

ARCHITECTS REGISTRATION BOARD

# Annual Report and Financial Statements

2020



Architects  
Registration  
Board



**ARCHITECTS REGISTRATION BOARD  
ANNUAL REPORT AND ACCOUNTS  
2020**

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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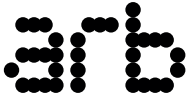
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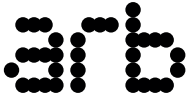
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# Part One: Annual Report

# Part Two: Financial Statements

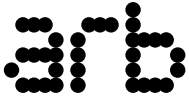


“ We help **maintain trust and standards** in the profession ”

# Part One: Annual Report

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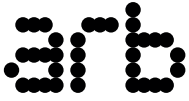
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# Chapter 1

## Chair's Foreword

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2020 was a year of highly significant change for society, for the architects' profession and for ARB as its regulator. The pandemic created huge, unexpected challenges for us all. This collided with unusually high work demands in relation to the UK's departure from the European Union and in responding to the Grenfell tragedy. As Chair, I want to say how proud I am of the organisation's determination, fortitude and the achievements made in the face of difficulties which have been, by any measure, unique.

Throughout the year we worked within a three-year strategic plan, published in 2019, to deliver our commitments. This report reviews our performance in 2020 against that plan, which is underpinned by overarching objectives focussed on building strong stakeholder relationships, creating a fit for purpose Register, managing the consequences of EU Exit and achieving organisational excellence.

In July, the Government published its draft Building Safety Bill taking into account recommendations from Dame Judith Hackitt's Review *Building a Safer Future*, which included a key recommendation for us: that ARB highlight fire safety in design among the central competences required of architects.

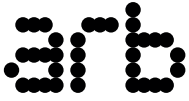
Earlier in the year ARB had begun its own comprehensive review of the competences required of architects. Initially our focus has been to acquire a breadth of information from a wide range of sources. This gives us a sound evidence base for the decisions we need to make on standards of entry to the Register, the maintenance of competence and the processes that will assure this. We are pressing on with this work in 2021 and 2022 and will

formalise the outcomes that architectural education and training must deliver. We will determine how they should be sought and demonstrated, and develop supportive arrangements to facilitate this.

Throughout the year we dedicated a huge amount of resource to ensuring we fully understand the implications of EU Exit for the regulation of architects, and to formulating sensible plans to manage international registration in the future. We built strong bridges to the professional representative bodies and provided regular and effective communications to architects to keep them abreast of our work and of likely changes to the regulation of the profession. In December, we were delighted to agree a memorandum of understanding with the Royal Institute of the Architects of Ireland to enable the ongoing mutual recognition of architecture qualifications post-EU Exit. This enabled architects from either country to continue to register in the other without the need for additional requirements.

The Black Lives Matter movement served as a sharp reminder of our obligation to tackle discrimination and build a culture that values diversity and promotes equality and inclusion. In October, the Board agreed a new strategic direction in this respect. It recognised that we must all, individually and collectively, further ourselves with continued development and improvement. The statement sets how ARB can, and will, make practical improvements in terms of access to the profession, reducing barriers to our own services and ensuring equality standards through robust regulation. We will continue to report our progress on this.





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“ Reflecting on the past year I cannot but  
**pay tribute to our extraordinary staff team** ”

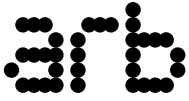
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Reflecting on the past year I cannot but pay tribute to our extraordinary staff team, who have managed challenges of unusual complexity with a willingness, energy and dedication well beyond the call of duty. In this way we have been able, against all odds, to take significant steps on the journey towards realising the vision of modern regulation which the public and profession deserve, and which my excellent Board colleagues have worked so hard to capture.



A handwritten signature in black ink that reads "Alan Kershaw".

Alan Kershaw  
**ARB Chair**



## Chapter 2

# Chief Executive and Registrar's Look Ahead to 2021

The Architects Registration Board, like so many organisations, was forced to adapt dramatically during COVID-19. Having joined ARB in December I was struck by the commitment of the staff team to support prospective architects and current registrants in such challenging circumstances. As a small organisation with limited IT infrastructure, it was a major achievement to successfully move our core regulatory services online, including the prescribed examinations required for registration and disciplinary hearings.

Challenging though lockdown has been, we want to look forward and understand what lessons we can learn and consider some of the fundamental changes which have occurred in society. We want to think about how offices work, the need to provide a more flexible working environment and the opportunities to invest in technology. This will help us offer not only flexibility for staff, but more effective and efficient delivery of services to our architect registrants and trainee architects, as well as other key interest groups such as higher education institutions.

With such significant changes to the external context – from EU Exit to climate change, a recognition of the need to address the lack of diversity and inclusion in the built environment as well as the ongoing reform proposals following the Grenfell Tower disaster – ARB needs to play its part and raise its game.

We need to ensure UK regulation reflects the global esteem in which UK architecture is held and the value it brings to the economy and society. Once forthcoming legislation is in place, we will develop mutual recognition agreements for international qualifications to support UK architects wishing to practise abroad and international architects practising in the UK.

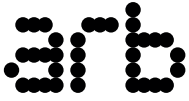
We will build on the work started in 2020 to develop new educational outcomes in architecture required for registration, as well as facilitate an open conversation about the educational journey of prospective architects. This conversation needs to explore lack of access and diversity.

We need to listen better to the profession so that we can understand the challenges faced in the built environment and ensure regulation helps, rather than hinders. We wholly support Dame Judith Hackitt's call for a move away from regulation which is process or rules driven, to a model where the sector is focused on outcomes. Legislation is expected later in 2021 that will introduce a new role for ARB in monitoring the ongoing competence of architects. This will need to be adopted through a formative model, developed in collaboration with the profession and focused on supporting professionals to develop their practice.

Our goal is to build on the achievements of 2020 and respond effectively to the challenges faced by society, the sector and the profession. Our commitment in 2021 is to listen, engage and work effectively with all those with an interest in architecture.



Hugh Simpson  
**ARB Chief Executive  
and Registrar**



## Chapter 3

# About ARB

### Introduction

ARB is an independent, public interest body and our work in regulating architects, across the four countries of the UK, ensures that good standards within the profession are consistently maintained for the benefit of the public and architects alike.

Our duties are contained in the 1997 Architects Act and cover six main areas:

- Prescribing – or ‘recognising’ – the qualifications needed to become an architect
- Keeping the UK Register of Architects
- Ensuring that architects meet our standards for conduct and practice
- Investigating complaints about an architect’s conduct or competence
- Making sure that only people on our Register offer their services as an architect
- Acting as the UK’s regulatory authority for architects.

In this chapter we explain ARB’s work and structure.

### Purpose, vision and values

In January 2019, we published a three-year strategic plan setting out our purpose, aims, values and strategic objectives. In 2020 we worked to deliver on the commitments within that plan.

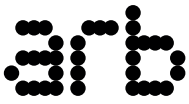
The strategic plan states that our primary purpose is to fulfil our obligations under the Architects Act 1997. The Board identified two strategic aims from the Act which underpin our core work:

- *Protect the users and potential users of architects’ services:* We will protect the users and potential users of architects’ services by regulating architects so that the public can be confident that architects are appropriately qualified. We will raise the public’s awareness of the Register.
- *Support architects through regulation:* We will maintain and publicly demonstrate the status of architects as competent, qualified professionals, and we will regulate use of the title ‘architect’. We will raise awareness of the Architects Code of Conduct and Practice and the need to maintain competence.

Our values, based on the established principles of good regulation<sup>1</sup>, as set out in the strategic plan are:

- *Proportionality:* ARB’s actions are proportionate and demonstrate the efficient and effective use of its resources, taking into account the issues and risks involved.
- *Objectivity:* ARB is objective in taking decisions, and its actions are based on evidence.
- *Openness:* ARB welcomes, encourages and considers the opinions of others.
- *Transparency:* Wherever possible, ARB is transparent in its actions, makes information accessible to others and takes decisions in public.
- *Integrity:* ARB is professional and honest, and treats everyone with respect.
- *Consistency:* ARB’s rules, guidance and procedures will be harmonised and implemented fairly.

<sup>1</sup> Principles of Good Regulation, Better Regulation Task Force (2003)



# “ Our core functions were delivered by four teams, assisted by committees and skilled experts. ”

## Strategic objectives and core functions

We identified four strategic objectives for delivery in the years 2019-2021.

### 1. Organisational Excellence

We will deliver efficiencies and improve performance in a way that enhances accessibility, by:

- Integrating a newly appointed Board;
- Providing IT efficiencies both in cost and time;
- Maintaining a properly resourced, competent and motivated staff team;
- Delivering our obligations without placing undue financial burdens on the profession;
- Revising our performance measuring systems to facilitate improved performance;
- Ensuring that those appointed to undertake work for us are competent, reflect our values, and provide value for money.

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

We will respond to the UK's changing relationship with Europe and the rest of the world in a way which continues to protect consumers and supports architects through regulation, by:

- Operating effectively during any implementation period and post-EU Exit

### 3. Fit for purpose Architects Register

We will review the requirements for entry to and retention on the Architects Register, and how we can monitor the competence of those already on it, to ensure that our processes are robust and fair, by:

- Undertaking a review of how individuals can gain access to the Architects Register;
- Ensuring that architects' ongoing competence is appropriately regulated.

### 4. Strong Relationships

Collaborative working can yield benefits beyond the sum of its parts. Strong relationships with others can enable us to achieve our statutory and strategic aims directly and indirectly. We will improve our relationships and communications with the public, the profession, and other key stakeholders, by:

- Improving awareness of the Architects Register;
- Better understanding the needs and attitudes of our stakeholders.

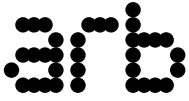
## Structure of the organisation

In 2020 our core functions were delivered by four teams, assisted by committees and skilled experts 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



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## “ Board members are responsible for **maintaining and promoting** **the public’s trust and confidence** ”

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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.

### Senior Leadership Group

Our staff is led by the Senior Leadership Group (SLG). The SLG is headed by the Chief Executive and Registrar and is responsible for managing and overseeing all aspects of our operations to ensure the effective delivery of the Board’s strategy.

The members of the SLG are:

- Chief Executive and Registrar
- Director of Registration
- Director of Professional Education
- Director of Regulation
- Director of Finance and Resources
- Director of Policy and Communications (a new position created at the end of 2020)

The SLG advises the Chief Executive and Registrar on policy matters and helps to manage operational matters including risks, the delivery of the business plan, and helping to prepare recommendations to the Board across a range of issues. Further details are available on [ARB’s website](#).

### The Board

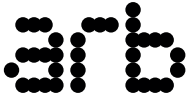
Our work is overseen by a Board of 11 members all appointed by the Privy Council. This includes one independent, non-executive Chair and ten non-executive Board members made up of five members of the public and five architects.

The members of the Board as of December 2020 were:

- Alan Kershaw (Chair)
- John Beckerleg
- Mark Bottomley
- Derek Bray
- Stephen Brookhouse
- Emeritus Professor ADH Crook
- Will Freeman
- Stephen McCusker
- Liz Male
- Elena Marco

Biographies of the Board members can be found on [ARB’s website](#).

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. They do this through leadership and example, and by working together in a spirit of mutual trust and respect.



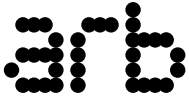
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The role of the Board is to:

- provide strategic leadership and direction to enable the executive to deliver the strategic plan;
- approve the annual budget and business plan;
- ensure adherence to statutory duties of prescribing qualifications, registration, professional standards and competent authority functions as set out in the Architects Act 1997;
- appoint and hold the Chief Executive and Registrar to account for delivery of the strategic plan, business plan and budget, management of risk, organisational performance, staff leadership and external perception;
- establish committees and make rules as provided for in the Architects Act 1997;
- oversee the process for the appointment of non-executives who support the Board's work, and make decisions regarding appointments where appropriate;
- ensure adherence to other relevant legislation and government guidance as appropriate;
- ensure that governance, internal control and risk management processes are proportionate and provide assurance;
- ensure appropriate schemes for delegating and reporting procedures are in place;
- review its own performance and effectiveness; and
- ensure that there are effective relationships and communications with stakeholders.

### Corporate governance

Full details of ARB's governance structure, including that of the Board and Committees, can be found in the Financial Statements published alongside this report.



## Chapter 4

# Progress Report

### Introduction

Generations will look back on 2020 as an extraordinarily challenging year for the world. Across the globe societies have had to contend with the effects of the COVID-19 pandemic. Social distancing and remote working have introduced particular challenges for us all. Architects, and those studying to become architects, have had to be particularly adaptable. We have had to respond to those challenges and address the way in which we manage the Register and the requirements for joining it.

This was also the year the UK left the European Union. The UK Government consulted on changes that would address how international architectural qualifications might be recognised. It also progressed major changes to the way in which built environment professionals must work, and work together, to ensure the safety of everyone who will use buildings throughout their life cycle.

At a global level, the Black Lives Matter movement raised important questions about our individual and collective approach to structural inequalities. The data we have been collecting on the characteristics of those on the Register shows that the architecture profession has some way to go if it is to better reflect the communities it serves. Our approach to equality, diversity and inclusion is therefore a crucial aspect of our work. While we have made progress in each of these areas there is much more we need to do.

### Building Safety and the Architects Act

Competent fire and life safety design is of central importance to the services architects offer. After

the Grenfell Tower tragedy, Dame Judith Hackitt's Review *Building a Safer Future* recommended that ARB should address fire safety in design as part of the competence levels required of architects. In August 2020 we surveyed over 4,400 architects – around 10% of all architects working in the UK. When asked about the issues that had become more important to their job in the last five years, the management of health and safety risks, including fire safety, was raised by 96% of respondents as being more or much more important.

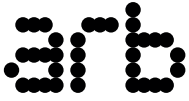
We established a working group of experts in fire and life safety including representatives from professional bodies. They considered the competences practising and future architects should have in relation to building safety. The work of that group formed the basis of competence guidelines for architects which were agreed by the Board in December 2020 and scheduled for publication early in 2021.<sup>2</sup>

All this work provided the foundation for creating new guidance for schools of architecture as to how the existing Criteria for the Prescription of Qualifications should be interpreted in respect of fire and life safety design. The Board agreed that a consultation exercise should be carried out on those proposals in early 2021, with the aim of introducing them from the start of the 2021/22 academic year.

Throughout 2020 ARB has been a member of Working Group 7 (Architects & Designers), one of the groups established as part of the industry response to the Hackitt Review. ARB chaired the group from 2018 until August 2020 to help steer its work to improve

<sup>2</sup> Guidelines on fire and life safety design and on sustainability were published in March 2021 and, at the time of publishing this Annual Report for 2020, are now on ARB's website [here](#).





## “ Sustainable architectural practice can help solve some of the challenges raised by the climate emergency ”

the competence of individuals working on Higher Risk Residential Buildings. The recommendations of Working Group 7 were incorporated in the published report [Setting the Bar](#) and will form the basis of a framework to assess the competence of all designers working on buildings in scope. In 2020 we published a [Strategic Statement on Fire and Life Safety Design](#), setting out our approach to competence standards among architects.

The Ministry for Housing, Communities and Local Government (MHCLG) is our sponsoring government department. MHCLG has proposed changes to the Architects Act that will enable us to take steps to improve architects' ongoing competence. Those proposals, to be brought forward as part of the Building Safety Bill, will allow us to monitor competence as a condition of continuing registration. We have supported MHCLG's consultation on the proposed changes and have assisted them in their policy development, in particular by helping to explore how the Architects Act could be most effectively amended to improve competence, building safety and confidence in the profession. This work will continue into 2021, with our own regulatory policy development aligned with the Government's work.

### Climate Change

The United Nations Environment Global Status Report in 2017 stated that construction and building account for more than 35% of global energy use and almost 40% of energy-related CO<sub>2</sub> emissions. Whilst this showed improvement on the 2010 figures, there is much further to go. It is encouraging that architects show great awareness of the importance

of their role. In the survey mentioned above, 88% of architects said that the climate emergency and sustainability had become more important to their job in the last five years. This was one of the most frequently raised topics, second only to safety.

Sustainable architectural practice can help solve some of the challenges raised by the climate emergency. In 2020 we published a [Strategic Statement on Climate Change and Sustainability](#), setting out the steps we would be taking. These included issuing competence guidelines to the profession on sustainable practice and guidance to schools of architecture as to how we expect them to cover the areas of the criteria in relation to this subject matter. Both documents were developed through engagement with sustainability experts and groups such as the Architects Climate Action Network. As with fire and life safety, the Board approved the professional guidelines for publication in early 2021 and agreed that a consultation exercise should be carried out on the proposed guidance for institutions.

### Exiting the European Union

Throughout 2020 we monitored the UK negotiations with the EU to assess the potential impact on the regulation of architects. The terms of the UK's exit meant the existing legislation requiring mutual recognition of qualifications ceased to operate. Towards the end of 2020, we therefore implemented the interim arrangements devised by government and approved by Parliament for the recognition of EU qualified individuals which came into effect on 1 January 2021.

## “ UK and Ireland trained architects can continue to register in both countries without the need to fulfil any additional requirements ”

It was crucial that architects had as much clarity as possible about the terms of the exit and the impact on their work. To do this we shared regular updates with architects and our wider stakeholder network whenever definitive, practical information was available. As well as publishing dedicated online content and offering updates in our direct communications to architects, we worked closely with professional bodies to raise awareness and highlight changes that were due to be made to our registration processes from 1 January 2021.

We shared the most up to date information with stakeholders [through our website](#), including [diagrams](#) to help them understand the change in requirements and therefore the changes in routes to registration.

We maintained a constructive dialogue with our regulatory counterparts in the EU and further afield throughout the preparation process. We agreed a memorandum of understanding with our Irish counterparts, the Royal Institute of the Architects of Ireland. This historic agreement became effective from January 2021 and will facilitate the ongoing mutual recognition of both UK and Irish architecture qualifications. This means that both UK and Ireland trained architects can continue to register in both countries without the need to fulfil any additional requirements, until the point at which any new agreement between the UK and the EU may be implemented.

During the autumn, MHCLG launched a consultation on proposed changes to the law governing recognition of international architects. The proposed changes aim to create a cohesive system of international recognition for professional qualifications in architecture. The Government's

preferred option is that ARB be provided with powers to recognise international qualifications that we deem equivalent to UK standards. This would exempt anyone holding those qualifications from sitting prescribed examinations. To help ensure consistency, so that all individuals registering under this process were held to equivalent standards, the consultation also proposed provisions to enable us to apply compensation measures. The consultation was due to close in late January 2021, and work will continue with MHCLG in the forthcoming year.

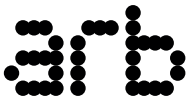
### Equality, Diversity and Inclusion

In 2020 we concluded the final year of our three year [Equality & Diversity Performance Plan](#), the progress of which will be reported to the Board in 2021. Successes included changing the way that we collect equality and diversity information from architects, leading to a better understanding of the make-up of the Register; improving the accessibility of our online services to meet best practice standards; ensuring that a culture of inclusion and equality is embedded within the organisation through training and events; and carrying out research<sup>3</sup> which included how we might support improved access to the profession for those groups that are currently under-represented.

The Board also agreed a new three year [Strategic Statement on Equality, Diversity and Inclusion \(EDI\)](#). This important statement sets out the work ARB would do towards three clear objectives:

- To increase accessibility to the Register.
- To reduce obstacles to our services.
- To provide robust regulation.

<sup>3</sup> The research was initiated in 2020 and is due to be reported and published in 2021.



“ We established **risk-assessed safe working protocols** for those returning to the office as the restrictions eased ”

We know from the information we hold on the Register that there are certain groups that are under-represented. While this disparity may reflect wider societal factors, we have a responsibility to ensure that whilst there are barriers to entry to the profession – as there must be to protect the integrity of the Register – those barriers should be confined to what is necessary, proportionate and risk-assessed. We have therefore committed to reviewing routes to the Register to make them accessible to as many people as possible, within the limits of law and without improper sacrifice of standards.

We will also consider how, through our prescription process, we can hold Schools of Architecture to account regarding their approach to EDI. We will also review the standards set out in our Code of Conduct and Practice, including those necessary to promote good EDI practice within the profession. Having published our aims in this statement, we will look at how we can achieve the changes we want to see and explore our own role in improving access to and diversity in the profession in 2021 and beyond. Improved engagement with stakeholders will be core to our work in this area.

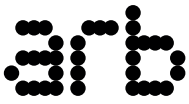
### Coronavirus

The COVID-19 pandemic had a significant impact on both the profession and on our functions. We [issued practising guidance](#) to the profession during the initial lockdown and updated it throughout the year, taking into account the differing requirements of the devolved nations. As an organisation, we moved to remote working when the initial lockdown restrictions were introduced, and established risk-assessed safe working protocols for those returning to the office as the restrictions eased.

We had to adapt many of our processes so that they could take place entirely online. We moved our Professional Conduct Committee hearings to virtual meetings, where appropriate, and those hearings that took place physically were risk-assessed and carried out in COVID-safe conditions. In maintaining the Register, we ran online prescribed exams for those taking an ARB assessment. This included electronic portfolio submission and, as with our conduct hearings, exams conducted online over videoconference. The exam uptake was high, and pass marks were not affected by this change. We will continue to hold virtual exams into 2021, until there is change in government guidance on remote working. We will be able to adapt easily to remote assessments in the event of any future restrictions or should we see benefits in continuing this as a service.

In working with institutions that offer ARB-recognised courses, we reviewed the annual monitoring process to incorporate a measure of the impact of changes institutions had to make due to the pandemic. We recognise the enormous pressure higher education institutions have been under due to COVID-19 and have used our annual monitoring process to work with institutions to ensure the integrity and quality of qualifications are maintained. This included the incorporation of factors relating to remote teaching and use of studio space among other changes.

The number of presentations on the role of regulation and professionalism we gave students did reduce due to travel restrictions and lockdown, but we delivered a number online. We started exploring whether we can have greater reach with stakeholders by having more pre-prepared content, accessible online, with more arranged



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## “ In 2020 we conducted the first stages of our review of the **competences an architect will need in the 21st century** ”

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and interactive sessions. This is a development of the move from in-person sessions, and its success depends on the familiarity and acceptance of videoconferencing as a way of delivering material.

### **Maintaining professional standards and reviewing competence**

The buildings and environments architects design have to stand for decades, if not centuries. It is important that in regulating the profession, we understand and respond to the changing context for the built environment sector and the society it has to serve. In 2020 we undertook two pieces of research to understand how the work architects do, and the context in which they do it, is changing.

As 2019 rolled into 2020, it became increasingly apparent that a crisis within the global professional indemnity insurance (PII) sector was having an impact on the ability of architects to secure adequate cover, particularly in relation to fire-safety related design. To formulate an evidential base on which we could shape a regulatory approach, we commissioned a survey of architects to better understand the detail of the problems being faced. That survey, which attracted in excess of 1,700 responses from architects who were responsible for purchasing PII at their practices, provided a valuable insight into the state of the market, and allowed us to engage in a wider discussion with Government, insurers and industry as to what solutions might be available. Those discussions continued throughout the year and resulted in renewed guidance being issued to the profession on our regulatory expectations, and what steps practices could take to put themselves in a better position when renewing their cover.

In 2020 we conducted the first stages of our review of the competences an architect will need in the 21st century, and how those competences can be best acquired and maintained. The first stage was to collect evidence from the sector and beyond to inform our engagement work and policy development. We undertook research into how architects are educated and trained around the world, and how other professionals in the UK are regulated. We received over 4,000 responses to a survey of architects and issued a call for evidence which allowed our stakeholders to provide us with information. We spoke to employers and clients of architects, undertook interviews and facilitated focus group sessions to allow the issues facing the profession to be discussed in detail.

All of this allowed us to build up a picture of the challenges and opportunities that architects are likely to encounter in the coming years, and what educational, training and regulatory approaches can be best employed to support them. We published [the results of the architects survey](#) and call for evidence, and in 2021 will be sharing the overall results of the research as we engage the sector further in designing a new regulatory model.

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## “ Our communications activities have been **tailored to the objective of each project** ”

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### Communicating ARB's work

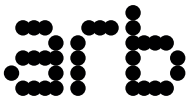
Our regulatory standards, policies and procedures will work only if they are informed and shaped by meaningful engagement with the architecture profession and the public. Our communications activities have been tailored to the objective of each project. For example, above we describe the regular updates shared on our website concerning registration requirements as we gained more certainty about how the UK would exit the EU, as well as undertaking major professional surveys to gather important evidence about the competences architects believe are important to their work. In addition, in 2020 we:

- Sent email communications to architects on the Register, including the Board's regular eBulletin to those signed up to receive it;
- Used social media to let architects and other stakeholders know about our work and what it means for them across Twitter, Facebook and LinkedIn;
- Met with key organisations to discuss issues affecting architects, including, amongst others:
  - The Royal Institute of British Architects
  - The Royal Society of Architects in Wales
  - The Royal Society of Ulster Architects
  - The Royal Institute of the Architects of Ireland
  - The Royal Incorporation of Architects in Scotland
  - The Standing Conference of Heads of Schools of Architecture
  - The Construction Leadership Council
  - The British Insurance Brokers' Association
  - The Architects Climate Action Network

We continue to communicate with architects and other stakeholders, and are setting up an ambitious listening and engagement programme for 2021 that will ensure our work is shaped by the profession.

### Delivering our statutory functions

In the Financial Statements published as part of this Annual Report you will find updates on further operational matters. This includes information about our approach to the environment in carrying out operations; our financial performance; summaries on staffing numbers and remuneration, and risk assessments undertaken to understand potential risks and mitigations to our continuing operation. Further detail on key operational activities is set out in the next section on key facts and figures.



# Chapter 5 Key Facts and Figures

## Introduction

In this chapter we demonstrate the scale of the activities undertaken to maintain the competence of the profession and thereby protect the public in 2020. We maintain the standards of architects by publishing our Code of Conduct and Practice, publishing supplementary guidelines to the profession, keeping the Register up to date and undertaking disciplinary proceedings when necessary. Below we show how many architects joined and left the Register, and why, and what we understand about the makeup of the profession using data that we have about the Register. We show the disciplinary activities undertaken to remove those no longer demonstrating the right conduct and competence from the Register. We also show the work we have done to ensure that good architectural qualifications are available to the emerging generation of architects.

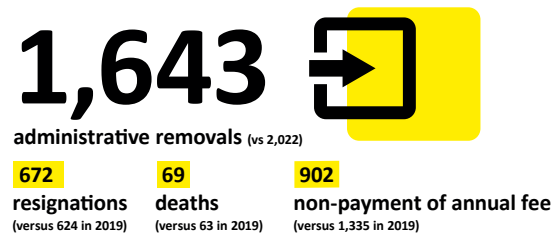
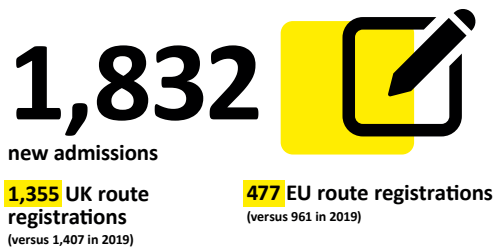
## Maintaining the Register

In January 2021 (following our work throughout 2020 and the extended retention fee period that closed on 12 January 2021) there were 42,340 architects on the Register. This is similar to the 2019 figure after the retention fee period, which was 42,547.

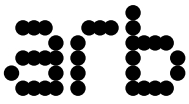
In 2020 there were 1,832 new admissions to the Register.

This is a lower figure than in 2019, when there were 2,368 new admissions.

In 2020 we removed 1,643 architects from the Register for administrative, as opposed to disciplinary, reasons. This means a lower number of architects left the Register than in 2019, when there were 2,022 removals.







## “ In 2020, the proportion of architects sharing EDI data with us increased.”

The number of architects joining the Register was lower in 2020 compared to 2019, driven by a sharp decrease in EU applications compared to the previous year. There was however a surge in EU applications in the last two months of 2020, and we also saw a surge at this time in UK applicants. The UK applications were comparable with the previous year, but we received more of them later in the year, with some displaced to 2021. This late surge across both types of applications is likely to be attributable to the pandemic and the subsequent lockdowns, as institutions were not able to make awards leading to delayed applications from first time architects.

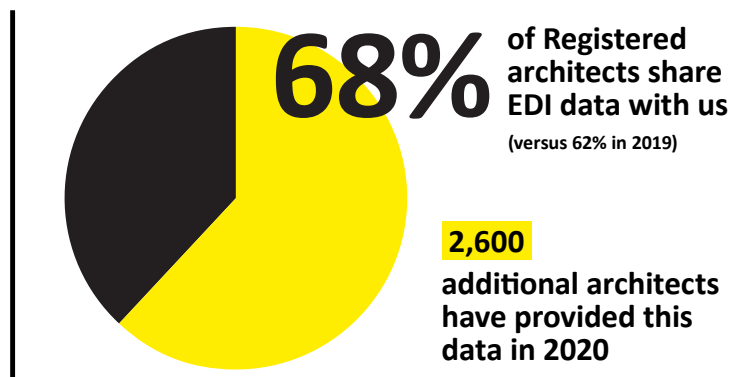
In 2020 the fee for registration increased from £111 to £119 to reflect the costs of regulation. The number of administrative removals was down by 20%, mainly due to fewer architects being removed for non-payment. This is the lowest number in over six years and follows our targeted work to promote the importance of architects being registered, and the introduction of different and more convenient ways to pay. This was particularly important given architects, like many others during COVID-19, were often not working in office locations. We also promoted the advice and financial assistance of the Architects Benevolent Society, in recognition

that the economic situation could be having a significant impact on some individuals. The number of resignations is comparable with previous years, suggesting that – despite economic conditions – architects recognise the value of continued registration.

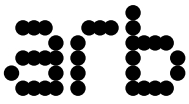
### The characteristics of the profession

In 2020, the proportion of architects sharing EDI data with us increased. We now hold EDI data for 68% of architects, an increase on 62% in 2019. This equates to around 2,600 additional architects who have provided this data in 2020.

ARB started collecting equality, diversity and inclusion (EDI) information for UK architects in 2012. In 2020 we continued to ask architects to share data about themselves so that we can maintain an overall picture of the common characteristics of architects. Not only does this help us and others to understand how diverse the profession is and check whether we are engaging a broadly representative number of architects in our statutory consultations, it also demonstrates our commitment to playing our part in addressing issues around equality and inclusivity in the profession.



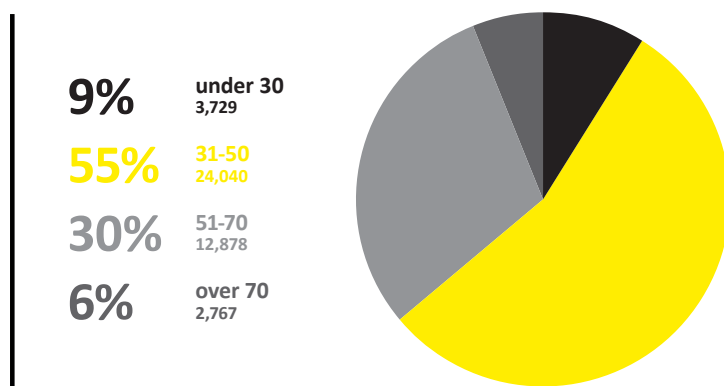




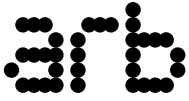
“ An additional 800 existing architects provided data, suggesting that our continued engagement with architects on the importance of sharing the data is showing results. ”

The increase in architects sharing this data reflects significant work undertaken in 2020, with targeted communications that included linking the use of the data to our communications about the retention fee. The data is anonymised as part of the application process to ensure our staff do not have access to individuals’ information when accessing their records. This means that we can analyse it only in aggregate. Our systems have built the anonymisation of data into the Register in such a way that we cannot compare certain characteristics, such as the number of new entrants providing EDI data. However, an additional 800 existing architects provided data, suggesting that our continued engagement with architects on the importance of sharing the data is showing results.

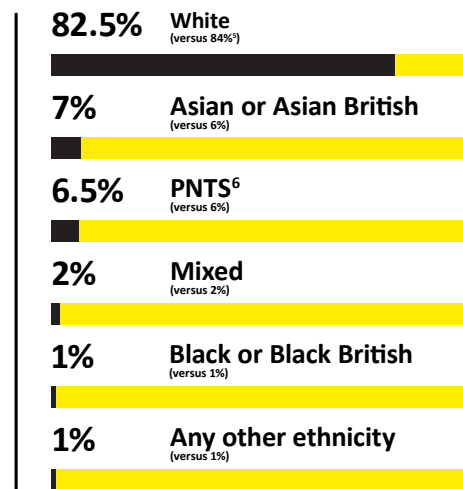
The tables below show the characteristics of the profession in December 2020<sup>4</sup>. The number of architects that submitted data and declared their ethnic group as other than White increased by 10% last year. Those choosing not to say their ethnic group also increased by 10%. The number of architects that submitted data and declared their ethnic group as White increased by 6%. The number of architects under the age of 30 has dropped slightly (1%). This may be because they are not yet on the Register, due to delays in awards because of the pandemic and lockdowns, or because of the employment market.



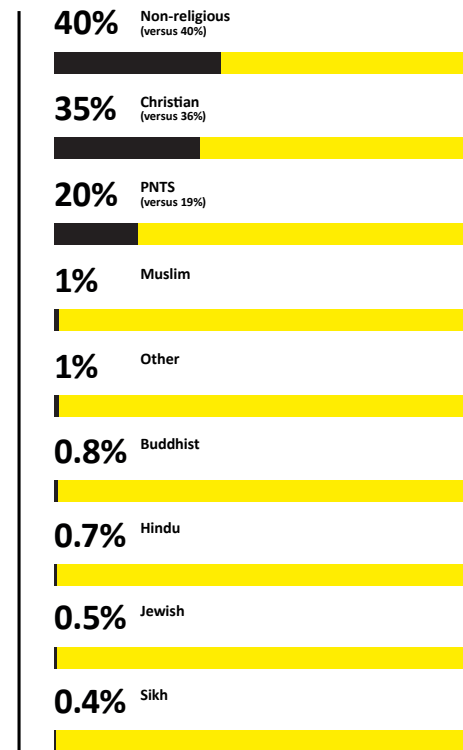
<sup>4</sup> This means the data below reflects the Register before ARB updated it for 2021 to account for removals, after the retention fee period closed on 12 January 2021.



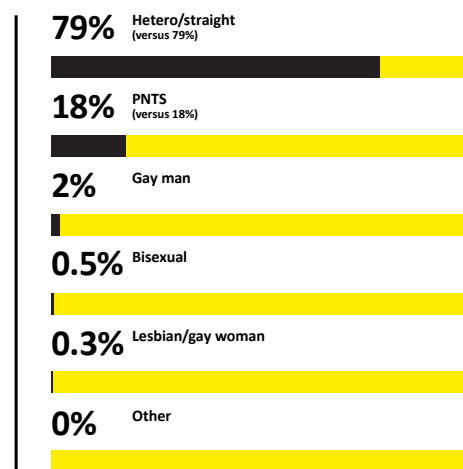
## Ethnicity



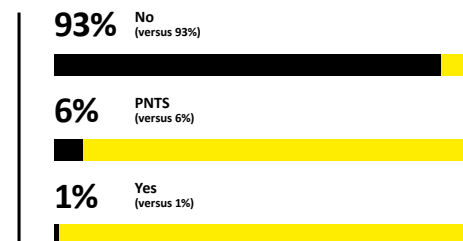
## Religion



## Sexual Orientation<sup>7</sup>



## Disability



## Gender<sup>8</sup>



<sup>5</sup> 2020 versus 2019 figures

<sup>6</sup> Prefer not to say

<sup>7</sup> Of the 43,415 architects on the Register, 13,806 have not supplied this data. The percentage calculations are based on the 29,609 who did supply the data.

<sup>8</sup> We are reviewing this question and may update the wording of it in the Register in the future.

“ We published a series of guidance notes to the profession based on the individual Standards within the Architects Code of Conduct and Practice ”

Disciplinary activities<sup>9</sup>

Architect Conduct and Competence

154



formalised complaints received  
(versus 224 in 2019)

48 referred for formal investigation  
(versus 83 in 2019)

Title Misuse

500



485 resolved without the need for formal action

1 prosecution  
(versus 8 in 2019)

In addition to the core work of fulfilling our statutory obligations, we published a series of guidance notes to the profession based on the individual Standards within the Architects Code of Conduct and Practice, and how they can adhere to good practice. We also commissioned an independent review into our disciplinary and investigations procedures, and the Board agreed an action to plan to respond to the recommendations, largely procedural, within the report.

Disciplinary Register Movements

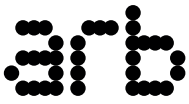
4

were suspended from the Register  
(versus 1 in 2019)



7 erased (permanently removed) from the Register  
(versus 1 in 2019)

<sup>9</sup> The number of investigations and prosecutions held in 2020 does not directly relate to the complaints received that year. Some may be cases from complaints received in 2019.



# “ We approved more renewals of existing qualifications, compared to new ones.”

## Maintaining educational standards

25 architecture qualifications were approved for prescription in 2020, of which 11 were new qualifications and 14 were renewed (compared to 29 in 2019).

The total number of qualifications approved in 2020 was slightly lower than the previous year. This was likely to have been affected by several factors, one of which was a change in prescription procedures that meant the Prescription Committee did not meet for four months at end of 2019 and into 2020 whilst new members were recruited. Other factors included the pandemic and lockdowns, and the impacts of these on institutions, which

meant that requests for information sometimes took longer to be fulfilled. Like those institutions, we also had to adapt to new working conditions and staffing absences. We approved more renewals of existing qualifications, compared to new ones. This is because we had to prioritise our time, and the Committee considered it important to avoid any impact on renewal dates. To ensure that the pandemic was not compromising the quality of qualifications, we reviewed the annual monitoring process to incorporate a measure of the impact of changes made by institutions, relating to remote teaching, use of studio space, and similar measures. This will continue into 2021.

25



qualifications prescribed  
(versus 29 in 2019)

6

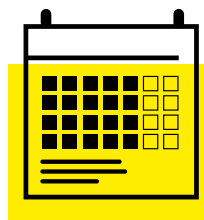


EU qualifications notified  
(versus 7 in 2019)

1

UK qualifications notified to the European Commission<sup>10</sup> (versus 2 in 2019)

124



qualifications annually monitored  
(versus 62 in 2019)

28



presentations to students

<sup>10</sup> Notification means the process by which EU states provided information regarding qualifications in architecture to the EU Commission/other states for the purposes of mutual recognition.



### Maintaining professional standards and communicating them to architects

The Board agreed new competence guidelines for the profession on fire and life safety design, and sustainability. We also updated our PII guidance for architects to support them during challenging market conditions.

We published three strategic statements of intent in the following areas:

- Fire and life safety design
- Climate change and sustainability
- Equality, diversity and inclusion

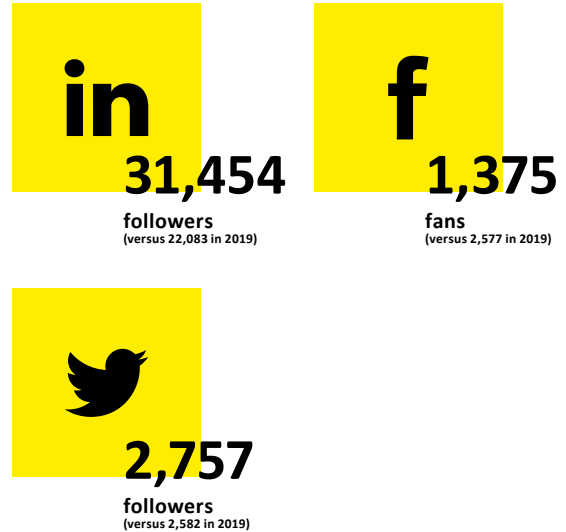
We issued five [advisory notes](#) on the standards within the Architects Code of Conduct and Practice, including information on how architects can practise and promote their services with honesty and integrity, remain competent, and manage their business and work properly. These guidance notes provide insight into the purpose and application of each Standard, as well as real life examples to help architects avoid similar issues.

We instructed an independent review of our investigations processes, and put in place a plan to ensure that they meet best practice standards.

An average of 42,323 architects received seven eBulletins sent out after successive Board meetings, with updates on our work and its impact on architects.

There were 352,684 user sessions on our website, with a total of 843,047 page views.

Social media followers as of December 2020:



On our website, the most popular pages visited in 2020 were those offering information to architects, including pages explaining how to apply for registration, the application process for non-UK-recognised qualifications, and the Code of Conduct and Practice. The website featured regularly updated content on key issues affecting the profession including Professional Indemnity Insurance, changes to registration after the EU Exit, and guidance on working during the pandemic.

In the previous chapter we explained the research we undertook in 2020 to better understand the changing context in which architects are practising. Further research into the competencies architects need will continue into 2021.

**4,405**



architects responded to our survey on competence

**1,761**

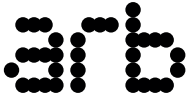
architects responded to our survey on professional indemnity insurance

An average of **42,323**

architects received seven eBulletins

**352,684**

arb.org.uk sessions  
(versus 262,990 in 2019)



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## Chapter 6

# How to work with ARB

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Every year the architecture profession faces new challenges and opportunities. As a professional regulator, we need to understand those changes and respond to them. As we develop new approaches to how we regulate, it is vital that we hear from architects and stakeholders.

You can stay in touch with us by:

- [Joining the Architects Engagement Group](#) to take part in events, conversations or research to help shape our work;
- [Signing up to our eBulletin](#) to hear updates from the Board.

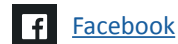
You can also engage with us on social media to hear more about what we're doing, and any changes that will have an impact on how people practise architecture:



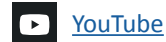
[Twitter](#)



[LinkedIn](#)

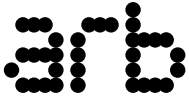


[Facebook](#)



[YouTube](#)

Other ways to contact us, including how to update your details with us or make a complaint, can be found on our website, [here](#).

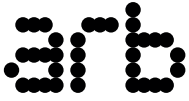


# Part Two: Financial Statements

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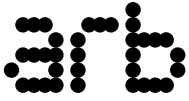


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# Chapter 1

## Performance Report

### Overview

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

### Our purpose and activities

ARB is a statutory body established by Parliament under the Architects Act 1997 (the Act) to regulate the architects' profession in the UK.

Under the provisions of the Act, we:

- Maintain the Architects Register, a tool anyone can use to confirm whether someone is a UK architect
- Set the UK standards required to join the Register
- Ensure only appropriate applicants from the UK and overseas join the Register
- Set and enforce the professional standards expected of UK architects
- Take action against those who call themselves an architect illegally.

We are an Arm's Length Body, independent of government and majority-funded by fees paid by architects. Our sponsoring department is the Ministry of Housing, Communities and Local Government (MHCLG).

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

Our two strategic aims, which underpin everything we do, are to:

- Protect the users and potential users of architects' services
- Support architects through regulation

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 Architects Register
- Strong Relationships

Further detail is available in the Annual Report published alongside this document, and you can view our full Strategic Plan on our website [here](#).

### Our Chief Executive and Registrar's perspective

All around the world, 2020 was a challenging year. We supported staff during the relocation to remote working and continued to deliver our statutory functions as required under the Architects Act



## “ ARB will develop a new corporate strategy **informed by our external engagement** ”

during the pandemic. We adapted to a number of governance changes, managed the effects of exiting the EU, and responded to the independent review of building regulations and fire safety. 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. More detail on the work we undertook in 2020 is available in the Annual Report published alongside this document.

We performed well, though the challenges of the year highlighted the pressing need for us to review our infrastructure and resource requirements. Our Board will review this in more detail as we review our future strategy for 2022 and beyond, in particular considering emerging government policy through our sponsoring department, the Ministry of Housing, Communities and Local Government (MHCLG) as well as feedback from our engagement and consultation work with the sector.

Looking ahead to 2021, we recognise the many challenges facing the built environment sector and we need to be bold and ensure regulation adapts to the changing external context. ARB will develop a new corporate strategy informed by our external engagement and ensure we take a leading role, working with professional leadership bodies on issues such as pre-registration education and training, addressing issues around equality and diversity and developing new models for ongoing assurance of professional competence. This is a challenging agenda and we will need to consider how we resource these initiatives properly so that the profession is well served by its regulator and we play our part in delivering positive change.

### **KPIs, risk and uncertainty**

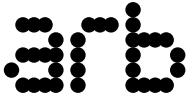
#### **Key issues and risks**

The principal risks to performance in 2020 were the unpredictable workload demands and potential operational changes resulting from the Exit from the EU, COVID-19 and the changes in senior staffing and the Board.

In regard to the UK's withdrawal from the EU, staff time was dedicated to planning for all possible scenarios and managing a surge in demand for services such as proof of registration certificates for those wishing to secure access to the profession in another Member State.

The emergence of the COVID-19 pandemic in early 2020 and the subsequent lockdown measures presented operational risks for the organisation. There was a significant risk that the Register could reduce in size if the economic impacts of the pandemic resulted in fewer people joining or renewing their registration. The registration fee is the main source of funding for our statutory duties, therefore this potential reduction could have led to financial instability for the organisation. However, this risk did not materialise, and in fact our Registration team had to grow in order to keep up with demand.

It also presented a risk to staff capacity due to illness or dependency needs as well as changes in workload. In addition, we became more reliant on IT infrastructure when remote working. Such risks have the potential to impact our ability to deliver our statutory functions now and in the future. Again, this risk did not materialise and both our



## “ We are in a strong position in terms of cash flow and reserves ”

human and IT resources remained committed and effective during this difficult time.

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

### Performance summary

During 2020, with the onset of COVID-19 and with changes to senior members of the Executive and the Board, we delivered on our core requirement to ensure that our statutory duties, as set out in the Architects Act 1997, were all met.

We also revised our Business Plan part way through the year with a key focus on five strategic projects:

- Engage with the public, the profession and our stakeholders to review the competencies required for architects, and how they can best be acquired and maintained;
- Support architects and relevant stakeholders through the changes required after the UK's exit from the EU;
- Ensure we continue to recognise high quality qualifications, by reviewing and modernising our prescription processes;
- Respond to the challenges of significant technical changes facing the profession, including the climate emergency and building safety reform;
- Modernise our professional conduct rules and processes.

### Performance Analysis

#### How performance is measured

In addition to the three-year Strategic Plan, our Board sets an annual Business Plan for the organisation.

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

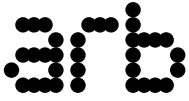
We also report against fixed Key Performance Indicators (KPIs) of our core functions on a six-monthly basis. Our current and previous Business Plans are in the public domain, available to view on our website [here](#). Our KPIs are being revised for 2021 and will include more qualitative information in the form of Key Performance Questions.

During 2020 particular attention was paid to ensuring we could deal with the exit from the EU and the impact of COVID-19 on our workforce.

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

#### Development and performance analysis

In addition to the Business Plan and Strategic Plan, we have a number of KPIs for core statutory functions. Our annual performance against these KPIs can be found below.



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

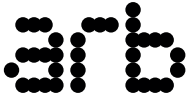
Raising public awareness of the Register and helping users and potential users of architects’ services to make informed choices

Core function KPI	Target	Result
Title complaints in the office – No. of weeks from date of receipt to referral to ARB’s solicitor or closure.	80% in 14 weeks	96%
Title complaints with ARB’s solicitor to conclusion - No. of weeks from date of referral to non-prosecution conclusion/summons.	80% in 12 weeks	80%

Maintaining the standards of conduct and practice of architects

Core function KPI	Target	Result
Complaints in the office – No. of weeks from receipt of complaint to a referral to the Investigations Panel or closure.	80% in 12 weeks	87%
Complaints with the Investigations Panel – No. of weeks from referral of case to issue of final decision.	80% in 12 weeks	62%
End-to-end case completion – No. of weeks from receipt of complaint to the conclusion of case at the PCC.	80% within 57 weeks	47%

*The pandemic created a period mid-year that prevented listed PCC cases from being heard, because of the stay at home government instruction. Steps were put in place to move appropriate cases to virtual hearings later in the year, but it had a knock-on effect on all stages of our investigations.*



## Maintaining the qualifications of architects

Core function KPI	Target	Result
Time for new applications to reach Prescription Committee.	80% in 29 weeks	36%
Time for renewal applications to reach Prescription Commit.	80% in 29 weeks	29%

*During 2020, the impact of COVID-19 on Universities and ARB meant that gathering of information in relation to prescription matters took for longer, combined with changes to the way in which we prescribed qualifications, the establishment of new governance arrangements and remote working, which all added further delays.*

## 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.	89%
Applications received through the automatic European route to registration processed within 15 working days.	90% of applicants processed within 15 working days. <i>Performance declined at the year end, due to many applications made immediately prior to the end of EU Transition period</i>	78%
Reinstatements & Readmissions.	90% reinstatements and readmissions processed within five working days.	90%

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# “Our main source of funding is the annual retention fee, paid by every architect on the Register.”

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## Financial performance

*The Financial Statements*, set out in Chapter Four from **page 44** onwards, have been prepared in accordance with the Government’s Financial Reporting Manual (FRM).

Our main source of funding is the annual retention fee, paid by every architect on the Register, representing 94% of our total income. Our largest area of spend is the organisation’s staffing resources, representing 39% of our operational costs.

We ended the year with an operating deficit of £14,449. We started the year with a planned deficit, but we saw a higher number of individuals on the Register and increased requests for certificates to support registration in other EU states, which resulted in additional income. We also received funding from the Ministry of Housing, Communities and Local Government (MHCLG) in December 2020 in relation to the costs of developing Mutual Recognition Agreements post EU exit.

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

In 2020 we met our reserves policy and set aside a reserves fund of at least four months’ operating costs as well as our liabilities in the event we are wound-up.

A majority of the reserves held are not required for cash flow purposes and are invested in a mixed portfolio to ensure that they do not lose their value while not required. We use an external investment

broker to manage the portfolio on a day-to-day basis, in line with the Board’s investment strategy, to maintain at least the real value of its capital.

A breakdown of the reserves can be found in our *Financial Statements* on **page 47**.

## Non-financial matters

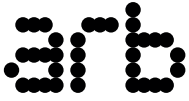
In 2020 we shifted to remote working when the initial COVID-19 lockdown restrictions were introduced, and established risk-assessed safe working protocols for those returning to the office as the restrictions eased throughout the year. We moved our Professional Conduct Committee (PCC) hearings and our Prescribed Exam to virtual meetings, where appropriate, and those PCC hearings that took place physically were risk-assessed and carried out in COVID safe conditions.

We responded to 20 requests for information under the Freedom of Information Act and Data Protection Act. There was one complaint referred to the Information Commissioner’s Office, which concluded that ARB had dealt with the initial request appropriately.

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

We carried out a number of policy reviews and other projects and service improvements. For a summary of other work undertaken in 2020, including research, reviews, and the development of new guidelines and a strategic statement, please see Chapter Four of the Annual Report in Part One of this document.





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“ We are committed to **encouraging our stakeholders to use electronic means of communication** as the default option ”

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### Environmental matters

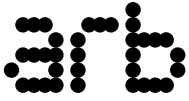
Owing to the COVID-19 pandemic and subsequent measures taken by the Government to manage the spread of the pandemic, our staff team has predominantly worked from home for the majority of 2020. This has meant that most remaining paper-based processes had to be adapted to suit the remote working setting, helping to change regular working practices, and driving forward our ambition for a paperless work environment.

We are committed to encouraging our stakeholders to use electronic means of communication as the default option where possible. To help with this, we stopped taking cash and cheque payments in 2020, encouraging registrants to use our online services.

When working in the office, the use of laptops, meeting room monitors, and office Wi-Fi continues to be embraced across the organisation for all in-person meetings. These efforts have helped us to achieve a 60% decrease in the volume of office-based printing, a significant improvement on the 36% decrease we achieved in 2019.

Throughout 2020, the use of video conferencing was embraced by our staff team and our Board, providing a platform for change as to how future meetings can be facilitated. This has the potential to reduce the need for travel, and thereby our carbon footprint. We also introduced a cycle loan scheme to help staff members who do not wish to take public transport.

When in the office, we continue to encourage recycling wherever possible, with paper, kitchen waste and print consumables. During 2020 we saved the equivalent of 37 trees by recycling 2,190 kilos of paper and mixed recycling – this compares with 83 trees and 4,895 kilos in 2019, when the office was in daily use. We strive to use recycled products and supplies, and sustainability policies for third party suppliers are a key consideration in any new supply contracts. In the initial national lockdown, we stopped facilities where appropriate, helping to avoid wasted energy.



## Chapter 2

# Accountability Report

### Overview

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

### Corporate Governance Report

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

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

### Chief Executive and Registrar's Report

ARB Board members are responsible for maintaining and promoting the public's trust and confidence in the integrity of both the organisation and the architects' profession. They are required to adhere to the seven principles of public life<sup>11</sup>.

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

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

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

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

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

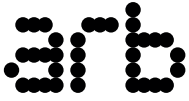
In 2020 the Information Commissioner's Office (ICO) investigated one complaint about how we had dealt with a request for information under the Freedom of Information Act. The ICO concluded that there were no concerns about how we had dealt with the request.

### Accounting Officer

Under the Framework Agreement drawn up jointly between the Architects Registration Board (ARB) and the Ministry of Housing, Communities and Local Government (MHCLG), we 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.

<sup>11</sup> [The Seven Principles of Public Life - GOV.UK \(www.gov.uk\)](http://www.gov.uk)



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## “The Board provides leadership and seeks to uphold the values of the organisation”

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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 Chief Executive and Registrar as Accounting Officer of ARB. In May 2020, Marc Stoner was appointed as Acting Chief Executive and Registrar following the resignation of Karen Holmes. Hugh Simpson was appointed as permanent Chief Executive and Registrar with effect from 4 January 2021.

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

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

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

### Governance Statement

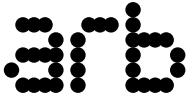
#### Our Board

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

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

The Board is responsible for:

- Providing strategic leadership
- Approving the annual budget and business plan
- Appointing the Registrar and holding them to account
- Establishing committees and making rules



## “ In 2020, the Board provided oversight of a **number of key strategic workstreams** ”

- Overseeing the non-executive appointment process
- Ensuring relevant legislation and government guidance is adhered to
- Ensuring appropriate governance, internal control and risk management processes are in place

Further details about the role and purpose of our Board can be found on our website [here](#) and in the Annual Report published alongside this document. For more information about our Board members and their individual declarations, view our website [here](#). Details of Board members' attendance can be found on **page 59**.

From 1 April 2020 two temporary Board members were appointed (one architect and one lay) while MHCLG undertook a full recruitment exercise to fill the posts on a permanent basis. There was also a change in leadership of the Board, with the former Chair resigning and a new Chair taking post from June 2020.

Throughout the year the Board met more regularly, albeit virtually, to ensure that ARB continued to meet its statutory functions given the impact of the COVID-19 pandemic. It continued to consider and prescribe 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 the Risk Register on a regular basis and was provided with a COVID-19 specific risk register at the start of the pandemic.

In 2020, the Board provided oversight of a number of key strategic workstreams, not least of which was the UK's exit from the EU and management of arrangements such as the UK's negotiations

on the Trade and Cooperation Agreement with the European Union. During this process, the Board was able to agree a memorandum of understanding between ARB and the Royal Institute of the Architects of Ireland to ensure the safe and continued mutual recognition of architects between the UK and the Republic of Ireland.

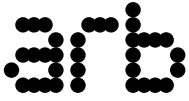
During 2020, a Board effectiveness review was undertaken, and the results discussed by the Board. All Board members also took part in an individual annual review meeting with the Chair, providing each member with an opportunity to discuss individual priorities. The Chair also participated in an annual review meeting with an independent, external reviewer.

### Corporate governance

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

### Risk assessment

In 2020 we undertook two internal audits. Both considered the robustness of the design and operating effectiveness of policies, procedures, processes and controls. The first covered adherence to the Scheme of Delegation, considered relevant given the change to working practices owing to the pandemic. The second concerned Business Continuity Planning, and included lessons learned following the real-life implementation of our policies and procedures for that in the face of COVID-19.



## “ Annual re-testing was also carried out to check progress on outstanding internal audit actions from previous years ”

Annual re-testing was also carried out to check progress on outstanding internal audit actions from previous years. We achieved a positive assurance rating in relation to the internal audit work carried out during the year, namely a Moderate Assurance rating (available ratings are Substantial, Moderate, Limited and None). A Moderate rating means that ‘some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.’ This is in line with recent years and is further considered to be positive given the impact of COVID-19 on our operations.

The Board has overall responsibility for risk management and is aided by the Audit and Risk Assurance Committee (ARAC). The Board has oversight procedures to ensure appropriate systems of control are in place as well as robust and transparent risk reporting mechanisms. In 2020 the ARAC was chaired by John Beckerleg (Lay Board member). Its other members were Mark Bottomley (Architect member) and Christopher Wood (Independent member).

During 2020, capacity remained a key operational risk as workload increased as a result of the UK’s exit from the EU, alongside work on various additional key strategic projects. Such projects included the review of competence, work on the climate emergency, reviewing and developing our prescription process, and activities following Dame Judith Hackitt’s Review *Building a Safer Future*. A compounding challenge, experienced by other public and regulatory bodies, was the need to move to home working and the consequent IT challenges. To support ongoing assurance of these risks, the

Board met at least monthly and had oversight of not only the organisation Risk Register, but also a register dedicated to the risks presented by COVID-19. The Board also agreed an increase in headcount, as well as use of external expertise to help drive key projects forward.

### Remuneration Report

#### Our policy

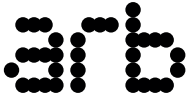
Our Remuneration and Appointments Committee is chaired by Derek Bray (lay Board member). Its other members are Alan Kershaw (Board Chair), Stephen McCusker (architect Board member) and Ian Muir (an independent non-executive).

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

#### Remuneration

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

The total attendance and reading allowances paid to Board members for their work on the Board, its Committees and other Board business during 2020 were £135,299 (£57,263 in 2019). Board members



In 2020 the median remuneration of the workforce was

**£37,910**

are also able to claim travel and subsistence expenses. Expenses totalling £4,854 (£12,733 in 2019) were claimed during the year. Claiming patterns have changed significantly with COVID-19 restrictions with most meetings being hosted online and more frequently.

A summary of the Board and Committee attendance allowance and expenses paid in 2020 is shown below. Further details can be found on [page 58](#).

Amount	Number of Board Members
Less than £1k	0
£1k to £5k	1
£5k to £10k	5
£10k and above	6

#### Pension entitlements

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

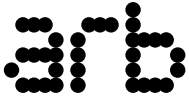
Additionally, we have a closed (Paid Up) Occupational Money Purchase scheme (which is also a DC arrangement). There are, however, no contributions being made to this scheme, nor have there been for several years. There are no liabilities for future contributions to this scheme.

#### Fair pay disclosures

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

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

The mid-banded remuneration of our highest paid employee in the financial year end 2020 was £134,521 (£135,064 in 2019). This is 3.54 times higher than the median remuneration of our workforce (3.58 times in 2019). The median remuneration of the workforce was £37,910 (2019, £37,768).



During 2020 we had a workforce of **30** members of staff

### Staff Report

The composition and numbers of ARB staff at 31 December 2020 was:

	2020		2019	
	Male	Female	Male	Female
Chief Executive and Registrar	1	0	0	1
Permanent Staff	10	16	7	17
Fixed Term/Temporary	0	3	1	3
<i>TOTAL Split</i>	<i>11</i>	<i>19</i>	<i>8</i>	<i>21</i>
<i>TOTAL Employees</i>	<i>30</i>		<i>29</i>	

#### Overview

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

#### Staff composition and cost

During 2020 ARB had a permanent headcount of 32, including a senior leadership group of five. On average, over the year, there were 30 employees costing c£2m, and further information can be found in Note 6 of our *Financial Statements* on **page 51**.

**28%** Staff turnover for 2020 (18% in 2019). The figure is higher than the national average across

all sectors with staff mainly leaving for career and educational purposes. However, with such a low number of staff, any departures and recruitment have a significant statistical impact.

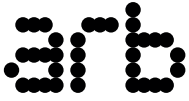
**140 days** lost through sickness absence for the 30 full time employees (73 in 2019 based on 29 full time employees). This is equivalent to 4.8 days per employee (2.5 in 2019).

#### Policies and other employee matters

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

To achieve this, all our job descriptions are carefully drafted to ensure that the skills and knowledge reflect the job requirements and do





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“ We continue to be supportive of staff with disabilities and **appreciate the value that all employees bring** ”

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not place unnecessary restrictions on applicants. Applicants are also invited to complete an Equalities Monitoring form, which is received separate from the application form and is not available to the short-listing panel. All applicants are invited to provide details of any disability in order that reasonable adjustments can be made for the selection process. Equality Monitoring forms are analysed in respect to steps that can be taken to further equality and inclusion.

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

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

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

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

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

#### **Expenditure on consultancy**

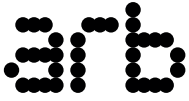
We sometimes need specialist advice in areas such as the interpretation of EU law, employment advice, IT, insurance and legal challenges.

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

#### **Off-payroll engagements**

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





## Chapter 3

# Independent Auditor's Report to the Members of Architects Registration Board

### Opinion

We have audited the financial statements of Architects Registration Board (ARB) for the year ended 31 December 2020 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 2020/21 Government Financial Reporting Manual (FRoM) which applies International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of ARB's affairs as at 31 December 2020 and of its surplus for the year then ended;
- have been properly prepared in accordance with the Government Financial Reporting Manual (FRoM).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of ARB in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's

Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

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

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

### Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

As explained more fully in the Board's and Accounting Officer's responsibilities statement set out on **page 34 and 35**, the Board and Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

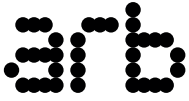
### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be the recognition of liabilities connected to Professional Conduct Committee cases, capitalisation of intangible fixed assets and override of controls by management. Our audit procedures to respond to these risks



included enquiries of management about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases and reading minutes of meetings of those charged with governance.

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

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

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

### Use of this report

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

A handwritten signature in black ink that reads "Crowe U.K. LLP".

### Crowe U.K. LLP

Statutory Auditor  
London

21 May 2021



## Chapter 4

# Financial Statements

### Statement of Comprehensive income for the year ending 31 December 2020

	Notes	2020 £	2019 £
<b>INCOME</b>			
Registration and retention fees	3	4,909,440	4,814,758
Government funding		105,451	-
Prescribed examinations		168,634	221,356
Penalties and sundry receipts	4	36,302	37,561
<b>Total operating income</b>		<b>5,219,827</b>	<b>5,073,675</b>
<b>EXPENDITURE</b>			
Employee salaries and benefits	6	2,009,778	1,873,831
Office costs	7	549,898	622,909
		<b>2,559,676</b>	<b>2,496,740</b>
Printing and records	8	26,084	56,297
IT charges	9	724,924	559,574
Board allowances and expenses		166,046	64,190
Legal and other professional charges	10	1,446,809	982,254
Other administrative expenses	11	310,737	364,277
		<b>2,674,600</b>	<b>2,026,592</b>
Total operating expenditure		<b>5,234,276</b>	<b>4,523,332</b>
<b>OPERATIONAL SURPLUS FOR THE YEAR</b>		<b>(14,449)</b>	<b>550,343</b>
Investment income	5	104,069	120,823
<b>SURPLUS FOR THE YEAR BEFORE TAXATION</b>		<b>89,620</b>	<b>671,166</b>
Taxation	19	(38,947)	(77,563)
<b>RETAINED SURPLUS FOR THE YEAR</b>		<b>50,673</b>	<b>593,603</b>
<b>OTHER COMPREHENSIVE NET INCOME</b>			
Net gain/(loss) on investments	14	160,364	584,618
<b>TOTAL COMPREHENSIVE NET INCOME</b>		<b>211,037</b>	<b>1,178,221</b>

All activities are continuing.



# Statement of financial position at 31 December 2020

	Notes	2020 £	2019 £
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	105,212	93,378
Intangible assets	13	97,063	196,920
Investments	14	6,261,305	6,336,157
<b>Total non-current assets</b>		<b>6,463,580</b>	6,626,455
<b>CURRENT ASSETS</b>			
Trade and other receivables	15	305,653	492,341
Cash and cash equivalents		5,820,074	5,033,397
<b>Total current assets</b>		<b>6,125,727</b>	5,525,738
<b>TOTAL ASSETS</b>		<b>12,589,307</b>	12,152,193
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	419,169	430,446
Deferred income		4,789,572	4,637,218
<b>Total current liabilities</b>		<b>5,208,741</b>	5,067,664
<b>Provision for Liabilities</b>	23	<b>145,000</b>	60,000
<b>ASSETS LESS LIABILITIES</b>		<b>7,235,566</b>	7,024,529
<b>RESERVES</b>			
Designated reserve		777,000	629,200
MHCLG Closure reserve		3,629,000	3,629,000
Operational reserve		2,247,906	2,213,121
Revaluation reserve		581,660	553,208
<b>TOTAL RESERVES</b>		<b>7,235,566</b>	7,024,529

These financial statements were approved by the Board and Accounting Officer and authorised for issue on 19 May 2021.

Alan Kershaw  
Chair of the Board

Cindy Leslie  
Board member  
(Chair of the Audit Committee)

Hugh Simpson  
Accounting officer  
(Chief Executive and Registrar)



# Statement of cash flows for the year ended 31 December 2020

	2020 £	2019 £
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operational surplus for the year	70,551	550,343
<b>Adjustments for non-cash transactions</b>		
Depreciation and amortisation	222,594	200,373
Loss on disposal of intangibles		-
<b>Changes in operating assets and liabilities</b>		
Decrease in trade and other receivables	186,688	111,681
Increase in trade, other payables and deferred income	141,077	220,979
<b>Net cash inflow from operating activities</b>	<b>550,359</b>	<b>533,033</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends and interest from investments	104,069	120,823
Proceeds from the sale of investments	4,553,183	544,597
Purchase of investments	(4,317,969)	(548,153)
Purchases of property, plant and equipment and intangible assets	(134,570)	(234,954)
<b>Net cash (outflow/inflow from investing activities)</b>	<b>204,713</b>	<b>(117,687)</b>
<b>Taxation</b>	<b>(38,947)</b>	<b>(13,665)</b>
<b>Net increase in cash and cash equivalents</b>	<b>786,677</b>	<b>952,024</b>
Cash and cash equivalents at the start of the year	5,033,397	4,081,373
<b>Cash and cash equivalents at the end of the year</b>	<b>5,820,074</b>	<b>5,033,397</b>

All cash is represented by cash in hand

# Statement of changes in reserves at 31 December 2020

	At 1 January 2020	Movement in year	Transfers between reserves	At 31 December 2020
	£	£	£	£
Operational reserve	2,213,121	182,585	(148,000)	<b>2,247,706</b>
MHCLG closure reserve	3,629,000	0	0	<b>3,629,000</b>
<i>Designated reserves</i>				
IT renewal	69,000	0	(69,000)	<b>0</b>
Maintenance	68,000	0	0	<b>68,000</b>
Deferred/Special projects	492,200	0	217,000	<b>709,200</b>
Revaluation reserve	553,208	28,452	0	<b>581,660</b>
<b>Total</b>	<b>7,024,529</b>	<b>211,037</b>	<b>0</b>	<b>7,235,566</b>

## Operational reserve

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

## Closure reserve

The framework agreement with MHCLG requires ARB to maintain its assets at a sufficient level to cover its liabilities if ARB were to be wound up. At 31 December 2020 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 Maintenance Reserve (£68,000 – set up to cover the regular cost of redecoration of the offices).

In addition, a further £709,200 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. A major element of this reserve relates to development of IT systems and cyber security improvements.

## Revaluation reserve

At the 31 December 2020, the revaluation reserve represented the closing market value less historic cost value of ARB's investments (accumulated unrealised gains).

# Notes to the financial statements

## 1. GENERAL INFORMATION

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

## 2. ACCOUNTING POLICIES

### a) Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted and interpreted by the 2019-20 Government Financial Reporting Manual (FReM) issued by HM Treasury.

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

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

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

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

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

- IFRS16 Leases (effective from 1 January 2021).

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

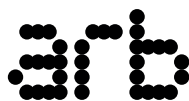
### c) Staff costs

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

### d) Pensions

ARB operates a defined contribution pension scheme where ARB pays established annual contribution rates into a separate fund. The amount of pension benefit that a member receives in retirement is dependent





on the performance of the fund. ARB recognises the cost of these contributions in the Statement of Comprehensive Income when they fall due. There are no further payment obligations for ARB once the contributions have been paid.

#### **e) Leases**

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

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

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

#### **g) Income**

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

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

#### **h) Grants**

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

#### **i) Corporation tax**

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

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

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

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

The following annual rates are used:

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



### k) Cash and cash equivalents

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

### l) Investments

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

### m) Trade and other payables

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

### n) Provisions

Provisions are recognised in the statement of financial position (see **page 45**) 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

	2020 £	2019 £
Registration fees	114,362	119,184
Retention fees	4,795,078	4,695,574
	<b>4,909,440</b>	<b>4,814,758</b>

## 4. REVENUE - PENALTIES AND SUNDRY RECEIPTS

Penalties paid on reinstatement to the Register	7,928	7,570
Sundry receipts	28,374	29,991
	<b>36,302</b>	<b>37,561</b>

## 5. INVESTMENT INCOME

Income from investment portfolio	97,570	111,303
Interest on bank deposits	6,499	9,520
	<b>104,069</b>	<b>120,823</b>



## 6. STAFF COSTS

	2020	2019
	£	£
Wages and salaries	1,413,042	1,341,389
Social security	160,830	154,245
Other pension costs	144,229	145,124
Medical and permanent health insurance	38,294	39,390
Recruitment costs	83,690	40,034
Staff training	8,618	28,002
Temporary staff	161,075	125,646
	<b>2,009,778</b>	<b>1,873,831</b>
	<b>No.</b>	<b>No.</b>
Staff numbers (average full time equivalent staff)	<b>30</b>	<b>29</b>

Salaries in respect of the staff team were within the following ranges:

	No.	No.
£65,000 - £70,000	0	1
£70,000 - £75,000	0	0
£75,000 - £80,000	0	0
£80,000 - £85,000	1	1
£85,000 - £90,000	2	2
£115,000 - £119,999	1	0
£120,000 - £125,000	0	1
£130,000 - £135,000	1	0

Payments were made into defined contribution pension schemes totalling £51,564 (2019: £66,284) in respect of these employees. During the year, termination payments totalling £59,859 were made in relation to two members of staff.



## 7. OFFICE COSTS

	2020 £	2019 £
Rent & Service Charges	271,869	279,417
<b>Rates</b>	<b>128,790</b>	<b>126,665</b>
Building related costs	23,376	99,971
Insurance	7,430	8,102
Electricity	14,664	14,838
Office cleaning	27,040	29,211
Postage and telephone	46,803	34,617
Maintenance of office equipment	15,886	16,049
Depreciation: furniture and equipment	14,040	14,039
	<b>549,898</b>	<b>622,909</b>

## 8. PRINTING AND RECORDS

Printing	23,283	49,148
Stationery	699	7,149
Journals and newspapers	2,102	-
	<b>26,084</b>	<b>56,297</b>

## 9. IT CHARGES

Depreciation and amortisation: IT equipment and development	208,556	186,335
IT costs	516,368	373,239
	<b>724,924</b>	<b>559,574</b>



## 10. LEGAL AND OTHER PROFESSIONAL CHARGES

	2020 £	2019 £
Remuneration to external auditors:		
External audit services	19,620	21,000
Other services - corporation tax compliance advice	1,740	2,640
- employment tax advice	-	1,560
Legal expenses and professional charges – regulation	889,614	593,489
General legal, specialist advice and insurance	535,835	363,565
	<b>1,446,809</b>	<b>982,254</b>

## 11. OTHER ADMINISTRATIVE COSTS

Bank charges	60,970	60,442
Staff travel expenses	7,964	28,714
Prescribed examination	103,427	123,255
Prescription and Qualifications	59,496	73,059
ACE & ENACA	40,614	40,998
Public and professional awareness	30,515	25,045
Sundry expenses	7,751	12,764
	<b>310,737</b>	<b>364,277</b>



## 12. PLANT AND EQUIPMENT

	Leasehold improvements £	Office furniture & equipment £	IT equipment £	Total £
<b>Cost</b>				
At 1 January 2020	517,325	161,855	340,207	1,019,387
Additions	-	-	106,541	106,541
Disposals	-	-	(61,554)	(61,554)
<b>At 31 December 2020</b>	<b>517,325</b>	<b>161,855</b>	<b>385,194</b>	<b>1,064,374</b>
<b>Accumulated depreciation</b>				
At 1 January 2020	517,325	117,667	291,015	926,008
Charge for the year	-	14,038	80,671	94,709
Disposals	-	0	(61,554)	(61,554)
<b>At 31 December 2020</b>	<b>517,325</b>	<b>131,705</b>	<b>310,132</b>	<b>959,162</b>
<b>Carrying amount</b>				
<b>At 31 December 2020</b>	<b>0</b>	<b>30,150</b>	<b>75,062</b>	<b>105,212</b>
<i>At 31 December 2019</i>	<i>0</i>	<i>44,188</i>	<i>49,190</i>	<i>93,378</i>



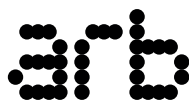
### 13. INTANGIBLE ASSETS (IT development costs)

	Total
Cost	£
At 1 January 2020	832,888
Additions	28,028
Disposals	(13,277)
<b>At 31 December 2020</b>	<b>847,639</b>
<b>Accumulated amortisation</b>	
At 1 January 2020	635,968
Charge for the year	127,885
Disposals	(13,277)
<b>At 31 December 2020</b>	<b>750,576</b>
<b>Carrying amount</b>	
<b>At 31 December 2020</b>	<b>97,063</b>
At 31 December 2020	196,920

### 14. INVESTMENTS

	2020	2019
	£	£
<b>At market value</b>		
At start of year	6,336,157	5,747,983
Additions	4,317,969	548,153
Disposal proceeds	(4,553,183)	(544,597)
Net gains on investments	160,362	584,618
<b>At end of year</b>	<b>6,261,305</b>	<b>6,336,157</b>
<b>Cost at end of year</b>	<b>5,679,647</b>	<b>5,782,948</b>

All investments are managed by Rathbones Investment Management.



## 15. TRADE AND OTHER RECEIVABLES

	2020	2019
	£	£
Other Receivables	105,993	315,412
Prepayments	199,660	176,929
	<b>305,653</b>	<b>492,341</b>

There are no impaired financial assets.

## 16. TRADE AND OTHER PAYABLES

Trade payables	114,355	124,601
Corporation tax	3,525	13,665
Deferred tax liability	99,320	63,898
Other taxation and social security	78,934	80,542
Accruals	123,034	147,740
	<b>419,168</b>	<b>430,446</b>

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

## 17. PENSIONS

The Staff Pension Scheme is a defined contribution scheme. The cost of contributions during the period was £142,500 (2019: £145,124). There are no outstanding or prepaid contributions at the date of the statement of financial position (see [page 38](#)). 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 total minimum payments under operating leases, which expire:

	Land and buildings	
Due One Year	247,632	247,632
Between Two to Five Years	576,944	824,576

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 2020 all trustees of the Fund were members of the Board or employees of the Architects Registration Board.

## 21. CURRENCY RISK

ARB does not hold balances in foreign currencies. All fees payable are required to be settled in UK sterling and so ARB is not exposed to currency 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 2020 were in excess of this level. The majority of ARB's income is received at the start or before the start of the financial year. ARB has no borrowings (or legal right to borrow) and monies required for short-term working capital requirements are held in accounts with no significant restrictions on access. ARB does not consider that there is a significant exposure to liquidity or credit risk.

## 23. PROVISIONS FOR LIABILITIES

	Dilapidations <sup>1</sup> £'000	Panellists <sup>2</sup> £'000	Total £'000
At 1 January 2020	60	0	60
Additions	0	85	85
At 31 December 2020	60	85	145

<sup>1</sup> ARB's current lease at Weymouth Street runs until April 2024 and specifies that ARB is required to return the building to its original state on expiration of the lease. This gives rise to the need to recognise a dilapidation provision.

<sup>2</sup> The provision for potential additional panellist costs reflects our prudent estimate of the possible wider impact of a claim to an employment tribunal for additional sums by Professional Conduct panellist members. Panellists are independent contractors who sit on our Professional Conduct Committee. This is a novel claim relating to whether the member is a worker and, therefore, entitled to holiday pay. We have contested the claim in order to clarify what is an uncertain legal position. The case is still outstanding and depending on the outcome we may need to reflect the judgement in our arrangements with other PCC members, with the provision being made to cover the potential costs in such a situation.



# Board allowances and expenses for the year ended 31 December 2020

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	6,187.50		121.40		25.50					6,334.40
Mark Bottomley	6,750.00	-	168.60	-	27.90	-	-	-	-	6,946.50
Derek Bray	12,187.50	1,500.00	320.00	-	-	-	-	-	-	14,007.50
Stephen Brookhouse	6,375.00	-	52.25	-	-	-	-	-	63.15	6,490.40
Tony Crook	9,375.00	-	593.70	-	124.70		-	186.00	45.43	10,324.83
Will Freeman	13,687.50	-	19.80	-	-	-	-	-	9.50	13,716.80
Alan Kershaw	27,312.50	161.75	280.00	-	-	-	34.44	-	237.64	28,026.33
Liz Male	15,000.00	375.00	103.79	-	30.36	-	-	-	-	15,509.15
Elena Marco	6,937.50	2,062.50	424.90	-	-	-	-	-	-	9,424.90
Stephen McCusker	9,000.00	-	687.10	-	-	12.00	-	-	16.44	9,715.54
Richard Parnaby	3,187.50	-	921.95	-	-	-	-	131.58	35.00	4,276.03
Alison White	15,200.00	-	173.50	-	7.20	-	-	-	-	15,380.70
<b>TOTAL</b>	<b>131,200.00</b>	<b>4,099.25</b>	<b>3,866.99</b>	<b>-</b>	<b>215.66</b>	<b>12.00</b>	<b>34.44</b>	<b>317.58</b>	<b>407.16</b>	<b>140,153.08</b>



## Attendance

Board member	Board meetings	Ad-hoc meetings*	Prescription Committee	Remuneration Committee	Audit and Risk Committee	Policy Committee
John Beckerleg	(16) 16	1			(7) 7	
Mark Bottomley	(16) 16	2			(7) 7	
Derek Bray	(16) 15	7		(10) 10		(1) 1
Stephen Brookhouse	(14) 14	2				(8) 8
Tony Crook	(16) 15	2	(8) 8			(2) 2
Will Freeman	(16) 15	8				(8) 8
Alan Kershaw	(14) 14	14		(6) 6	(1) 1	(8) 7
Liz Male	(16) 14	5				(8) 7
Elena Marco	(16) 15	1	(8) 7			(3) 3
Stephen McCusker	(16) 16	3		(10) 10		
Richard Parnaby	(2) 2	6	(2) 2			
Alison White	(6) 6	5		(4) 4	(1) 1	(1) 1

### Notes:

- (Actual number of meetings where attendance expected) compared with actual meetings attended.
- More than one meeting may occur during a day, in which case the amount charged will not reflect the number of meetings.
- Some members do not charge the full daily rate for meetings.
- Board members attend other meetings on ARB business – such as appraisals, induction sessions and visits for new members.
- Ad hoc meetings include (but are not limited to) workshops, meetings with Professional bodies and working group meetings. Each Board member would have committed to different meetings, depending on which groups they were involved in.
- In respect of Policy Committee, other Board members attend meetings as well as regular members of the Committee when the agenda covers an area relating to their working groups.










**Architects Registration Board (ARB)**

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