



Executive Committee
10.30 a.m. 4th March 204
The Lodge, Chinnor, OX39 4HA

Agenda

1. Apologies
2. Declaration of Interest
3. Minutes
4. Matters Arising
5. Public Question Time
6. Finance Report (April 2013– Jan 2014)
(incl end of year forecast)
7. Medium Term Financial Forecast (2014-16) incl. budget for 2014-15
8. Draft Business Plan 2014-15
9. Insurance Fidelity Cover
10. Report on General Reserve
11. Treasury Management
12. Review of Risk Register
13. Report on HS2
14. Report on Board Membership
15. Review of the AONB Management Plan
16. A.O.B.
17. Dates of meetings



MINUTES OF THE MEETING OF THE EXECUTIVE COMMITTEE HELD ON Thursday 12th December 2013 at THE LODGE, 90 STATION ROAD, CHINNOR OXON. OX39 4HA COMMENCING AT 10.30AM AND CONCLUDING AT 12.35PM

Present:

Dr.Heather Barrett-Mold	Board Member
Mike Fox	Board Member, Chairman of the meeting
Cllr.John Griffin	Board member
Cllr Marion Mustoe	Board Member
Cllr.David Nimmo-Smith	Board Member
Ray Payne	Board Member
Cllr. Ian Reay	Board Member
Cllr Jeremy Ryman	Board Member
Helen Tuffs	Board Member
Steve Rodrick	CCB Chief Officer
Chris Smith	CCB Finance Officer

In attendance
Deirdre Hansen

Clerk to the Board

13/14-94 Item 1- Apologies for absence.

Apologies for absence were received from Cllr Shirley Judges and Cllr Alan Walters

13/14-95. Item 2- Declarations of interest

No declarations of interest were made.

12/13-96. Item 3- Minutes of the previous meeting

The minutes of the meeting of 19th September 2013 were approved and signed by the Chairman after the following amendment was made;
Minute 12/13-80; Heather Barrett-Mold was added to apologies received.

13/14-97. Item 4- to minute the decision on the Report on HS2 External Benefits

The meeting formalised the decision taken by email between meetings to publish the report on the non-market benefits of a longer bored tunnel through the Chilterns as completed by Peter Brett Associates under the supervision of Ray Payne with funding from the Conserve the Chilterns and the Countryside group.

- 1. The Committee APPROVED the decision to publish the report entitled ‘HighSpeed Rail in the Chilterns- Little Missenden to Wendover: An assessment of the non-market effects of the Proposed Scheme compared to the Alternative Proposal’ the report had been circulated by email between meetings. 8 Members had of the Committee had responded, all of whom gave their approval for publication**

13/14-98 item 5-Matters arising from the minutes of the meeting 19th September 2013

There were no matters arising.

13/14-99. Item 6- Public Question time

No members of the public were present.

13/14-100. Item 7- Finance Report (April-November 2013)

The Finance Officer advised members of the Board’s financial position to the end of November and the likely position at the end of the financial year.

The current financial position is satisfactory with no significant problems to report. The report presented separated core activity, ongoing activity, project activity and small grants funded by the Development Reserve as first reported at the previous meeting. To the end of November expenditure against the core budget was £7,975 below profile, ongoing activity was £6,545 over profile, reflecting the success of the Countryside Festival and it was matched by additional income. Project expenditure was £ 17,588 below profile and small grants payments still to be allocated.

Income was in line with expectations.

- 1. The Committee NOTED the current financial position.**

13/14-101. Item 8- Medium Term Financial Forecast 2014-16

The Finance Officer advised the Committee of the latest forecast of income and expenditure over the medium term to 2016. The Committee was asked to consider and approve the principles and assumptions used to prepare the provisional budgets for 2014-15 and 2015-16. Provisional budget had been presented to the Committee.

The sub group had met twice to consider the options to address the forecast deficits for 2014-15 and 2015-16. A series of options were presented which reduced the operating deficit and only required limited use of reserves whilst increasing income. It was proposed to reduce the size of the Core Operating Budget to a level that the cost can be met from Core Income in 2014-15 and in 2015-16 will require a contribution of £40,000 from Reserves.

The Committee considered the following assumptions used to prepare the budget:

1. Expenditure to be included in the Core Operating budget: only essential expenditure to be included in the core budget, for which there is little scope of attracting external funding.
2. Re-allocate events, publication and most activity expenditure from Core Budget to the Ongoing Activity Budget.
3. Include the cost of employing the Chalk Streams Officer in the core budget. This position has been in place for 12 of the last 13 years and unlike other Project Officer posts is not a fixed term contract and not directly linked to Heritage Lottery Fund grants.
4. Contribution to the Chilterns Woodlands Project: the Board provides financial support (approx. £7,000) and office space to the Chiltern Woodlands Project, for which rent is charged, all direct costs are reimbursed by the Project. Due to the existence of the Project the Board has never felt the need to employ its own Woodland Officer. The value the Board receives from this arrangement is in excess of the alternatives. It is proposed to make a provision for the net costs in the Core Operating Budget.
5. Employers Pension Contributions: it is assumed that the Employers pension contributions will increase from April 2014.
6. Pay increases:
 - It is assumed that only a small number of staff will be able to achieve performance related salary increments.
 - A cost of living award @ 2% is being considered for 2014, but if that cannot be afforded the aim should be to make an offer within 1% of the Consumer Price Index, on which the cost of living award is based.
 - No change in the level of car user allowance or travel expenses was proposed.
7. Use of Reserves: It had been agreed at previous meetings to use the Reserves in the order of £30,000-£50,000 per annum.
 - The sub group had suggested that a costing exercise is undertaken to calculate the actual cost of winding up. This would give a more accurate assessment of the amount which would need to be kept in the General Reserve.
8. DEFRA and Local Authority Funding: all funding by DEFRA and Local Authorities should automatically be allocated to the core budget. The level of Local Authority funding is unlikely to be confirmed until late in the financial year. The DEFRA grant is believed to be declining, confirmation expected shortly.
9. Inflation is expected to be absorbed other than the inflationary element for employment costs.
10. The Board is unable to reclaim Vat.

11. Treasury Income: all Treasury income should be allocated to the core budget automatically. Modest returns are expected.
12. Earned income: unless needed to meet core operating costs, all earned income other than Treasury income will be allocated to the Ongoing Activity budget. From 2014-15 onwards it is hoped that the Special Events programme will be the primary source of increased income.
13. Reducing Core Operating costs: a schedule of savings providing a £33,000 reduction in core operating costs was discussed.
14. Members Allowances: not all members claim their allowances. This could be shown in budget presentations. It was proposed to continue adjusting the allowances in line with the cost of living award offered to staff. The possibility of a cap in line with adjusting the annual percentage change in value of the DEFRA grant was discussed.
15. The Core Budget Deficit:
 - Based on the figures presented; 2014-15 would present a deficit of £935, this to be covered by the Budget Equalisation Reserve.
 - 2015-16 would present a deficit of £51,214. To cover this £40,000 from the Budget Equalisation Reserve to be used and the balance from earned income.

The Board praised and thanked the Chief Officer in not only maintaining this high level of activity in difficult times, but increasing the level of activities and keeping up the morale of the staff and the members.
16. Ongoing Activity:
 - it was proposed in 2014-15 to have a similar level of ongoing activity as in 2013-14. Generally these activities are self-financing.
 - A major change will be the development of the Special Events programme with a target of a 50% return on expenditure.
17. Projects: these are to be funded from external grants, but often small amounts of match funding are required.
18. Small Grants Fund: this £20,000 current fund needs to be reassessed to allow for the support of projects that the Board will either develop itself or becomes aware of during the year. It is not intended to be a formal grant scheme any longer. The Chief Officer will look at this.
19. Conclusions:
 - The existing model continues for 2014/15 and 2015/16
 - Increase earned income
 - Modest use of reserves
 - If cuts and reductions in support continue beyond 2015-16 then a fundamental re-appraisal will be needed.

1. **The Committee SUPPORTED the assumptions used to prepare the provisional budgets for 2014-15 and 2015-16.**
2. **The Committee AGREED that there should be a provision to offer staff and members a cost of living award at the rate of CPI, subject to a maximum of 2%.**
3. **The Committee AGREED that the Members Allowances should be adjusted by the annual percentage change in the value of the DEFRA grant (excl. inflation).**
4. **The Committee AGREED that the current Small Grants Scheme shall no longer be promoted, but provision shall be made for up to £20,000 for work that the Board agrees to support during the financial year.**

11.55 John Griffin left the meeting.

13/14-102. Item 9- Proposal to create Bursaries.

The Chief Officer sought approval to create a fund of £1,000 per annum to offer 4 bursaries of £250 each to be available to anybody wishing to undertake a study or research project of a subject of relevance to the Board's aims and which would benefit the AONB. It was suggested that the bursaries be offered on the basis that the applications must fit with one of the four themes in context with the Chilterns:

- Water Environment and Wildlife
- Historic and Cultural Environment
- Landscape and Land Use
- Enjoyment of the Countryside

It was proposed that a panel of three members be appointed to consider and award the applications for bursaries.

1. **The Committee SUPPORTED the creation of a bursary fund of £1,000 per annum to be included in the provisional budget for 2014-15 and 2015-16.**
2. **The Committee APPROVED the proposal to offer four bursaries of up to £250 each for study in the fields of: Water Environment and Wildlife; Historic and Cultural Environment; the Landscape and Land use and the Enjoyment of the Countryside.**
3. **The Committee AGREED to appoint a panel of three members to award the bursaries.**

13/14-103. Item 10 Review of the Chilterns AONB Management Plan 2014-19

The Chief Officer advised members that the draft plan (with an accompanying SEA) has been out for consultation since 27th September, the deadline for comments is 13th December.

The Board will be presented with a summary of all comments on 22nd January and with a proposed final draft for approval on 25th March.

1. The Committee NOTED the report.

13/14-104. Item 11 Constituting the Chilterns Tourism Network (CTN)

The Chief Officer provided the Committee with an update on the development of the CTN and sought approval from the Committee for the proposed constitution of the CTN. The Committee was provided with a schedule of the CTN's achievements.

1. The CTN was established in 2011 as an informal group of Chiltern based businesses and organisations with an interest in working together to develop the tourism economy of the Chilterns.
2. With substantial input from the Board an EU LEADER programme grant was secured. The £30,000 LEADER funded project ran from June 2012-September 2013 and achieved a great deal in a short time.
3. With the end of the LEADER funded programme, the CTN needs to be formally constituted to act independently and raise its own funds. A business plan and a work programme have been developed. The unincorporated body needs to become constituted. The preferred option is for the CTN to be listed as a "Not for profit Company Limited by Guarantee (CLG)". Limited by guarantee means the Directors and Members have limited liability. This organisational model is preferred as it is simple to set up, offers more operational flexibility and provides options for change at a later date.
4. It is proposed that the CTN appoint a minimum of 5 directors. It was agreed that the CCB Access Officer be nominated as a director for an initial period of one year. She is currently a member of the steering group.
5. The Board has provided substantial support to the CTN with help to deliver the LEADER tourism programme and financial and staff contributions towards the Visit the Chilterns web site. Future involvement will continue and expand the benefits to the CCB of its involvement with this organisation at numerous levels.
6. The web site is hosted with the AONB website. The Conservation Board owns the domain name. It is similar to the Board's own web site and there are many links between them. The new company would need a licence to continue the use of the CCB web site.

- 1. The Committee APPROVED the proposal that the Chilterns Tourism Network should be constituted as a not-for Profit Company limited by guarantee.**
- 2. The Committee RECOMMENDED that the newly constituted company should have a minimum of 5 directors.**

3. **The Committee APPROVED the nomination of Annette Venters as a Director of the CTN for an initial 1-year period.**
4. **The Committee AGREED to licence the CTN to manage the Visit the Chilterns web site for an initial period of two years once the CTN has been formally constituted.**

AOB: David Nimmo-Smith informed the Committee that a stage of the “Tour of Britain” will take place in Oxfordshire in 2014, passing through the Chilterns.

12.10 David Nimmo-Smith left the meeting.

13/14-105. Item 12 Report on HS2

Chief Officer reported that the Hybrid Bill was lodged and the accompanying Environmental statement was published on 25th November. The deadline for comments on the ES is 24th January 2014.

1. The ES runs to 55,000 pages. The 56 day consulting period only includes 44 working days. The Board has lobbied local MP’s directly to seek an extension to 12 weeks and joined others in their criticism.
2. Among the surprises is the proposal to dump 12 million tonnes of spoil, arising from the “green tunnels”, in the AONB. This feature of the design, amongst many others, shows that the Government has failed to comply with the duty in Section 85 of the Countryside and Rights of Way Act 2000.
3. Due to the size of the document it is proposed to concentrate on those issues on which the Board might decide to petition, including:
 - The case for a longer bored tunnel
 - The dumping of spoil in the AONB
 - The impact on the Rights of Way network
 - The impact on the wider historic landscape.
 - The impact on the aquifer and hydrology.

Board members and staff have attended many briefing sessions led by parliamentary agents and planning lawyers, which have been useful.

The committee discussed the most effective way to progress.

1. **The Committee AGREED that the Board’s responses to the Environmental statement should concentrate on those issues identified above in paragraph 3.**
2. **The Committee AGREED that those same issues should be those for which a petition should be prepared.**

13/14-105. Any other business:

There was no other business.

13/14-106. Future meeting dates: Tuesday 4th March 2014, Thursday 22nd May 2014, Thursday 18th September 2014 and Wednesday 10th December 2014 at 10.30am at the offices in Chinnor.

The meeting closed at 12.35m

The Chairman.....

Date.....

Item 6 Finance Report

Author: Chris Smith Finance Officer

Summary To the end of January 2014 the expenditure against the core budget was 1% below profile and income almost exactly in line with the profile. Ongoing activity, funded by earned income and the Development Reserve, is progressing satisfactorily, as is externally funded project activity. The take up of the Small Grants Scheme has not been as great as anticipated. By the end of the financial year it is currently forecast that reserves will have increased by £15,367 and income received in advance of £25,551 applied to projects.

Purpose of Report: To advise members of the Board's financial position to the end of November and likely position at the end of the financial year.

Background

1. The current financial position is satisfactory with no significant problems to report.
2. This is the first year that the report has been prepared in the revised format agreed by the Committee. It separates core activity, ongoing activity (funded primarily from earned income and reserves), project activity (funded by external bodies such as the Heritage Lottery Fund) and small grants funded by the Development Reserve.
3. The attached document records activity against each of these four categories.
4. Core expenditure is just £4,475 below profile after ten months of the financial year, and ongoing activity £3,869 over. This latter figure reflects the success of the Countryside Festival and is matched by additional income.
5. Project expenditure is £2,615 below profile at this stage. Small grant payments will not be as great as anticipated.
6. Income from Defra, local authorities, and external funders is generally in line with expectation.
7. A detailed sheet of "other income" earned by the Board is also attached. This shows that actual income is above profile by £12,793 at

this stage, reflecting the Countryside Festival and sales of merchandise.

Recommendations:

- 1. To note the current financial position.**

BUDGET CONTROL 2013-14							
MONTH 10: JANUARY 2014							
Description	Annual Budget	Profiled Budget to date	Actual to date	Variance	Projected Outturn	Year End Variance	Notes
	£	£	£	£	£		
CORE ACTIVITY							
<i>Expenditure</i>							
Core Department 100:							
Promotion and Awareness							
<i>Core expenditure:</i>							
Information Officer & E&A Officer	(93,255)	(77,713)	(77,710)	2	(93,255)	-	
Travel and subsistence	(1,700)	(1,417)	(999)	418	(1,300)	400	
Subscriptions magazines / newspapers	(525)	(438)	(219)	218	(255)	270	
Web site	(800)	(667)	(288)	379	(288)	512	
Printing & distribution costs	(1,400)	(1,167)	(541)	626	(1,400)	-	
Events and exhibitions	(1,500)	(1,250)	(607)	643	(607)	893	
Miscellaneous	(200)	(167)	(3)	164	(3)	197	
105 Annual Report	(1,050)	(728)	(724)	4	(728)	322	
106 Annual Forum	(1,000)	(735)	(738)	(3)	(738)	262	
107 Chalk and Trees 1st edition	(5,925)	(5,925)	(6,388)	(463)	(6,389)	(464)	
111 Environmental Tourism	(500)	(417)	(434)	(17)	(435)	65	
113 Historic Environment	(1,100)	(917)	(2,466)	(1,549)	(2,475)	(1,375)	
Sub total	(108,955)	(91,538)	(91,118)	421	(107,873)	1,082	

BUDGET CONTROL 2013-14							
MONTH 10: JANUARY 2014							
Description	Annual Budget	Profiled Budget to date	Actual to date	Variance	Projected Outturn	Year End Variance	Notes
	£	£	£	£	£		
Core Department 200:							
Countryside Management							
Core expenditure:							
Countryside & FLU Officer	(76,950)	(64,125)	(64,137)	(12)	(76,950)	-	
Travel and subsistence	(900)	(750)	(934)	(184)	(900)	-	
Publications	(75)	(63)	(26)	37	(75)	-	
Events / exhibitions	(250)	(208)	-	208	(250)	-	
Subscriptions: organisations	(90)	(75)	(50)	25	(90)	-	
Miscellaneous	(85)	(71)	-	71	(85)	-	
203 Commons	(5,000)	(4,415)	(4,413)	2	(5,000)	-	Including £4,000 applied to Commons Project
204 Chalk grassland group	(1,000)	(833)	(381)	452	(1,000)	-	
206 State of Environment Report	(1,600)	(1,333)	(798)	536	(1,000)	600	
207 Support for Trees & Woods Mgt	(3,500)	(3,500)	(3,000)	500	(3,000)	500	
Sub total	(89,450)	(75,373)	(73,738)	1,635	(88,350)	1,100	

BUDGET CONTROL 2013-14							
MONTH 10: JANUARY 2014							
Description	Annual Budget	Profiled Budget to date	Actual to date	Variance	Projected Outturn	Year End Variance	Notes
	£	£	£	£	£		
Core Department 300:							
Planning and development							
300 Core expenditure:							
Planning Officer	(63,075)	(52,563)	(52,427)	136	(62,995)	80	
Travel & subsistence	(1,180)	(983)	(664)	319	(1,180)	-	
Miscellaneous	(150)	(125)	-	125	(150)	-	
301 Planning Committee	(520)	(295)	(418)	(123)	(520)	-	
302 Planning conference	(900)	-	-	-	(900)	-	
303 Design Guidance	(25)	-	(4)	(4)	(25)	-	
304 Building design awards	(1,500)	(1,500)	(1,167)	333	(1,200)	300	
305 Technical assistance / training	(1,500)	(1,250)	(1,193)	57	(1,500)	-	
308 Management Plan	(10,000)	(2,050)	(2,065)	(15)	(10,000)	-	
Sub total	(78,850)	(58,766)	(57,938)	828	(78,470)	380	

BUDGET CONTROL 2013-14							
MONTH 10: JANUARY 2014							
Description	Annual Budget	Profiled Budget to date	Actual to date	Variance	Projected Outturn	Year End Variance	Notes
	£	£	£	£	£		
Core Department 400:							
Recreation and Access							
Core expenditure:							
Access Officer	(27,385)	(22,821)	(22,817)	4	(27,385)	-	
Travel and subsistence	(500)	(417)	(308)	109	(500)	-	
Miscellaneous	(150)	(125)	(44)	81	(150)	-	
401 Access public'ns incl. Country Walks	(2,000)	-	(77)	(77)	(1,200)	800	
402 Access conference	-	-	(5)	(5)	-	-	Deferred to early 2014-15
404 Access for all Improvements	(1,100)	-	-	-	(500)	600	
Sub total	(31,135)	(23,363)	(23,250)	112	(29,735)	1,400	
Core Department 500:							
Corporate Services							
Core expenditure:							
Chief Officer / Admin Officer	(107,000)	(86,130)	(86,107)	23	(107,000)	-	
Travel and subsistence	(1,750)	(1,458)	(1,306)	152	(1,750)	-	
Staff training	(3,000)	(2,500)	(2,382)	118	(3,000)	-	
Premises	(27,095)	(25,959)	(25,932)	27	(26,990)	105	
Office costs	(13,270)	(11,145)	(8,476)	2,669	(11,814)	1,456	
Office furniture & equipment	(935)	(779)	(181)	598	(935)	-	
IT (incl OS licences)	(5,275)	(4,396)	(9,339)	(4,943)	(10,110)	(4,835)	
Photography	-	-	-	-	-	-	
Meetings & events	(435)	(363)	(433)	(71)	(500)	(65)	
Finance	(19,265)	(15,721)	(14,304)	1,416	(18,910)	355	
Personnel	(3,835)	(1,879)	(1,835)	45	(3,835)	-	
Legal services	(1,560)	(1,300)	(582)	718	(1,560)	-	
Insurance	(3,600)	(3,600)	(3,462)	138	(3,600)	-	
Miscellaneous	(565)	(471)	-	471	(565)	-	
Sub total	(187,585)	(155,701)	(154,340)	1,361	(190,569)	(2,984)	

BUDGET CONTROL 2013-14							
MONTH 10: JANUARY 2014							
Description	Annual Budget	Profiled Budget to date	Actual to date	Variance	Projected Outturn	Year End Variance	Notes
	£	£	£	£	£		
Core Department 600							
Member Services							
Core expenditure:							
Members' allowances	(33,795)	(28,163)	(26,331)	1,832	(33,795)	-	Excludes SDF Panel allowances
Board member training	(1,500)	(1,250)	(3,009)	(1,759)	(3,010)	(1,510)	
Board meetings	(1,000)	(833)	(857)	(24)	(1,000)	-	
Miscellaneous	(50)	(42)	-	42	(50)	-	
601 Executive Committee	(150)	(125)	(99)	26	(150)	-	
Sub total	(36,495)	(30,413)	(30,296)	117	(38,005)	(1,510)	
TOTAL CORE EXPENDITURE	(532,470)	(435,153)	(430,679)	4,475	(533,002)	(532)	
National AONB	(2,500)	(2,500)	(2,500)	-	(2,500)		

BUDGET CONTROL 2013-14							
MONTH 10: JANUARY 2014							
Description	Annual Budget	Profiled Budget to date	Actual to date	Variance	Projected Outturn	Year End Variance	Notes
	£	£	£	£	£		
Core Income							
Defra: Core	425,976	319,482	319,482	-	426,402	426	To meet 80% of core expenditure
Local Authorities	104,255	104,255	105,781	1,526	105,781	1,526	
Town and Parish Councils	3,000	2,500	1,875	(625)	3,000	-	
Other earned income	1,739	1,574	2,213	640	319	(1,420)	Balancing figure
TOTAL CORE INCOME	534,970	427,811	429,351	1,541	535,502	532	
NET CORE INCOME / (EXPENDITURE)	-	(9,843)	(3,827)	6,015	-	-	
FUNDED BY:-							
Development Reserve:							
- Core surplus	-				-	-	
Budget Equalisation Reserve:							
- Core deficit						-	
TOTAL TRANSFERS TO / (FROM) RESERVES	-	-	-	-	-	-	

BUDGET CONTROL 2013-14							
MONTH 10: JANUARY 2014							
Description	Annual Budget	Profiled Budget to date	Actual to date	Variance	Projected Outturn	Year End Variance	Notes
	£	£	£	£	£		
ONGOING ACTIVITY							
<i>Expenditure</i>							
Ongoing Activity Department 100: Promotion and Awareness							
103 Countryside Festival	(5,185)	(5,185)	(9,639)	(4,454)	(9,640)	(4,455)	
108 Chalk and Trees 2nd edition	(5,925)	-	-	-	(6,039)	(114)	
109 Educational Events	(2,250)	(1,875)	(347)	1,528	(1,700)	550	
110 Enjoying Woodlands	(3,500)	(3,000)	(3,000)	-	(3,000)	500	
Sub total	(16,860)	(10,060)	(12,985)	(2,925)	(20,379)	(3,519)	
Ongoing Activity Department 200: Countryside Management							
210 Small Works	(4,000)	-	-	-	(3,500)	500	
211 Local Nature Partnerships	(3,000)	(2,500)	(2,035)	465	(3,000)	-	From Development Reserve
213 Chilterns Rural Skills	-	-	(280)	(280)	(1,920)	(1,920)	Self financing
214 Contribution to Box Project	-	-	-	-	(2,500)	(2,500)	
Sub total	(7,000)	(2,500)	(2,315)	185	(10,920)	(3,920)	
Ongoing Activity Department 300: Planning and development							
310 Planning Policies	(1,500)	-	-	-	(300)	1,200	
311 High Speed Two	(2,000)	(1,667)	(2,867)	(1,200)	(3,000)	(1,000)	From Earmarked Reserve
Sub total	(3,500)	(1,667)	(2,867)	(1,200)	(3,300)	200	
Ongoing Activity Department 400: Recreation and Access							
405 Cycling in the Chilterns	(1,500)	(500)	(431)	69	(1,750)	(250)	
Sub total	(1,500)	(500)	(431)	69	(1,750)	(250)	
Ongoing Activity Department 500: Corporate Services							
503 Research Grants Fund	(5,000)	-	-	-	-	5,000	
504 IT Replacements & Upgrades	(3,000)	(1,350)	(1,348)	2	(1,350)	1,650	
Sub total	(8,000)	(1,350)	(1,348)	2	(1,350)	6,650	
Ongoing Activity Department 600: Member Services							
Sub total	-	-	-	-	-	-	
TOTAL ONGOING ACTIVITY EXPENDITURE	(36,860)	(16,077)	(19,946)	(3,869)	(37,699)	(839)	

BUDGET CONTROL 2013-14							
MONTH 10: JANUARY 2014							
Description	Annual Budget	Profiled Budget to date	Actual to date	Variance	Projected Outturn	Year End Variance	Notes
	£	£	£	£	£		
Ongoing Activity Income							
Balance of earned income	32,796	29,897	42,051	12,154	50,706	17,910	
TOTAL ONGOING ACTIVITY INCOME	32,796	29,897	42,051	12,154	50,706	17,910	
NET INCOME / (EXPENDITURE)	(4,064)	13,820	22,105	8,285	13,007	17,071	
FUNDED BY:-							
Development Reserve:							
Surplus	5,936				23,007	17,071	
Local Nature Partnerships	(3,000)				(3,000)	-	
Farm Advice Project	(2,000)				(2,000)	-	
Research Grants Fund	(5,000)				(5,000)	-	
	-				-	-	
Budget Equalisation Reserve:							
Deficit	-				-	-	
TOTAL TRANSFERS TO / (FROM) RESERVES	(4,064)	-	-	-	13,007	17,071	

BUDGET CONTROL 2013-14							
MONTH 10: JANUARY 2014							
Description	Annual Budget	Profiled Budget to date	Actual to date	Variance	Projected Outturn	Year End Variance	Notes
	£	£	£	£	£		
PROJECTS							
<i>Expenditure</i>							
Projects Department 200:							
Countryside Management							
250 Chilterns Chalk Streams (Core)	(33,400)	(27,833)	(26,152)	1,682	(32,555)	845	
251 Chilterns Chalk Streams (Projects)	(33,210)	(27,675)	(3,093)	24,582	(40,050)	(6,840)	
255 Chilterns Commons Project	(127,177)	(66,531)	(83,961)	(17,430)	(130,201)	(3,024)	
258 Box Woods Project	(35,260)	(15,000)	(15,503)	(503)	(20,650)	14,610	
260 Chilterns Farm Advice Project	(2,000)	(2,000)	(3,539)	(1,539)	(27,000)	(25,000)	
261 Historic Farmsteads Survey	(2,000)	(1,667)	-	1,667	(2,000)	-	From Development Reserve
Sub total	(233,047)	(140,706)	(132,249)	8,458	(252,456)	(19,409)	
Projects Department 400:							
Recreation and Access							
406 Tourism Network	-	-	(5,843)	(5,843)	(5,843)	(5,843)	
Sub total	-	-	(5,843)	(5,843)	(5,843)	(5,843)	

BUDGET CONTROL 2013-14							
MONTH 10: JANUARY 2014							
Description	Annual Budget	Profiled Budget to date	Actual to date	Variance	Projected Outturn	Year End Variance	Notes
	£	£	£	£	£		
TOTAL PROJECT EXPENDITURE	(233,047)	(140,706)	(138,092)	2,615	(258,299)	(25,252)	
Project Income							
Farm Advice Project EA	-	-	25,089	25,089	27,000	27,000	
Defra: Chalk Streams	20,559	15,420	15,420	(314)	20,133	(426)	Balance of Defra grant of 446,535 after core.
Chalk Streams external income (core)	17,795	16,495	14,034	(2,461)	18,045	250	
Chalk Streams external income (projects)	33,210	33,200	43,180	9,980	43,210	10,000	
Chilterns Commons Project: HLF	99,309	66,206	46,672	(19,534)	97,650	(1,659)	
Chilterns Commons Project: other	10,458	6,972	10,725	3,753	7,000	(3,458)	
Box Woods Project: HLF	31,760	-	-	-	17,150	(14,610)	
Box Woods Project: Other	3,500	-	-	-	3,500	-	
Tourism Network	-	-	5,270	5,270	5,070	5,070	
TOTAL PROJECT INCOME	216,591	138,293	160,390	21,783	238,758	22,167	

BUDGET CONTROL 2013-14							
MONTH 10: JANUARY 2014							
Description	Annual Budget	Profiled Budget to date	Actual to date	Variance	Projected Outturn	Year End Variance	Notes
	£	£	£	£	£		
NET INCOME / (EXPENDITURE)	(16,456)	(2,413)	22,299	24,398	(19,541)	(3,085)	
FUNDED BY:-							
Development Reserve:							
- Historic Farmsteads Survey	(2,000)				(2,000)	-	
- Farm Advice Project	(2,000)				(2,000)	-	
- Surplus	-				1,641	1,641	
Budget Equalisation Reserve:							
	-				-	-	
Chalk Streams Reserve:							
- Net surplus	4,954				8,369	3,415	
- Projects					-		
Income received in advance:	(17,410)				(25,551)	(8,141)	
TOTAL TRANSFERS TO / (FROM) RESERVES	(16,456)	-	-	-	(19,541)	(3,085)	

BUDGET CONTROL 2013-14							
MONTH 10: JANUARY 2014							
Description	Annual Budget	Profiled Budget to date	Actual to date	Variance	Projected Outturn	Year End Variance	Notes
	£	£	£	£	£		
SMALL GRANTS SCHEME							
<i>Small Grants Expenditure</i>							
To be allocated	(20,000)	(3,650)	(1,631)	2,019	(3,650)	16,350	
TOTAL SMALL GRANTS EXPENDITURE	(20,000)	(3,650)	(1,631)	2,019	(3,650)	16,350	
FUNDED BY:-							
Development Reserve							
- to be allocated	(20,000)	(1,750)			(3,650)	16,350	
TOTAL TRANSFERS TO / (FROM) RESERVES	(20,000)	(1,750)	-	-	(3,650)	16,350	
RESERVES MOVEMENTS							
General	-				-		
Budget Equalisation	-				-		
Development	(24,954)				6,998		
Chalk Stream earmarked reserve	4,954				8,369		
TOTAL RESERVES MOVEMENTS	(20,000)				15,367		
RESERVES AT YEAR START / END	01-Apr-13				31-Mar-14		
General	135,000				135,000		
Budget Equalisation	138,345				138,345		
Development	241,045				248,043		
Chalk Streams	19,697				28,066		
Red Kites	6,629				6,629		
TOTAL RESERVES	540,716				556,083		

		Other Income	Budget for year	Budget to date	Actual to date	Variance	Projected Outturn
			£	£	£	£	£
10							
	Core Activity						
100.4900	Promotion & Awareness	Earned income	600	500	80	(420)	600
500.4900	Unidentified income	incl. Red Kite donations	500	417	183	(233)	500
106.4900	Annual Forum	Income	550	458	428	(30)	550
107.4004	Chalk & Trees edition 1	Advertising income	2,200	1,833	2,397	563	2,395
107.4901	Chalk & Trees edition 1	Electronic subscriptions	140	117	222	105	200
203.4900	Commons		800	667	972	306	960
204.4001	Chalk Grassland		810	675	336	(339)	810
206.4900	State of the Environment Report		270	225	210	(15)	270
300.4900	Planning	Earned income	670	558	-	(558)	670
305.4900	Technical Assistance		950	792	-	(792)	950
302.4900	Planning Conference		900	900	1,560	660	1,560
304.4003	Building Design Awards		740	617	600	(17)	740
400.4400	Recreation & Access	Advertising income	490	408	950	542	850
401.4900	Access Publications		300	250	208	(42)	300
402.4900	Access Conference		-	-	-	-	-
	Sub Total		9,920	8,417	8,146	- 271	11,355
	Other Earned Income						
103	Countryside Festival	Income	7,185	7,185	13,780	6,595	13,780
108.4004	Chalk & Trees edition 2	Advertising income	2,200	1,833	-	(1,833)	2,200
108.4901	Chalk & Trees edition 2	Electronic subscriptions	140	117	-	(117)	140
109.4900	Educational Events		2,800	2,333	4,119	1,786	3,775
113.4900	Historic Environment		25	21	1,951	1,930	1,900
213.5900	Chilterns Rural Skills		-	-	1,711	1,711	2,675
405.4400	Chilterns Cycleway	Advertising income	200	167	-	(167)	200
500.4008	Corporate	Interest received	8,065	8,065	8,315	250	8,500
	Sub Total		20,615	19,721	29,876	10,155	33,170

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	Merchandise sales						
	Promotion & Awareness	incl. People & Places book		-	2,771		
	Planning			-	68		
	Cycleway guidebooks			-	3,403		
			4,000	3,333	6,242	2,909	6,500
	Total		34,535	31,471	44,264	12,793	51,025

Item 7 MEDIUM TERM FINANCIAL FORECAST (2014-16)
INCL. BUDGET FOR 2014-15

Author: Steve Rodrick Chief Officer
 Chris Smith Finance Officer

Summary A detailed budget has been prepared that reflects the decisions of the Executive and Board, as advised by the Finance Sub-Committee formed to review the Medium Term Financial Forecast

Purpose of Report: To present a detailed budget for 2014-15 for consideration and recommendation to the Board.

Background

1. During 2013 a sub-committee of Executive Committee members was formed to review the Medium Term Financial Plan.
2. That sub-committee subsequently reported to the Executive Committee and a financial plan approved for consideration by the Board. The plan was approved by the Board at its last meeting.

Budget 2014-15

3. The budget attached comprises four parts.
4. The core budget, now including Chalk Streams, is 78% funded by Defra grant, with the balance coming from local authorities, town and parish councils, chalk streams sponsorship, investment income and the chalk streams reserve.
5. The ongoing activity budget of £58,385 is funded by earned income (53%), special events income (25%) and the Development Reserve (23%)
6. Project expenditure is fully funded by external sponsorship, and may grow during the year as further bids are made.
7. The special projects budget of £20,000 replaces the small grants budget and will be funded from the Development Reserve.
8. The net effect of this budget will be to draw down £34,622 from reserves.

Recommendation:

1. **To consider the budget for 2014-15 and recommend its adoption to the Board.**

BUDGET 2014-15		
Description	Annual Budget	Notes
	£	
CORE ACTIVITY		
<i>Expenditure</i>		
Core Department 100:		
Promotion and Awareness		
<i>Core expenditure:</i>		
Information Officer & E&A Officer	(95,040)	
Travel and subsistence	(1,700)	
Web site	(300)	
Printing & distribution costs	(900)	
Events and exhibitions	(700)	
Miscellaneous	(200)	
105 Annual Report	(750)	
106 Annual Forum	(800)	
Sub total	(100,390)	

BUDGET 2014-15		
Description	Annual Budget	Notes
	£	
Core Department 200:		
Countryside Management		
Core expenditure:		
Countryside & FLU Officer	(109,515)	
Travel and subsistence	(900)	
Subscriptions: organisations	(90)	
Miscellaneous	(85)	
206 State of Environment Report	(500)	Data gathering
207 Con'bn to Chiltern Woodlands Projects	(6,500)	
Sub total	(117,590)	

BUDGET 2014-15		
Description	Annual Budget	Notes
	£	
Core Department 300:		
Planning and development		
<i>300 Core expenditure:</i>		
Planning Officer	(64,315)	
Travel & subsistence	(1,180)	
Miscellaneous	(150)	
301 Planning Committee	(520)	
Sub total	(66,165)	

BUDGET 2014-15		
Description	Annual Budget	Notes
	£	
Core Department 400:		
Recreation and Access		
Core expenditure:		
Access Officer	(27,905)	
Travel and subsistence	(500)	
Miscellaneous	(150)	
Sub total	(28,555)	
Core Department 500:		
Corporate Services		
Core expenditure:		
Chief Officer / Admin Officer	(104,190)	
Travel and subsistence	(1,750)	
Staff training	(2,000)	
Premises	(28,535)	
Office costs	(7,625)	
IT (incl telephone & voicemail support)	(5,785)	
Subscriptions to organisations	(100)	
Meetings & events	(435)	
Finance	(19,605)	
Personnel	(2,730)	
Legal and Clerk services	(1,500)	
Insurance	(4,800)	
Miscellaneous	(250)	
Sub total	(179,305)	

BUDGET 2014-15		
Description	Annual Budget	Notes
	£	
Core Department 600		
Member Services		
<i>Core expenditure:</i>		
Members' allowances	(30,840)	
Board member training	(750)	
Board meetings	(1,000)	
Miscellaneous	(50)	
601 Executive Committee	(150)	
Sub total	(32,790)	
Global increment provision	(3,620)	
TOTAL CORE EXPENDITURE	(528,415)	
National AONB	(2,500)	

BUDGET 2014-15		
Description	Annual Budget	Notes
	£	
Core Income		
Defra: Core	412,868	78% of core expenditure
Local Authorities	94,255	
Environment Agency	5,000	
Water Companies	6,600	
Town and Parish Councils	3,000	
Investment income	5,000	
TOTAL CORE INCOME	526,723	
NET CORE INCOME / (EXPENDITURE)	(4,192)	
FUNDED BY:-		
Development Reserve:		
- Core surplus	1,808	
Budget Equalisation Reserve:		
- Core deficit	-	
Chalk Streams Reserve:		
- Contribution	(6,000)	
TOTAL TRANSFERS TO / (FROM) RESERVES	(4,192)	

BUDGET 2014-15		
Description	Annual Budget	Notes
	£	
ONGOING ACTIVITY		
<i>Expenditure</i>		
Ongoing Activity Department 100:		
Promotion and Awareness		
103 Countryside Festival	(5,185)	£4,000 surplus assumed
107 Chalk and Trees 1st edition	(5,975)	
108 Chalk and Trees 2nd edition	(5,975)	
109 Educational Events	(2,250)	
111 Environmental Tourism	-	
113 Chilternsaetna (newsletter)	(1,100)	
Sub total	(20,485)	
Ongoing Activity Department 200:		
Countryside Management		
210 Site Management (small works)	(2,000)	Incl. commons & chalk grassland
211 Local Nature Partnerships	(2,000)	
212 Chilterns Farm Advice Project	(2,000)	Annual contribution
213 Chilterns Rural Skills	-	Self financing
214 Commons Project Contribution	(4,000)	
215 Hillforts	(2,000)	To prepare bid
219 Events / exhibitions	(250)	
217 Farmers' Forum	(500)	
218 Box Project Contribution	(1,250)	
Sub total	(14,000)	
Ongoing Activity Department 300:		
Planning and development		
302 Planning conference	(900)	
304 Building design awards	(1,500)	
311 High Speed Two	(5,000)	
Sub total	(7,400)	
Ongoing Activity Department 400:		
Recreation and Access		
401 Access public'ns incl. Country Walks	(1,000)	
402 Access conference	-	Special events budget
404 National Trail Projects	(1,500)	
405 Access improvements	(1,000)	incl. Access for All
Sub total	(3,500)	
Ongoing Activity Department 500:		
Corporate Services		
503 Bursaries	(1,000)	

BUDGET 2014-15		
Description	Annual Budget	Notes
	£	
504 IT Replacements & Upgrades	(2,000)	
Sub total	(3,000)	
Ongoing Activity Department 600		
Member Services		
Sub total	-	
Special Events expenditure	(10,000)	
TOTAL ONGOING ACTIVITY EXPENDITURE	(58,385)	

BUDGET 2014-15		
Description	Annual Budget	Notes
	£	
Ongoing Activity Income		
Earned income	31,190	
Special Events income	15,000	
TOTAL ONGOING ACTIVITY INCOME	46,190	
NET INCOME / (EXPENDITURE)	(12,195)	
FUNDED BY:-		
Development Reserve:		
Contributions	(12,195)	
TOTAL TRANSFERS TO / (FROM) RESERVES	(12,195)	

BUDGET 2014-15		
Description	Annual Budget	Notes
	£	
PROJECTS		
<i>Expenditure</i>		
Projects Department 200:		
Countryside Management		
251 Chilterns Chalk Streams (Projects)	(4,850)	
255 Chilterns Commons Project	(112,610)	
258 Box Woods Project	(53,800)	
260 Farm Advice Project	(27,000)	Year 2 subject to confirmation
261 Historic Farmsteads Survey	-	Subject to successful bid, then £3k p.a.
262 Hillforts	-	Subject to successful bid. 2k allocated for bid. Then £5k p.a.
Sub total	(198,260)	

BUDGET 2014-15		
Description	Annual Budget	Notes
	£	
TOTAL PROJECT EXPENDITURE	(198,260)	
Project Income		
251 Chalk Streams external income (projects)	6,000	
255 Chilterns Commons Project: HLF	103,725	
255 Chilterns Commons Project: other	9,500	
258 Box Woods Project: HLF	50,050	
258 Box Woods Project: Other	3,750	
260 Farm Advice Project	27,000	Year 2 subject to confirmation
261 Historic Farmsteads Survey	-	
262 Hillforts	-	
TOTAL PROJECT INCOME	200,025	

BUDGET 2014-15		
Description	Annual Budget	Notes
	£	
NET INCOME / (EXPENDITURE)	1,765	
FUNDED BY:-		
Development Reserve:	-	
	-	
Budget Equalisation Reserve:		
Chalk Streams Reserve	1,765	
	-	
Income received in advance:	-	
TOTAL TRANSFERS TO / (FROM) RESERVES	1,765	

BUDGET 2014-15		
Description	Annual Budget	Notes
	£	
SPECIAL PROJECTS		
<i>Special Projects Expenditure</i>		
To be allocated	(20,000)	
TOTAL SPECIAL PROJECTS EXP.	(20,000)	
FUNDED BY:-		
Development Reserve		
- to be allocated	(20,000)	
TOTAL TRANSFERS TO / (FROM) RESERVES	(20,000)	
RESERVES MOVEMENTS		
General	-	
Budget Equalisation	-	
Development	(30,387)	
Chalk Stream earmarked reserve	(4,235)	
TOTAL RESERVES MOVEMENTS	(34,622)	

		Other Income	Budget for year £
	Core Activity		
500.4008	Corporate	Interest received	5,000
	Sub Total		5,000
	Other Earned Income		
100.4900	Promotion & Awareness	Earned income	600
103	Countryside Festival	Income	9,185
106.4900	Annual Forum	Income	300
107.4004	Chalk & Trees edition 1	Advertising income	2,395
107.4901	Chalk & Trees edition 1	Electronic subscriptions	200
108.4004	Chalk & Trees edition 2	Advertising income	2,300
108.4901	Chalk & Trees edition 2	Electronic subscriptions	-
109.4900	Educational Events		2,800
113.4900	Historic Environment		-
203.4900	Commons		800
204.4001	Chalk Grassland		810
206.4900	State of the Environment Report		270
300.4900	Planning	Earned income	670
305.4900	Technical Assistance		950
302.4900	Planning Conference		1,380
304.4003	Building Design Awards		740
400.4400	Recreation & Access	Advertising income	490
401.4900	Access Publications		300
402.4900	Access Conference		-
405.4400	Chilterns Cycleway	Advertising income	200
500.4900	Unidentified income	incl. Red Kite donations	1,000
500.4901	Solar panels income		400
	Sub Total		25,190

	Merchandise sales		
	Promotion & Awareness	incl. People & Places book	
	Planning		
	Cycleway guidebooks		
			6,000
	Total		36,190

9. More involvement in the Thames Path and, especially, the Ridgeway National Trails
10. Development of proposals for projects to succeed the HLF supported Commons and Box Woodland Projects (which will end in summer 2015).

Recommendations

- 1. To comment on the draft Business plan**
- 2. Subject to changes, to agree it should be presented to the Board on 26th March for approval.**

Item 9 Insurance Fidelity Cover

Author: Chris Smith Finance Officer

Summary: The Audit Commission's auditors made two recommendations in 2013. One of these relates to Fidelity Guarantee Insurance and this report recommends a response to that recommendation.

Purpose of the Report: To respond to a recommendation from the Audit Commission in 2013.

Background:

- 1 In its report issued in September 2013 the Audit Commission's auditors raised an issue designed to assist the Board.
- 2 The issue relates to Fidelity Guarantee Insurance which is the cover designed to protect the Board's cash holdings against misappropriation.
- 3 At any one time the Board's cash holdings amount to about £600,000, whereas the cover provided is for £100,000. This was reduced when the cover was re-negotiated a year ago.

Audit Comment:

- 4 The auditors' report says that the Board may decide that no security is "sufficient" for them, but in order to come to this opinion it must have reviewed the requirement annually and have objective grounds for such a conclusion. Smaller bodies may decide that the cost of this insurance is disproportionate to the risk involved.
- 5 Insurers have offered to increase the cover to £250,000 at an additional premium of £175 plus 6% tax. (£10.50)

Conclusions:

- 6 The cash holdings are under the direct control of the Section 151 officer and no-one else, other than the Chief Officer, is authorised to handle these reserves.
- 7 Given the degree of risk involved there appears to be little point in increasing the cover for just part of the cash holding.

Recommendation:

1. **To agree that the cost of (partial) cover is disproportionate to the risk involved.**

Item 10 Report on General Reserve

Authors: Steve Rodrick Chief Officer
Chris Smith Finance Officer

Summary: The General Reserve is £135,000 and held primarily held to meet the cost of winding up the Board should such an eventuality arise. It is also held as a contingency in the event the Board has to meet a major unforeseen cost. The primary cost of winding up the Board would be the cost of redundancy payments. It is recommended that the Board considers reducing the General Reserve to £100,000.

Purpose of the Paper: To decide on the level of the General Reserve for 2014-16.

Background

- Following adoption of the Medium Term Financial Plan for 2014-16 the predicted level of reserves on 1st April 2016 will be:

General Reserve	£135,000
Budget Equalisation	£117,041
Development Reserve	£202,459
Chalk Streams Reserve	£ 16,251
Total	£470,751

Up to £56,000 will have been drawn down since 1st April 2014.

- The Executive Committee decided it should review whether the General Reserve was at the correct level for the next two years. Currently these funds are not to be used, or even considered for use, as they are reserved to meet the winding up costs of the Board and other major unforeseen costs which could not be met from annual income or are not insured.
- A review of winding up costs has been undertaken. The major cost by far would be redundancy payments. The only other notable cost would be the outstanding term on the lease on the office.
- For the sake of preparing an illustration it is assumed that if the Board were to be wound up at least two years notice would be given, as this process would need to begin with legislation. The notional winding up date is therefore 31st March 2016.
- The major potential liability would be the cost of redundancy. The maximum liability would be £250,000. Seventy nine percent of this sum is accounted for by four members of staff, three of whom would be in their early to mid-fifties in 2016. If any of them left it would significantly reduce this liability.

6. This potential liability is considerably in excess of the General Reserve. However, it is assumed that with up to two years notice of winding up, redundancy notices would not be issued until well into this period, probably with only three months until the winding up date. By that time it is likely that several members of staff would have left to seek employment elsewhere. The older members of staff, who might find it more difficult to get another job and who would be eligible for a larger payment, would probably wait until the notice of redundancy. This may well be those staff who account for 79% (£197,500) of the liability.
7. It is also assumed that the annual grant could be used to meet winding up costs. It is also likely that other unused reserves would be used.
8. The possibility cannot be discounted that the Government would require the Board to use its own reserves to meet all winding up costs.
9. Knowing that winding up costs have to be met, the Board has to ensure it has sufficient resources to meet those costs. This is likely to take precedence over other uses of reserves.
10. The lease on the office building runs until 2020. The relationship with the landlord is very good and it is reasonable to assume that, with two years notice, the Board could expect to relinquish the lease early without significant penalty.
11. The Board has a small asset base, the sale of which could be used to meet low level incidental costs of winding up.
12. Based on the above assumptions the costs to wind up the Board would be in the order of £200,000, nearly all of which would be for redundancy costs.
13. The total level of reserves stands at £470,000, and whilst they can be expected to reduce gradually over the next few years it is unlikely to fall below £350,000 in the next 5 years.

Conclusion

14. The likelihood of the Board being wound up in the next few years is remote - the Government has only recently completed its review of so called Quangos. The Board has a healthy level of reserves which it plans to use on a modest scale for the next two years. It is unlikely to need to use reserves to the extent that the general reserve itself is required.
15. Should the future of the Board be less certain, then it makes sense to ensure that sufficient reserves are available, in combination with access to the annual grant, to meet all winding up costs. However, it is very unlikely that the full costs would have to be met from reserves.

Whilst the Board should ensure its total reserves never fall below the estimated cost of winding up the Board there seems less justification for having a specific reserve to meet such an eventuality.

It is recommended, therefore, that the General Reserve is reduced to £100,000 and consideration given to investing this sum for a period of longer than one year, providing it attracts a significantly higher rate of return. This policy should be reviewed annually.

Recommendation

- 1. The General Reserve is reduced to £100,000 for the next two years.**
- 2. The level of the General Reserve is reviewed annually.**

Item 11 Treasury Management

Author: Chris Smith Finance Officer

Summary: A Treasury Management Strategy will be adopted and reviewed on an annual basis.

Purpose of Report: To present a draft Treasury Management Strategy for the Conservation Board for the approval of members.

Background :

1. In 2001 the Chartered Institute of Public Finance and Accountancy (CIPFA) published "Treasury Management in the Public Services: Code of Practice".
2. Public services have been taken to include those organisations which are, in terms of government expenditure classification, the public sector, together with certain other organisations which are materially reliant on government funding or subsidy, and/or have significant social, democratic or political influences on their activities.
3. In the case of local authorities the Code has a particular significance, since adoption of its recommendations satisfies the requirement for "proper practice" under the provisions of the Local Government and Housing Act 1989.
4. Whilst the same legal requirement does not apply to the Board the adoption of the good practice contained in the Code has been adopted as an appropriate step for the Board.
5. Treasury Management activity is defined in the document as:

"The management of the organisation's cash flows, its banking, money market and capital market transactions; the effective control of risks associated with those activities; and the pursuit of optimum performance consistent with those risks".
6. The Code recommends that the organisation should receive two reports each year on its Treasury Management activity – an annual strategy and plan in advance of the year, and an annual report after its close. The remainder of this paper comprises the first of those reports and covers policy and strategy for 2014-15.
7. The Board adopted a Treasury Management Strategy for the first time, in February 2008.

Treasury Management Policy

8. This is detailed in the attached Appendix 'A'.

Treasury Management Strategy

9. The overall objective is to balance risk against return. The avoidance of risk takes precedence over maximising returns. The strategy covers:

Managing the Day to Day Cash Position of the Board

The objective is to generate more funds to assist the Board's budget.

Borrowing

The Board has not, to date, found it necessary to borrow money as its cash flow has always been positive. In the event that this should change in the future an appropriate addition will be recommended to the strategy.

Lending (Investing)

At any one time the Board currently has available up to £600,000 to invest. This is a combination of reserves supplemented by positive cash flow i.e. grant income coming in before expenditure is incurred. Whilst the objective is to maximise returns, security of the investment is the overriding consideration in selecting the organisations with which the funds are invested.

Only those types of organisations approved by the Government are used and within this only those with the highest credit rating according to the Credit Rating Agency list are recommended. The credit ratings are monitored on a quarterly basis. If a rating did fall below the required level no further loans would be made and current investments would be withdrawn as soon as possible.

Current strategy is low risk and simple. All available funds are invested on the money market with HSBC (the Board's bankers) other UK clearing banks and major building societies.

All high street banks have separate departments where they "buy and sell" money – the "money market". This way of investing "spare" cash is only open to the larger investors and a minimum of £50,000 is needed. The money can be placed with the bank for different periods from 1 week to 1 year depending on the market situation and on the need for cash. The significant reduction in interest rates since the autumn of 2008 has resulted in the need to extend our investing

beyond HSBC. Bank of Scotland (HBOS) was approved for investment in December 2008 and Nationwide International in 2012.

Once the money is placed for an agreed period, the money cannot be accessed.

There are no significant risks associated with this category of investment.

Recommendations

- 1. To adopt the Treasury Management Strategy outlined in the report and the Treasury Management Policy Statement detailed in Appendix 'A'.**
- 2. To receive a report on the performance of the Treasury Management after the end of each financial year and to review its Treasury Management strategy before the start of each year.**

APPENDIX 'A'

CHILTERN'S CONSERVATION BOARD

Treasury Management Policy Statement

Scope

1. This statement covers the following activities which comprise the Treasury Management functions:-
 - short term lending;
 - capital financing other than borrowing, e.g. leasing;
 - overall cash resource management.

Treasury Management Policy and Objectives

2. This organisation defines its treasury management activities as:
"The management of the organisation's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."
3. This organisation regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
4. This organisation acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management."
5. All activities will be in accordance with the Board's Parliamentary Establishment Order.(Part II and Part IV)

Roles in Relation to Treasury Management

6. The Board (authority has been delegated to the Executive Committee) will agree the overall Treasury Management policy and the annual strategy. The Finance Officer will implement the strategy in accordance with the policy. If any short term variances are necessary they will be undertaken by the Finance Officer in liaison with the Chief

Officer, and reported to the next meeting of the Executive Committee. If necessary an extraordinary meeting would be called.

7. Other than for short term operational needs the Board requires the Secretary of State's permission to borrow funds. (Parliamentary Establishment Order Part IV Section 28). The approval of the full Board is needed to borrow funds.

Approved Sources and Methods of Borrowing/Financing

8. These are:-

- all banking institutions on the Bank of England's official list using loan instruments and other credit arrangements.

Approved Organisations for Lending

9. These are:-

<u>Institution</u>	<u>Maximum Loan</u> £	<u>Maximum Period</u> <u>of Loan</u>
Clearing Banks	500,000	364 days
Foreign Banks	nil	n/a
Other Banks	nil	n/a
Building Societies:		
Assets over £30bn	250,000	6 months
Assets over £20bn	100,000	6 months
Assets over £10bn	nil	n/a
Assets over £4bn	nil	n/a

Institutions within each category will only be used if their credit rating is satisfactory. The use of Building Societies will be dependent on the size of the asset base as well as the credit rating.

The above limits will not apply where they have been breached merely by the addition of accrued interest to a sum which when invested was within the limit.

Policy on Delegation

10. The Board's Financial Regulations delegate to the Finance Officer responsibility for implementation of all Treasury Management. The policies in this statement will be observed. However, if in exceptional circumstances, an urgent variation to the policy is required, it will be

approved by the Finance Officer and reported retrospectively to the Committee.

11. It is the Chief Officer's role to ensure all financial management observes the Board's financial regulations.

Reporting Arrangements

12. A review of the Treasury Management policy will be undertaken annually and a proposed strategy reported to the Committee for approval at the commencement of each financial year.
13. In addition there will be an annual report to the Committee covering transactions in the previous financial year.

Policy on External Managers

13. The current policy is not to employ external managers but to utilise the service of an external advisor if required.

Approved by the Chilterns Conservation Board Executive Committee

as appropriate. This version reflects the decision of the Committee to establish a financial sub-committee (Risk 3a).

Review of Risks

8. The Chief Officer and Finance Officer have reviewed the register and conclude that in the majority of cases the control measures in place are adequate to control the risks facing the Board. At the last review the score for financial risk 3a was increased to “ $3 \times 4 = 12$ ”, reflecting grant reductions. With the work carried out subsequently by the sub-committee and this committee, it is felt that the score could be reduced to “ $2 \times 3 = 6$ ”, a medium rather than very high risk.

Recommendations:

1. **To confirm this version of the Risk Register as controlling risks currently faced by the Board.**
2. **To note that the Register will be reviewed again in six months.**

	4 Very High	3 High	2 Medium	1 Low
4 DISASTER Significant service failure / total loss of public confidence / fatality / major financial crisis.	RED	RED	RED	AMBER
3 MAJOR Significant service disruption / serious public criticism / serious injury / large financial cost.	RED	RED	AMBER	GREEN
2 NOTICEABLE Some service delivery disruption / reduced public confidence / minor injury / unplanned financial cost.	RED	AMBER	AMBER	GREEN
1 MINIMAL Minor service delivery disruption / adverse public comment / no injury / low financial cost	AMBER	GREEN	GREEN	GREEN

No	Area	Description	Assessment – NO controls in place			Control Measures	Responsibility	Assessment – WITH controls in place		
			Likelihood	Impact	Score			Likelihood	Impact	Score
1. REPUTATION: Any action or inaction that could damage the profile and status of the Board										
1a	Reputation	Poor results from Audit Commission inspection leading to lack of credibility / loss of public confidence.	3	3	9	Robust Executive Committee, with regular reports from Section 151 Officer. Regular discussions at staff meetings. Internal audit.	Steve Rodrick Chris Smith	1	3	3
1b	Reputation	Loss of reputation due to member scandal / impropriety.	2	2	4	PR response	Chairman Steve Rodrick Claire Forrest	1	2	2
1c	Reputation	Public conflict between Board and Defra leading to loss of reputation.	1	3	3	Regular liaison at Chairman and Chief Officer level.	Chairman Steve Rodrick	1	3	3
1d	Reputation	Failure to ensure environmental sustainability of the Board's operations, in particular failure to reduce carbon emissions.	2	2	4	Carbon emissions target set. Action programme in place. Regular monitoring Solar panels installed.	Steve Rodrick Colin White	1	2	2

No	Area	Description	Assessment – NO controls in place			Control Measures	Responsibility	Assessment – WITH controls in place		
			Likelihood	Impact	Score			Likelihood	Impact	Score
2. PERFORMANCE: Failure to establish appropriate frameworks to deliver the required standards										
2a	Performance	Lack of focus on strategy.	3	3	9	Regular discussions at Board and Executive Committee. Business Plan. Production of 5 year Management Plan.	Executive Committee Chairman Steve Rodrick	1	3	3
2b	Performance	Ineffective working relationship with Defra and/or partners (local authorities, National trust, etc.)	2	3	6	Regular liaison at Chairman and Chief Officer level.	Chairman Steve Rodrick	1	3	3
2c	Performance	Poor report from Audit Commission.	2	2	4	Implementation of Audit Commission recommendations.	Chris Smith Steve Rodrick	1	2	2
2d	Performance	Inadequate staff capacity - turnover, lack of training, inability to recruit.	2	3	6	Training programmes. Support from Service Level Agreements (Legal Services).	Steve Rodrick Sally Charman	1	2	2

No	Area	Description	Assessment – NO controls in place			Control Measures	Responsibility	Assessment – WITH controls in place		
			Likelihood	Impact	Score			Likelihood	Impact	Score
2e	Performance	Ineffective staff – disproportionate amount of time spent on management rather than project or technical tasks. Reduction in morale due to funding cuts.	3	3	9	Staff appraisals. Staff meetings. Staff feedback. Training programmes. Support negotiated from local authorities / commercial providers in the event of loss of key personnel. Additional leave in lieu of salary increases.	Steve Rodrick Sally Charman	1	3	3
2f	Performance	Major failure of IT Systems	2	4	8	Contract with IT maintenance engineer. Programme of replacement to keep hardware & software up to date. Effective back up system.	Steve Rodrick Donna Webb	1	3	3
2g	Performance	Failure or dangerous malfunction of electrical equipment.	2	2	4	Annual check for all electrical equipment.	Claire Forrest Donna Webb	1	2	2

No	Area	Description	Assessment – NO controls in place			Control Measures	Responsibility	Assessment – WITH controls in place		
			Likelihood	Impact	Score			Likelihood	Impact	Score
2h	Performance	Failure to ensure business continuity in the event of significant incident.	2	4	8	Business Continuity Plan.	Steve Rodrick	1	3	3
3. FINANCIAL: Weaknesses of planning, control and monitoring										
3a	Financial	Lack of resources due to Defra and local authority grant allocations. Reductions in reserves. Accelerated reduction in Defra grant for 2014-15.	4	4	16	Detailed scrutiny of planned spending and income generation. Seek longer term funding agreements with Defra and local authorities. Budget Realignment from 2013-14. Report to Executive Committee September 2013 resulted in the establishment of a sub-committee. Medium term forecast updated. Effective management of reserves, including maintenance of minimum operational reserve.	Executive Committee Steve Rodrick Chris Smith	2	3	6

No	Area	Description	Assessment – NO controls in place			Control Measures	Responsibility	Assessment – WITH controls in place		
			Likelihood	Impact	Score			Likelihood	Impact	Score
3b	Financial	Poor planning, control and monitoring	3	3	9	<p>Preparation of medium term financial plan.</p> <p>Detailed scrutiny of proposed annual budget to match costs with resources.</p> <p>Provide adequate resources for the repair and renewal of assets.</p> <p>Review budget monitoring reports on a regular basis.</p> <p>Ensure that a reserves policy is established and reviewed annually.</p> <p>Budget Realignment from 2013-14 and new budget structure from 2014-15.</p>	<p>Executive Committee</p> <p>Steve Rodrick</p> <p>Chris Smith</p>	1	3	3
3c	Financial	Failure to pay salaries and allowances to staff and members.	2	3	9	<p>Sage payroll operated in-house.</p> <p>Both Finance Officer and Administration Officer conversant with procedures.</p>	<p>Chris Smith</p> <p>Donna Webb</p>	1	3	3

No	Area	Description	Assessment – NO controls in place			Control Measures	Responsibility	Assessment – WITH controls in place		
			Likelihood	Impact	Score			Likelihood	Impact	Score
3d	Financial	Failure to manage cash flow effectively.	3	3	9	Production of Treasury Management Policy. Production of cash flow forecasts Expenditure controls.	Chris Smith Steve Rodrick	1	3	3
4. STATUTORY: Failure to meet legal requirements of any sort										
4a	Statutory	Failure to comply with legal obligations, leading to action resulting in loss of reputation.	2	3	6	Appointment of Section 151 Officer. Health and safety Policy. Appointment of Monitoring Officer.	Steve Rodrick Chris Smith Monitoring Officer	1	3	3
5. GOVERNANCE: Failure to operate as an effective and efficient body										
5a	Governance	Failure to comply with corporate governance requirements (eg legal obligations, diversity agenda, health and	2	2	4	Standing Orders Regulations Codes of Conduct	Steve Rodrick Anne Davies	1	2	2

No	Area	Description	Assessment – NO controls in place			Control Measures	Responsibility	Assessment – WITH controls in place		
			Likelihood	Impact	Score			Likelihood	Impact	Score
		safety requirements.				Training & advice Appointment of Monitoring Officer.	Sally Charman			
5b	Governance	Lack of control over appointment and competence of externally appointed Board members.	2	1	2	DEFRA selection process Guidance to Parish Councils	DEFRA	1	1	1
5c	Governance	Failure to provide adequate level of HR support to staff.	2	3	6	Appointment of HR consultant.	Steve Rodrick Sally Charman	1	3	3
5d	Governance	Failure to combat financial mismanagement, fraud, theft.	2	4	8	Appointment of internal audit service. Appointment of Section 151 Officer	Executive Committee Steve Rodrick Chris Smith	1	3	3
5e	Governance	Failure to ensure public and staff safety at external events.	3	4	12	Risk assessment undertaken for all events. Public liability insurance in place.	Steve Rodrick Cathy Rose et al	1	4	4

the Government placed little weight on the duty in Section 85 of the Countryside and Rights of Way Act 2000.

5. However, virtually all of these severe adverse impacts could be avoided if the bored tunnel was to be extended from Mantles wood near Hyde Heath to Wendover.

Study into an “idealised” tunnel

6. Chiltern DC with the support of the Conservation Board, Bucks CC and Aylesbury Vale DC has commissioned engineering consultants to investigate and cost what an idealised tunnel alignment might be. To date all consideration of an extended tunnel has been based on the existing surface alignment. It is unlikely the same alignment would be selected for its entirety through Chilterns if it was designed as a full length bored tunnel from the outset. That study is due to be completed in time for it to inform the preparation and submission of petitions.
7. Ray Payne has been engaged directly by Chiltern DC to oversee the contract and will represent the Conservation Board.

Petitioning

8. As agreed at the most recent Board meeting the following will form the basis of the Board’s petitions:
 1. The case for a longer bored tunnel.
 2. The dumping of spoil in the AONB.
 3. The impact on the Public Rights of Way network.
 4. The impact on the landscape, wildlife and the historic environment.
 5. The impact on the aquifer and hydrology.
9. The petitioning stage is reached if, and when, the Hybrid Bill passes its Second Reading. This is now expected in very late April or, more likely, May. A short period of as little as two weeks will then follow when it is possible to lodge petitions for consideration by the Select Committee which will then be appointed. That Committee is likely to sit for at a least a year, possibly two, to consider all petitions of which thousands can be expected. It is reasonable assumption that the Board will be invited to present its petitions directly to the Select Committee.
10. This stage will almost certainly take the process beyond the next election. Advice from Parliamentary Agents is that is near impossible for Royal Assent to be secured by May 2015, in which case all party support is needed to allow the Bill to be carried forward into the next Parliament. It should be assumed this will happen.

Recommendation

1. **To note recent and planned HS2 related activity**

Parish Council Appointed Member

7. Margaret Jarrett has indicated that she will not seek re-election to Chorleywood Parish Council in May. This will trigger an election amongst parish councillors in eligible parish and town councils in Hertfordshire (i.e. those which lie wholly or partly within the AONB).
8. The election process involves notifying all councils that serving councillors are eligible to be appointed to the Board. The process allows parish and town councils nominating candidates, if they wish to do so. There is then a ballot of those candidates with each council having one vote.
9. The process is overseen by the Board and likely to take several months as allowance has to be made for the summer recess. The aim will be to have completed the process by October.
10. The Board's Establishment Order again allows for this by making provision for retiring members to remain on the Board until a replacement has been appointed or for up to three months. Margaret has agreed to continue during this period and her last meeting will, therefore, be June 26th. Her replacement should have been appointed in time for the October meeting.

What happens from April to June 2014?

11. As the AGM does not take place until 26th June the Board needs to appoint a replacement for Mike Fox, as chairman, from the meeting on 25th March. The Board's Establishment Order does not make specific provision for this eventuality, but it is reasonable that Ian Reay, as Vice Chairman, should take over as chairman until the AGM. In practice this does not any involve full meetings of the Board but it will include one meeting of the Executive Committee (22nd May).
12. During this same period the Board should appoint a vice chairman. Mike Fox has already invited anyone who is interested to contact him. The Board's election processes are simple. You don't need to be nominated, you can declare your interest at any time including the meeting itself. If there is more than one candidate an election takes place amongst those present.
13. With Mike's retirement there will be a vacancy on the Executive Committee. The Board can either choose to hold an election to fill this vacancy from amongst its remaining Secretary of State members or carry the vacancy until the AGM. The chairmanship of the Executive Committee will automatically pass to Ian Reay as the new chairman of the Board.
14. A similar situation will arise with the Planning Committee currently chaired by Bettina Kirkham. The Board can either elect a member from its remaining Secretary of State appointed members, or carry the vacancy until the AGM. The chairman is appointed by the members of the Committee. A Planning Committee meeting is scheduled for 14th May. It makes sense for the

remaining members of the Planning Committee to appoint a new chairman on 26th March rather than wait until the Planning Committee meets in May.

AGM on 26th June

15. The chairman and vice chairman of the Board will be appointed for a term of one year at the AGM. All members of the Executive and Planning Committees will also be appointed for a term of one year at the AGM.
16. Both the Executive Committee and Planning committee can co-opt up to 4 members in a non-voting capacity. These appointments do not have to take place at the AGM.

Continuing Involvement of Retiring Members

17. It is to be hoped that those members retiring won't want to sever all their connections with the Board and its work. Outside of formal involvement there is plenty of scope to participate in the various work streams and projects, and retiring members should be encouraged to continue in this capacity, e.g. Commons Project, Chilterns Ridgeway Forum and the Hillforts Project Steering Group.

Recommendation

1. **To note the forthcoming changes to Board membership**

Item 13 **Review of the AONB Management Plan**

Author	Steve Rodrick Colin White	Chief Officer Planning Officer
Summary	The review is on course to be completed and the new plan ready for publication by the end of March 2014.	
Purpose of Report	To report progress on the review of the AONB Management Plan	

Background

1. The Board is on target to complete the review of the existing AONB Management Plan (2008-2013) and publish the new plan by 1st April 2014.
2. Following the presentation to the Board on 22nd January of the key issues which arose from the public consultation, the need for detailed changes to the policies will be considered at a workshop of members on 26th February. A verbal report of the workshop will be given to the Executive Committee. A final draft including changes made at the workshop will be presented for approval at the Board meeting on 25th March.
3. The accompanying Strategic Environmental Assessment has also been prepared and amended in the light of comments. The revised policies will need to be covered by the SEA but as the revised policies are likely to be refinements to the wording rather entirely new policies, this process will be a light touch.
4. An Appropriate Assessment (AA) needs to be undertaken to assess possible impacts on sites of European Importance (Special Areas of Conservation). This has been completed and approved by Natural England.
5. If approved, the plan will be available as a Pdf on the Board's web site within a matter of days. The printed version will be available by mid-April.
6. There is no provision for printing the Plan in the budget for 2014-15. All costs will have to be met from this year's budget. The number of printed copies will be small (less than 250) and great reliance placed on the digital version.

Recommendation

1. **To note that the publication of the AONB Management 2014-19 for April this year is on target**