portable devices in meeting rooms
- Investing in remote working technology, for secure digital access to documents and systems away from the office
- Setting electronic means of communication for our statutory services as the default option where possible

**Our offices are designed to conserve energy and water, and to increase recycling of materials where possible. During 2019 we saved the equivalent of 83 trees by recycling 4,895 kilos of paper and mixed recycling – this compares with 71 trees and 4,220 kilos in 2018. We did this by:**

- Removing individual waste bins and providing centralised recycling of paper, kitchen waste and general consumables
- Recycling all printer ink and toners through an accredited service resulting in zero landfill
- Purchasing office stationery and paper manufactured with increased content of recycled materials
- Reviewing the purchasing of office supplies to reduce packaging, and use recyclable materials, delivered in an emission reduced delivery vehicle
- Eliminating the use of disposable plates, cups, glasses and cutlery for events
- Recycling all IT waste via an accredited supplier to reduce landfill
- Providing cycling storage and shower facilities to encourage staff to cycle to work, reducing CO2 emissions

**Our suppliers make a contribution to our environmental impact too, we therefore ensured:**

- We use taxi and courier services that make green future contributions
- Environmentally friendly materials are used to clean of our offices, provided by suppliers with programmes to invest profits into the reclamation of post-industrial areas
- We used green sourced energy, and a water supplier who invests in international programmes of water provision



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# Accountability Report

This section explains our governance and accountability arrangements, including the statutory accountability statements and the view of our external auditor.

A handwritten signature in black ink, appearing to read 'Mark Stoner'.

**Mark Stoner**

Acting Chief Executive and Registrar

19 June 2020

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# 32 Freedom of Information Act and Data Protection Act requests

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## Corporate Governance Report

### Directors' Report

ARB Board members are responsible for maintaining and promoting the public's trust and confidence in the integrity of both ARB and of the architects' profession.

Following an MHCLG review of the regulation of architects, it was agreed the constitution of ARB's Board should change to ensure our governance more closely reflects Government's preferred relationship with arms' length bodies and current practices of regulatory bodies.

Previously the Board was made up of fifteen members, seven architects elected by their peers and eight lay members of the public appointed by the Privy Council, with the Chair elected by the Board from amongst its membership.

The relevant legislation changed in January 2019, and our new Board members were all appointed by the Privy Council from 1 March 2019.

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

In line with our governance arrangements, all Board members are required to declare any interests they may have. Declarations are held on our register of interests. We ask Board members to keep us

informed as and when there are changes, and their individual records are confirmed every six months.

For every Board and Committee meeting, Board members are asked to declare any conflicts against the agenda items. The declaration may then be noted or the member may be asked to leave at the pertinent point for that item.

Crowe UK LLP were the external auditors appointed by the Board in 2019. They carried out the audit of our Financial Statements and have provided their opinion on [page 35](#) of this report. Further details of their remuneration for both audit and non-audit work are disclosed in Note 10 of the Financial Statements.

We are legally required to respond to all Freedom of Information Act requests within 20 working days, and subject access requests made under the Data Protection Act within 40 days.

Due to the nature of our statutory functions we hold a large amount of data, some of which constitutes personal data. We had no personal data related incidents to report to the Information Commissioner's Office in 2019.



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# Accounting Officer's Statement

Under the Framework Agreement drawn up jointly between the Architects Registration Board (ARB) and the Ministry of Housing, Communities and Local Government (MHCLG), ARB will prepare financial statements for each financial year in the form, and on the basis, set out in the Accounts Direction issued by the MHCLG.

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 MHCLG, 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 MHCLG has appointed the Registrar as Accounting Officer of ARB.

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

As the appointed Accounting Officer I confirm that, as far I am aware, there is no relevant audit 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 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.

“ Our Board’s work is governed by the General Rules, which enables it to facilitate the Architects Act 1997. ”

## Governance statement

This statement describes the framework of controls and assurance around our operations.

As Accounting Officer, working together with the Board, I have responsibility for maintaining effective governance and a sound system of internal control that supports our aims and objectives. I am also personally responsible for safeguarding the public funds and assets, in accordance with the responsibilities assigned to me by the Public Accounts Commission. Set out below are our formal governance arrangements.

### Our structure

A diagram of our structure can be seen on [page 29](#) of this report. Through leadership and example, and by working together in a spirit of mutual trust and respect, our Board ensures we deliver our statutory duties. Their role includes providing strategic leadership, approving the annual budget and business plan, appointing the Registrar and holding that person to account, establishing committees and making rules, overseeing the non-executive appointment process, ensuring relevant legislation and Government guidance is adhered to and ensuring appropriate governance, internal control and risk management processes are in place.

Further details about the role and purpose of our Board can be found on our website [here](#). Details of Board members’ attendance and remuneration can be found in our Financial Statements on [pages 53-54](#).

In 2019, the Board completed a review of its governance arrangements, including the establishment of new committees and making appointments to those committees, considered

and prescribed qualifications, and made statutory decisions regarding the registration and annual retention fee. To ensure there were appropriate governance and assurance arrangements in place, it also reviewed its Risk Management Policy and Risk Register infrastructure.

During 2019, we did not undertake an effectiveness review given the recent introduction of the Board. Instead, feedback was sought on what the new Board members felt they needed in terms of additional briefings and individual support. We held Board induction sessions over three days on topics such as the Architects Act, reporting, risk management and finances. We also held two development days enabling us to drill down into key topics such as fire and life safety, climate change and quality assurance.

## “ The Registrar and Chief Executive is supported by a group of senior staff who each oversee a core area of our work. ”

### Corporate governance

Our Board’s work is governed by the General Rules, which enables it to facilitate the Architects Act 1997. They are 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.

In April 2019, the Board agreed to undertake an internal governance review to provide a refreshed definition of the role of the Board, and to review our non-statutory committee structure. A statement setting out the purpose of the Board, as well as recommendations for a revised committee structure including new or updated terms of reference and membership arrangements was agreed later in the year.

### Audit and Risk Assurance Committee

This Committee’s purpose is to support the Board and our Accounting Officer in their responsibilities for risk management, control and governance. It does so by reviewing the comprehensiveness, reliability and integrity of assurances. The Committee acts in a scrutiny and advisory capacity, and has no executive powers. The Committee met twice during 2019 and covered topics such as providing challenge and oversight to the risk register, financial statements and internal audit reports.

### Remunerations and Appointments Committee

The purpose of this Committee is to consider, and provide advice and recommendations to the Board on, strategic human resource issues. This includes appointments, performance, remuneration and removal of the Chief Executive, all non-executives (including statutory committee members) and advisers. It also approves the remuneration and

reward package offered to staff. The Committee met once during 2019 and covered topics such as pay and reward of staff.

### Policy Committee

The purpose of this Committee is to scrutinise and challenge the ARB Executive’s regulatory policy proposals to ensure that the regulatory model is proportionate and effective. This Committee was constituted in late 2019 and members were appointed in 2020.

### Prescription Committee

A newly constituted Prescription Committee was appointed by the Board in autumn 2019, with revised Terms of Reference. Its role is now to scrutinise and challenge the work of the Executive to ensure recommendations made to the Board are in line with the Procedures for the Prescription of Qualifications and to alert the Board to issues rising from the operation of procedures. It acts in a scrutiny and advisory capacity, and has no executive powers. The Committee met six times during 2019 to provide support and challenge to the Executive.

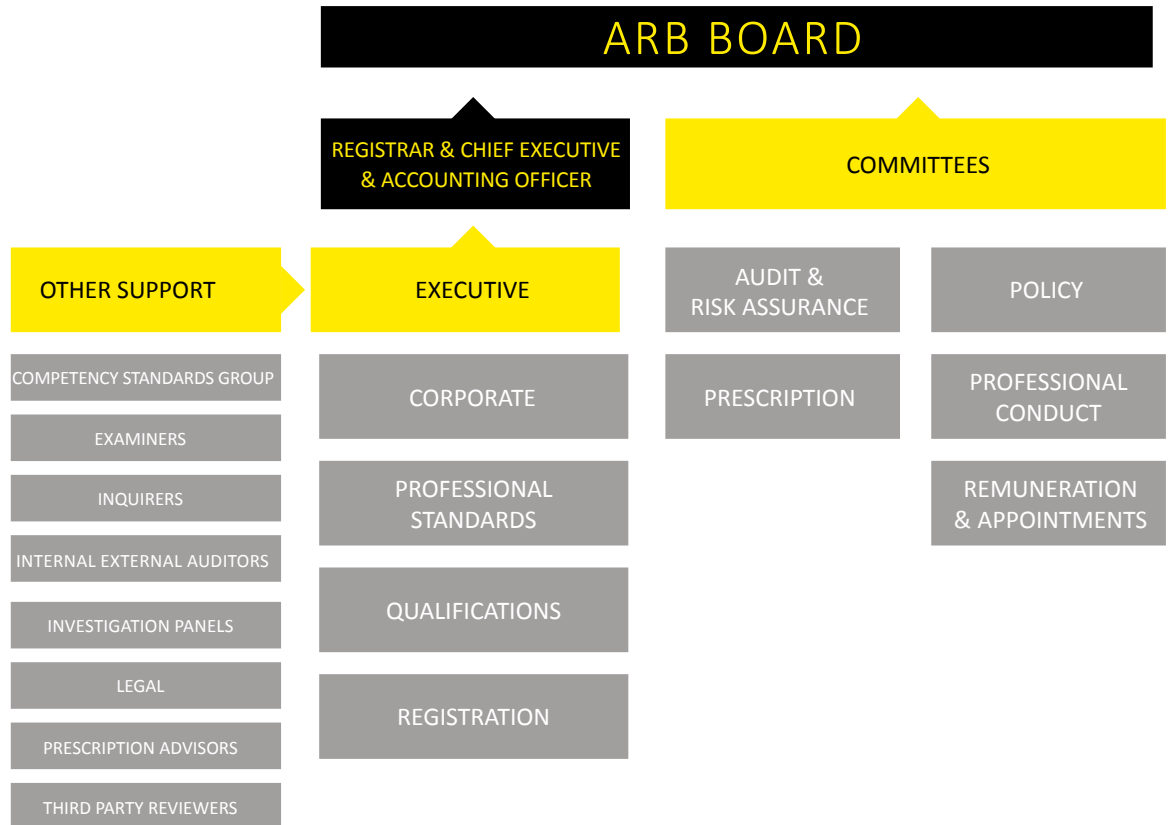
### Professional Conduct Committee

The purpose of this Committee is to provide independent consideration of charges of unacceptable professional conduct and serious professional incompetence made against architects. Committee panel members are independent from ARB and completely impartial. The Chair of the panel is an experienced barrister or solicitor. The Committee made 14 decisions in 2019.



“ A fee paid by architects is our main source of funding for our regulatory activities. ”

## Our structure





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“ **During 2019 workload increased** due to the UK’s exit from the EU and higher demands for our core services.”

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### Senior Leadership Group

The work of the Registrar and Chief Executive is supported by a group of senior staff who each oversee a core area of our work.

### Risk management and control

The Board has overall responsibility for risk management, and is aided by the Audit and Risk Assurance Committee. The Board has oversight procedures to ensure appropriate systems of control are in place as well as robust and transparent risk reporting mechanisms. As part of the governance review conducted in 2019 the Audit and Risk Assurance Committee, in conjunction with the Board, reviewed its Risk Management Framework and redeveloped its Risk Register. Our Risk Management Strategy was updated in December 2019.

Our Risk Register captures those risks with the potential to have a significant adverse impact on our functions. The Risk Register is owned by the Board, managed by the Senior Leadership Group and challenged by the Audit and Risk Assurance Committee. Risks were reviewed monthly,

reported to the Audit and Risk Assurance Committee at each meeting and to the Board twice per year. It is a standing item on the Board and Senior Leadership Group’s meeting agendas. The Risk Register is organised around key themes and provides details of the risk and our plans for mitigation.

In 2019 we undertook two internal audits. Both audits considered the robustness of the design and operating effectiveness of policies, procedures, process and controls. The first audit covered complaints about architects that we investigated, the second concerned payroll and expenses. Annual re-testing was also carried out to check progress on outstanding internal audit actions from previous years. We achieved an overall rating of ‘moderate’ in 2019 which means we made reasonable progress but have outstanding actions to complete. In addition to the internal audit work, management instructed a review of our implementation of the General Data Protection Regulation, on which it was found we had made good progress.

“ All ARB staff can access our **Employer Assistance Programme** support service free of charge. ”

# Remuneration Report

## Our policy

Our Remuneration and Appointments Committee is chaired by Derek Bray (lay Board member). Its other members are Stephen McCusker (architect Board member) and Ian Muir (an independent non-executive).

The Committee considers and agrees any annual pay increase and incentive payment awarded to staff. It also makes a recommendation to the Board on any pay award and incentive payment to be made to the Registrar and Chief Executive.

In addition, the Committee makes recommendations to the Board on the daily attendance rates paid to non-executives. Board members are also able to claim travel and subsistence expenses.

## Remuneration

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

The total attendance and reading allowances paid during 2019 were £57,263 (£86,460 in 2018). Board members are also able to claim travel and subsistence expenses. Expenses totalling £12,733 (£19,480 in 2018) were claimed during the year.

The following table shows a summary of the Board and Committee attendance allowance and expenses paid in 2019. Further details can be found on [pages 53-54](#).

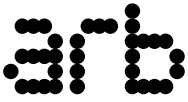
Amount	Number of Board Members
Less than £1k	0
£1k to £5k	5
£5k to £10k	4
£10k and above	2

## 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.



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# 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 2019 was £135,064 (£130,078 in 2018).

This is 3.58 times higher than the median remuneration of our workforce (3.41 times in 2018). The median remuneration of the workforce was £37,768 (2018, £38,182).

During 2019 we had a workforce of **29** members of staff

## Staff Report

### Staff and cost

The composition and numbers of ARB staff at 31 December 2019 was:

	2019		2018	
	Male	Female	Male	Female
Registrar & Chief Executive	0	1	0	1
Permanent Staff	7	17	8	15
Fixed Term / Temporary	1	3	0	2
TOTAL Split	8	21	8	18
TOTAL Employees	29		26	

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.

During 2019 ARB had a workforce of 29, including a senior leadership group of five. The cost of the Executive's 29 staff members is c£1.9m, further information can be found in Note 6 of our Financial Statements on [page 46](#).

Staff turnover was 18% in 2019 (27% in 2018). The figure is higher than the national average across all sectors. However, with such a low number of staff,

any departures and recruitment have a significant statistical impact.

Only 73 days were lost through sickness absence for the 29 full time employees (58 in 2018 based on 26 full time employees). This is equivalent to 2.5 days per employee (2.2 in 2018).

“Equalities training is incorporated in the annual training plan, and is one of the ways we seek to reinforce diversity.”

## Policies and other employee matters

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

To achieve this, all our job descriptions are carefully drafted to ensure that the skills and knowledge reflect the job requirements and do not place unnecessary restrictions on applicants. Applicants are also invited to complete an Equalities Monitoring form, which is received separately to 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. Equalities training is incorporated in the annual training plan, and is one of the ways we seek to reinforce diversity.

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.

The wellbeing of staff is supported by the range of benefits offered by the organisation along with 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 consultancies

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 did 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 were no off-payroll engagements.



# Independent Auditor's Report

## Opinion

We have audited the financial statements of Architects Registration Board (ARB) for the year ended 31 December 2019 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 2019/20 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 the ARB's affairs as at 31 December 2019 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 the 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board's and Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board's and Accounting Officer have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about ARB's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## Other information

The Board and Accounting Officer are responsible for the other information. 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.



In connection with our audit of the financial statements, 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 Accounting Officer

As explained more fully in the Accounting Officer's responsibilities statement set out on [page 26](#), the Accounting Officer is 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 the 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.

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

### Use of this report

This report is made solely to the Board Members of the 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 the ARB and the Board Members as a body, for our audit work, for this report, or for the opinions we have formed.

*Crowe U.K. LLP*

**Crowe U.K. LLP**

Statutory Auditor

London

23 June 2020



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# Financial Statements





# Statement of Comprehensive income for the year ending 31 December 2019

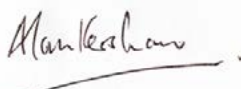
	Notes	2019 £	2018 £
<b>INCOME</b>			
Registration and retention fees	3	4,814,758	4,494,221
Prescribed examinations		221,356	240,477
Penalties and sundry receipts	4	37,561	17,231
<b>Total operating income</b>		<b>5,073,675</b>	<b>4,751,929</b>
<b>EXPENDITURE</b>			
Employee salaries and benefits	6	1,873,831	1,647,321
Office costs	7	622,909	628,383
		<b>2,496,740</b>	<b>2,275,704</b>
Printing and records	8	56,297	45,592
IT charges	9	559,574	513,777
Board allowances and expenses (associated costs)		64,190	83,407
Legal and other professional charges	10	982,254	1,184,073
Other administrative expenses	11	364,277	345,927
		<b>2,026,592</b>	<b>2,172,776</b>
Total operating expenditure		<b>4,523,332</b>	<b>4,448,480</b>
<b>OPERATIONAL SURPLUS FOR THE YEAR</b>		<b>550,343</b>	<b>303,449</b>
Investment income	5	120,823	123,399
<b>SURPLUS FOR THE YEAR BEFORE TAXATION</b>		<b>671,166</b>	<b>426,848</b>
Taxation	19	(77,563)	32,047
<b>RETAINED SURPLUS FOR THE YEAR</b>		<b>593,603</b>	<b>458,895</b>
<b>OTHER COMPREHENSIVE NET INCOME</b>			
Net gain/(loss) on investments	14	584,618	(362,312)
<b>TOTAL COMPREHENSIVE NET INCOME</b>		<b>1,178,221</b>	<b>96,583</b>

All activities are continuing.

# Statement of financial position at 31 December 2019

	Notes	2019 £	2018 £
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	93,378	112,674
Intangible assets	13	196,920	143,044
Investments	14	6,336,157	5,747,983
<b>Total non-current assets</b>		<b>6,626,455</b>	<b>6,003,701</b>
<b>CURRENT ASSETS</b>			
Trade and other receivables	15	492,341	604,022
Cash and cash equivalents		5,033,397	4,081,373
<b>Total current assets</b>		<b>5,525,738</b>	<b>4,685,395</b>
<b>TOTAL ASSETS</b>		<b>12,152,193</b>	<b>10,689,096</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	430,446	328,898
Deferred income		4,637,218	4,513,890
<b>Total current liabilities</b>		<b>5,067,664</b>	<b>4,842,788</b>
Liabilities greater than one year		60,000	0
<b>ASSETS LESS LIABILITIES</b>		<b>7,024,529</b>	<b>5,846,308</b>
<b>RESERVES</b>			
Designated reserve		629,200	660,000
MHCLG Closure reserve		3,629,000	3,629,000
Operational reserve		2,213,121	1,557,308
Revaluation reserve		553,208	0
<b>TOTAL RESERVES</b>		<b>7,024,529</b>	<b>5,846,308</b>

These financial statements were approved by the Board and Accounting Officer and authorised for issue on 19 June 2020.

  
Chair of the Board

  
Board Member  
(Chair of the Audit & Risk Committee)

  
Accounting officer  
(Acting Chief Executive & Registrar)



# Statement of cash flows for the year ended 31 December 2019

	2019 £	2018 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operational surplus for the year	550,343	303,449
<b>Adjustments for non-cash transactions</b>		
Depreciation and amortisation	200,373	225,674
Loss on disposal of intangibles	0	15,029
<b>Changes in operating assets and liabilities</b>		
Decrease/ (Increase) in trade and other receivables	111,681	(89,802)
Increase in trade, other payables and deferred income	220,979	299,976
<b>Net cash inflow from operating activities</b>	<b>533,033</b>	<b>450,877</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends and interest from investments	120,823	123,399
Proceeds from the sale of investments	544,597	2,447,202
Purchase of investments	(548,153)	(2,337,446)
Purchases of property, plant and equipment and intangible assets	(234,954)	(217,700)
<b>Net cash (outflow/ inflow from investing activities)</b>	<b>(117,687)</b>	<b>15,455</b>
<b>Taxation</b>	<b>(13,665)</b>	<b>32,047</b>
<b>Net increase in cash and cash equivalents</b>	<b>952,024</b>	<b>801,828</b>
Cash and cash equivalents at the start of the year	4,081,373	3,279,545
<b>Cash and cash equivalents at the end of the year</b>	<b>5,033,397</b>	<b>4,081,373</b>

All cash is represented by cash in hand

# Statement of changes in reserves at 31 December 2019

## Operational reserve

The Board's reserves policy is to hold operating reserves sufficient to ensure that the ARB is able to continue in operation for the foreseeable future, whilst retaining as a minimum the closure reserve required under the framework agreement with the MHCLG. The level of reserves is set taking into account the risks faced by the ARB in terms of a decline in income or increase in expenditure and the time that would be taken to return the ARB to a balanced budget by reducing costs or adjusting the annual registration fee. This is currently set at four months of the budgeted operating costs which is £1,530,000.

## Closure reserve

The framework agreement with the MHCLG requires the ARB to maintain its assets at a sufficient level to cover its liabilities if ARB were to be wound up. At 31 December 2019 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 MHCLG 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 2019, designated reserves represented the IT renewal fund (£69,000 - to cover the cost of ensuring that the organisation's computer systems remain up to date and efficient) and the Maintenance Reserve (£68,000 – set up to cover the regular cost of redecoration of the offices in accordance with the terms of the lease).

In addition a further £492,200 has been designated for projects that were budgeted for in prior years but where these projects are now expected to be completed in 2020 onwards. Major element of this reserve relates to development of IT systems (£352k) and a number of operational reviews and market research (£140k).

## Revaluation reserve

At the 31 December 2019, the revaluation reserve represented the closing market value less historic cost value of ARB's investments (accumulated unrealised gains).

	At Jan 2019	Movement in year	Transfers between reserves	At 31 Dec 2019
	£	£	£	£
Operational reserve	1,557,308	430,013	225,800	2,213,121
MHCLG closure reserve	3,629,000	0	0	3,629,000
Designated reserves				
IT renewal	59,000	0	10,000	69,000
Maintenance	58,000	0	10,000	68,000
Deferred/Special projects	543,000	195,000	(245,800)	492,200
Revaluation reserve	0	553,208	0	553,208
<b>Total</b>	<b>5,846,308</b>	<b>1,178,221</b>	<b>0</b>	<b>7,024,529</b>



# 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. The ARB is an arms-length body overseen by the Ministry of Housing, Communities and Local Government (MHCLG).

## 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 2019-20 Government Financial Reporting Manual (FRoM) issued by HM Treasury.

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

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

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

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

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

- IFRS 16 Leases (effective from 1 April 2020).

The impact of accounting standard IFRS16 would result in the recognition of an asset with an equal and opposing creditor totalling approximately £1.1m.

### c) Staff costs

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



#### **d) Pensions**

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

#### **e) Leases**

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

#### **f) Value Added Tax on purchases**

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

#### **g) Income**

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

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



### **h) Corporation tax**

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

### **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 10 years
- Office furniture and equipment - over 5 years
- IT equipment - over 3 years
- IT development - over 3 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 less.

### **k) Investments**

Investments comprise holdings of a number of Gilts (UK Sovereign debt), Corporate Bonds and Equity funds managed by separate investment managers. 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) Provision**

Provisions are recognised in the balance sheet where there is a legal or constructive obligation to settle a liability and the amount can be estimated with reasonable certainty.



### 3. REVENUE - REGISTRATION AND RETENTION FEES

	2019 £	2018 £
Registration fees	119,184	117,103
Retention fees	4,695,574	4,377,118
	<b>4,814,758</b>	<b>4,494,221</b>

### 4. REVENUE - PENALTIES AND SUNDRY RECEIPTS

Penalties paid on reinstatement to the Register	7,570	7,701
Sundry receipts	29,991	9,530
	<b>37,561</b>	<b>17,231</b>

### 5. INVESTMENT INCOME

Income from investment portfolio	111,303	121,154
Interest on bank deposits	9,520	2,246
	<b>120,823</b>	<b>123,400</b>





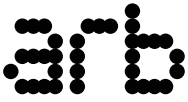
## 6. STAFF COSTS

	2019 £	2018 £
Wages and salaries	1,341,390	1,185,753
Social security	154,245	134,805
Other pension costs	145,124	135,075
Medical and permanent health insurance	39,390	32,143
Recruitment costs	40,034	34,135
Staff training	28,002	33,749
Temporary staff	125,646	90,660
	<b>1,873,831</b>	<b>1,647,320</b>
	<b>No.</b>	<b>No.</b>
Staff numbers (average full time equivalent staff)	<b>29</b>	<b>26</b>

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

	No.	No.
£65,000 - £70,000	0	1
£70,000 - £75,000	1	0
£75,000 - £80,000	0	0
£80,000 - £85,000	1	1
£85,000 - £90,000	2	2
£115,000 - £119,000	0	0
£120,000 - £125,000	0	1
£125,000 - £130,000	1	0

Payments were made into defined contribution pension schemes totalling £66,284 (2018: £63,892) in respect of these employees.



## 7. OFFICE COSTS

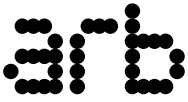
	2019 £	2018 £
Rent and Service Charges	279,417	287,660
Rates	126,665	123,808
Building related costs	99,971	46,722
Insurance	8,102	13,026
Electricity	14,838	17,911
Office cleaning	29,211	31,962
Postage and telephone	34,617	34,118
Maintenance of office equipment	16,049	13,854
Depreciation: leasehold improvements	0	51,733
Depreciation: furniture and equipment	14,039	7,591
	<b>622,909</b>	<b>628,385</b>

## 8. PRINTING AND RECORDS

Printing	49,148	39,726
Stationery	7,149	4,500
Journals and newspapers	0	1,366
	<b>56,297</b>	<b>45,592</b>

## 9. IT CHARGES

Depreciation and amortisation: IT equipment and development	186,335	166,350
IT costs	373,239	347,426
	<b>559,574</b>	<b>513,776</b>



## 10. LEGAL AND OTHER PROFESSIONAL CHARGES

	2019 £	2018 £
Remuneration to external auditors:		
External audit services	21,000	18,750
Other services - corporation tax compliance advice	2,640	5,760
- employment tax advice	1,560	684
Legal expenses and professional charges – regulation	593,489	679,337
General legal, specialist advice and insurance	363,565	479,543
	<b>982,254</b>	<b>1,184,073</b>

All amounts stated above include VAT

## 11. OTHER ADMINISTRATION EXPENSES

Bank charges	60,442	50,742
Staff travel expenses	28,714	23,228
Prescribed examination	123,255	127,721
Prescription and qualifications	73,059	58,696
Architects' Council of Europe and European Network of Architects Competent Authorities	40,998	39,987
Public and professional awareness	25,045	33,559
Sundry expenditure	12,764	11,994
	<b>364,277</b>	<b>345,927</b>



## 12. PLANT AND EQUIPMENT

	Leasehold improvements	Office furniture & equipment	IT equipment	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2019	517,325	139,235	332,750	989,310
Additions	0	33,856	10,715	44,571
Disposals	0	(11,236)	(3,258)	(14,494)
<b>At 31 December 2019</b>	<b>517,325</b>	<b>161,855</b>	<b>340,207</b>	<b>1,019,387</b>
<b>Accumulated depreciation</b>				
At 1 January 2019	517,325	114,865	244,447	876,637
Charge for the year	0	14,038	49,828	63,866
Disposals	0	(11,236)	(3,258)	(14,494)
<b>At 31 December 2019</b>	<b>517,325</b>	<b>117,667</b>	<b>291,017</b>	<b>926,009</b>
<b>Carrying amount</b>				
<b>At 31 December 2019</b>	<b>0</b>	<b>44,188</b>	<b>49,190</b>	<b>93,378</b>
At 31 December 2018	0	24,370	88,303	112,673



### 13. INTANGIBLE ASSETS (IT development costs)

	Total
<b>Cost</b>	£
At 1 January 2019	654,191
Additions	190,383
Disposals	(11,687)
<b>At 31 December 2019</b>	<b>832,887</b>
<b>Accumulated depreciation</b>	
At 1 January 2019	511,147
Charge for the year	136,507
Disposals	(11,687)
<b>At 31 December 2019</b>	<b>635,967</b>
<b>Carrying amount</b>	
<b>At 31 December 2019</b>	<b>196,920</b>
At 31 December 2018	143,044

ARB has a capital commitment of £44k in relation to IT development costs outstanding as at 31/12/2019

### 14. INVESTMENTS

	2019	2018
	£	£
<b>At market value</b>		
At start of year	5,747,983	6,220,051
Additions	<b>548,153</b>	2,337,446
Disposal proceeds	<b>(544,597)</b>	(2,447,202)
Net gains on investments	<b>584,618</b>	(362,312)
<b>At end of year</b>	<b>6,336,157</b>	<b>5,747,983</b>
<b>Cost at end of year</b>	<b>5,782,948</b>	5,766,398

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



## 15. TRADE AND OTHER RECEIVABLES

	2019	2018
	£	£
Other receivables	315,412	416,997
Prepayments	176,929	187,025
Corporation Tax	0	0
	<b>492,341</b>	<b>604,022</b>

There are no impaired financial assets.

## 16. TRADE AND OTHER PAYABLES

Trade payables	124,601	85,180
Corporation tax	13,665	0
Deferred tax liability	63,898	0
Other taxation and social security	80,542	67,734
Accruals	147,740	175,984
	<b>430,446</b>	<b>328,898</b>

It is ARB's policy to pay purchase invoices within 30 days of receipt. A provision has been made for the estimated costs of reinstating the ARB's premise at the expiry of its current lease agreement as required under the terms of the lease.

## 17. PENSIONS

The Staff Pension Scheme is a defined contribution scheme. The cost of contributions during the period was £145,124 (2018: £135,075). There are no outstanding or prepaid contributions at the balance sheet date. The assets of the scheme are held separately from those of the Architects Registration Board in an independently administered fund.

## 18. LEASING COMMITMENTS

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

	Land and buildings	
Between one and six years	<b>1,072,208</b>	<b>1,328,976</b>

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



## 19. TAX EXPENSE

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

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

ARB is able to appoint the trustees of the Architects Registration Board Staff Benevolent Fund. At 31 December 2019 all trustees of the Fund were members of the Board or employees of the Architects Registration Board. The cost of the Fund's audit together with other administration expenses is met by the Architects Registration Board.

## 21. CURRENCY RISK

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

## 22. LIQUIDITY AND CREDIT RISK

ARB aims to maintain a minimum of four months operating costs as a reserve, and reserves as at 31 December 2019 were in excess of this level. As stated above, the majority of ARB's income is received at the start or before the start of the financial year. ARB has no borrowings (or legal right to borrow) and monies required for short-term working capital requirements are held in accounts with no significant restrictions on access. ARB does not consider that there is a significant exposure to liquidity or credit risk.

## 23. INTEREST RATE RISK

Registrants pay annual fees at the start or prior to the start of each financial year. In addition ARB has reserves equating to around four months' annual expenditure. Surplus funds are held as follows to maximise returns:

Funds not required for immediate use (0-8 months) are considered for investment to obtain a return but liquidity and security remain the priority, this policy allows investment in Gilts (UK Sovereign Debt) and selected high quality Corporate Bond Funds. Uncommitted cash can be allocated for longer term investment (minimum of 2, ideally 3 years) so considered by the Board for exposure to equities for the potential for higher returns but only through funds (Investment and Unit Trust) to minimise the risk and increase the diversification

Business reserve - There is a sweeping system in operation from ARB's current account to the business reserve in order to maximise interest earned on monies needed for short-term working capital requirements.



# Board allowances and expenses for the year ended 31 December 2019

The costs below include attendance allowances and expenses relating to members of the Board who are also members of other Committees for their attendance at those meetings.

## Expenses

Board Member	Attendance Allowance	Reading Allowance	Train/ Tube Travel	Air	Car Mileage/ Parking	Taxi	Other	Hotel	Subsistence	TOTAL
	£	£	£	£	£	£	£	£	£	£
John Beckerleg	4,312.50	0	606.20	0	107.50	0	0	329.00	0	5,355.20
Mark Bottomley	4,125.00	0	280.80	0	51.30	0	0	0	0	4,457.10
Derek Bray	4,125.00	0	1,515.70	0	20.00	24.20	0	180.00	0	5,864.90
Tony Crook	4,125.00	875.00	958.60	0	135.90	0	0	394.50	57.44	6,546.44
Will Freeman	4,350.00	0	58.90	0	0	0	0	0	0	4,408.90
Liz Male	2,625.00	0	280.76	0	40.36	0	0	0	0	2,946.12
Elena Marco	3,375.00	0	771.90	0	0	0	0	329.00	0	4,475.90
Suzanne McCarthy	1,500.00	0	0	0	0	0	0	0	0	1,500.00
Stephen McCusker	4,312.50	0	1,939.70	0	0	34.80	5.00	689.00	61.48	7,042.48
Richard Parnaby	6,937.50	200.00	2,039.20	0	70.80	0	0	720.00	52.64	10,020.14
Alison White	16,400.00	0	942.50	0	36.00	0	0	0	0	17,378.50
<b>TOTAL</b>	<b>56,187.50</b>	<b>1,075.00</b>	<b>9,394.26</b>	<b>0</b>	<b>461.86</b>	<b>59.00</b>	<b>5.00</b>	<b>2,641.50</b>	<b>171.56</b>	<b>69,995.68</b>

## Notes:

- More than one meeting may occur during a day, in which case the amount charged will not reflect the number of meetings
- Some members do not charge the full daily rate for meetings
- Board members attend other meetings on ARB business such as visiting stakeholders, educational establishments, practices, appraisals and development events





## Attendance

Board member	Board meetings	Additional Board days	Prescription Committee	Remuneration Committee	Audit and Risk Committee
John Beckerleg	(7) 7	(5) 4			(2) 2
Mark Bottomley	(7) 5	(5) 4			(2) 2
Derek Bray	(7) 4	(5) 3		(1) 1	
Tony Crook	(7) 6	(5) 2	(4) 3		
Will Freeman	(7) 7	(5) 4			
Liz Male	(7) 5	(5) 3			
Elena Marco	(7) 5	(5) 3			
Suzanne McCarthy	(3) 3	(1) 1			(1) 1
Stephen McCusker	(7) 6	(5) 3		(1) 1	
Richard Parnaby	(7) 6	(5) 3	(4) 4		
Alison White	(7) 7	(5) 5	(4) 1	(1) 1	(1) 1*

(Actual number of meetings held during their appointment) compared with actual meetings attended

### Notes:

- \*Not part of the Committee, but formally in attendance
- Board members attend other meetings on ARB business such as visiting stakeholders, educational establishments, practices, appraisals and development events






**Architects Registration Board (ARB)**


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Architects  
Registration  
Board