



**Subject** Request for additional funds to be added to 2018 budget  
**Purpose** For Decision  
**From** Registrar & Chief Executive

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### 1. Summary

In 2018, we will be undertaking additional work relating to the outcomes of the Hackitt Review, the UK's exit from the European Union (EU) and discussions about mutual recognition agreements (MRAs).

To ensure that ARB can deliver on these key work streams without impacting upon its ability to deliver its statutory duties, it is proposed that the Board gives the Executive a contingency fund of £200k additional to the agreed budget for 2018, taken from reserves.

We propose to hold the contingency fund in a separate pot, using it only when a specific need arises, and for the contingency fund to carry forward into 2019 should this be required. This will allow the Executive the flexibility to act decisively as and when a need arises, without the need to request specific resource from the Board.

### 2. Recommendations

It is recommended that the Board:

- approves a contingency fund of £200k for the Executive to use as is appropriate, over and above the 2018 budget; and
- agree that the contingency fund carry over into 2019 should it be required.

### 3. Open

### 4. Contribution to the Board's Purpose and Objectives

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

Protect the users and potential users of architects' services

Support architects through regulation.

An additional £200k contingency fund will ensure that ARB is positioned to resource itself appropriately to deliver its statutory duties, whilst ensuring it is prepared to deliver on several emerging work streams.

## 5. Background

### i. Details of request

In 2018, we will be undertaking additional work relating to:

- the outcomes from the Hackitt review and the 'competence' working group that ARB is chairing;
- the UK's exit from the European Union (EU); and
- discussions about mutual recognition agreements (MRAs).

It is proposed that the Board give the Executive authorisation to set up a contingency fund of £200k, taken from our reserves. It is anticipated that this will take our reserves to 3.7 month operating costs at the end of 2018 (if the full £200k is spent), which is below the Board's reserves policy of four months operating costs. However, we will ensure that the 2019 budget factors this in and facilitates a return to the preferred amount.

We propose to hold this contingency fund in a separate pot, using it only when a specific need arises. This will allow the Executive the flexibility to act decisively as and when a need arises. There is the potential for this work to roll into 2019, meaning that we need the flexibility to carry the contingency fund over into 2019, should the need arise to.

The nature of the work around 'competence' and the UK's exit from the EU is potentially fast paced and ARB may be required to focus a significant amount of resource into ensuring that it can fulfil its obligations at short notice. As such, it is envisaged that having pre-authorised contingency fund for such acts will help the Executive to ensure they are better positioned to meet requirements quickly.

It is envisaged that the contingency fund will help to ensure that:

- we can fund the costs associated with leading the Architects and Building Designer working group and for the task and finish group for the 'competence' review;
- we can quickly recruit temporary staff to backfill for existing staff with the relevant technical experience and expertise who will need sufficient time and space to grapple with any complex needs;
- we can recruit staff with specific skills and knowledge quickly if the need arises; and
- we have sufficient resource to seek expert advice as and when required.

ii. **Future requirements**

This contingency fund is specifically to enable ARB to manage the additional work that may come from the work involved in taking forward the Hackitt Review recommendations', EU exit and MRAs and to ensure that we can plan appropriately. This is not to resource any changes that we need to make to the way that we work once we have certainty in relation to any ongoing resource requirements around these work streams.

We will require additional resource to move forward on the more proactive approach to title regulation that the Board agreed we should adopt at the Board Development Day in May 2018. We will come back to Board with a separate paper on this at the September Board meeting.

Once we are more certain of a direction of travel we may request additional resources from the Board to ensure we can deliver what we need to in relation to the work streams:

- preparing for EU exit once we understand the resource implications of direction of travel;
- 'competence' and what emerges following the review;
- The negotiation of/enactment of MRAs; and

We will provide a further update to the Board as and when more is known about each specific work stream.

There are no additional funding requirements associated with the core work around preparing for the new Board constitution, as funds have already been set aside for this work.

**6. Resource implications**

The request is to release up to £200k from reserves to fund resource needs in the next 6-12 months. It is anticipated that this will take our reserves to 3.7 month operating costs at the end of 2018, which is below the Board's reserves policy of four months operating costs. However, we will ensure that the 2019 budget factors this in and facilitates a return to the preferred amount.

We will ensure that the Board are kept abreast of any expenditure made from this additional fund to provide assurance that it is being used appropriately.

If at the end of 2019 the monies in the fund have not been exhausted, the remaining funds will be returned to the Reserves, subject to any further Board direction.

**7. Risk Implications**

In making this request, we have considered the challenges that lie ahead, particularly in relation to several principal risks on our risk register and our view that the likelihood of these risks being realised under our current resource model is higher than the Board's tolerance levels. This is particularly where staffing levels (Principal Risk 3) and being in a position to ensure ARB is ready for what emerges from our exit from the EU (Principal Risk 1).

**8. Communication**

A contingency fund, drawn from ARB's reserves, is being set up to ensure the ARB can deliver effectively in responding to the outcomes of the Hackitt Report and responding to the planning demands associated with the UK's exit from the European Union, including detailed discussions on potential mutual recognition agreements with international countries.

**9. Equality and Diversity Implications**

There are no direct equality and diversity impacts. Any recruitment activity will be undertaken by appropriately trained staff in line with ARB's equality and diversity plan. Any changes that may come out of the Hackitt review or EU exit will be subject to equality assessments where appropriate.

**10. Further Actions**

The Executive will be undertaking a review of staffing and professional services requirements in each area to ensure any immediate requirements are addressed as a matter of urgency and financed by the contingency fund we are recommending is set up.