



**AGENDA FOR THE EXECUTIVE COMMITTEE TO BE HELD AT 10.30 AM ON  
WEDNESDAY 2 MARCH 2011 AT THE LODGE, 90 STATION ROAD, CHINNOR, OXON  
OX39 4HA**

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<b>18</b>	<b>ANY OTHER BUSINESS</b>	
<b>19</b>	<b>DATE OF NEXT AND FUTURE MEETINGS</b> The next meeting of the Executive Committee will be held on Wednesday 18 May 2011  Dates of future meetings:  14 September                      7 December	

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**TO: MEMBERS OF THE CHILTERNNS CONSERVATION BOARD  
EXECUTIVE COMMITTEE**



**MINUTES OF THE MEETING OF THE EXECUTIVE COMMITTEE HELD ON WEDNESDAY 8 DECEMBER 2010, IN THE LODGE, 90 STATION ROAD, CHINNOR, OXON OX39 4HA, COMMENCING AT 10.30 AM AND CONCLUDING AT 12.30 PM.**

**Present:**

Mike Fox	Board Member
Cllr Shirley Judges	Board Member
Kevin Mayne	Board Member
Cllr Marion Mustoe	Board Member
Cllr Richard Pushman	Board Member
Steve Rodrick	CCB Chief Officer
Cllr Jeremy Ryman	Board Member
Chris Smith	CCB Finance Officer
Cllr Bill Storey	Board Member
Cllr Alan Walters	Board Member
Mike Woods	Buckinghamshire County Council

**In Attendance:**

Maureen Keyworth	BCC and Clerk to the Board
Rachel Sanderson	CCB Commons Project Development Officer

**1. ELECTION OF CHAIRMAN**

**RESOLVED**

**That Mike Fox be elected Chairman of the Committee for the ensuing year**

**2. APOLOGIES FOR ABSENCE**

Apologies were received from John Griffin.

**3. DECLARATIONS OF INTEREST**

None.

**4. MINUTES**

The Minutes of the meeting held on 15 September 2010 were agreed as a correct record.

**5. MATTERS ARISING**

**Item 11 – Chief Officer’s Report**

Members noted that Richard Benyon MP may now be visiting in January.

## **6. PUBLIC QUESTION TIME**

No members of the public were present. However, Cllr John Willson attended as an Observer.

## **7. FINANCE REPORT - SEPTEMBER - OCTOBER 2010**

Members received the report of the Finance Officer, the purpose of which was to advise members of the Board's financial position to the end of October and likely position at the end of the financial year.

The following was noted:

- A number of cost saving measures had been introduced which would result in an end of year surplus of up to £18,000, which would be carried forward to help offset the anticipated deficit in 2011-12.
- Income on investments remains low.

**The Executive Committee NOTED the current financial position.**

## **8. MEDIUM TERM FINANCIAL FORECAST**

Members received the report of the Finance Officer the purpose of which was to inform the Committee of the potential impact of the Comprehensive Spending Review and to seek guidance on how a sustainable and balanced budget can be achieved by 2015.

The following was noted:

- Natural England had already imposed a 5% in-year cut to its grant aid in 2010-2011
- The announcement on the Comprehensive Spending Review (CSR) in October will need to be reflected in the financial forecast. The reduction in DEFRA's grant aid will be 21.7%. How much of this will be passed down to the Board was not clear but likely to be close.
- The allocation to Local Authorities has been delayed, but the Board is assuming a 35% reduction in Local Authority funding, which may fall wholly into the next financial year. A request has been made for a phased reduction.
- Government cuts will be spread over four years instead of three years.
- There is no allowance for increase in staff salaries above contractual increments. It was suggested that there would be no cost of living rises in 2011/12, but that an incentive scheme to generate additional income could be put in place.

The Chief Officer took members through the key factors to bear in mind when suggesting budget savings, as noted in the report.

It was noted that over 50% of costs are employment related. Next year all staff will be at the top of their grade so any increment would be based on a cost of living increase.

It was agreed there should be no cost of living increment in 2011-12. This would be consistent with a pay freeze across the public sector. The position would be reviewed for 2012/13.

It was agreed it was desirable to retain the Sustainable Development Fund but to consider not awarding any grants to precepting authorities other than in exceptional circumstances.

It was agreed to continue the policy of aligning increases in members' allowances with staff cost of living increases, which would be 0% in 2011-12

It was noted that an option to help balance the budget would be for members not to claim their full entitlement to allowances. It was emphasised that it was not proposed to reduce

allowances. A member stated that the allowance exists because it equates opportunities for everyone to participate and care should be taken not to disenfranchise people. No decision would be needed on this option for at least 12 months and then any decision would be at the discretion of each member.

There was sufficient funding to keep the Chalk Streams Officer in place. However, it was noted that any further work programme costs may have to come from other sources.

## **The Committee**

- 1. NOTED the implications of the financial modelling**
- 2. Provided guidance on the strategic options proposed.**
- 3. NOTED that a detailed business plan will be drawn up that will guide decision making for the four year period and presented to the next meeting of the Executive Committee.**
- 4. AGREED to advise Natural England and DEFRA of the advantages of a gradual cut in grant-aid.**

## **9. REPORT ON COST CUTTING AND INCOME GENERATION OPTIONS**

Members received the report of the Chief Officer and Finance Officer, the purpose of which was to present initial proposals on how to achieve cost savings and increased income generation for consideration by the Committee.

The Committee noted arrangements were being put in place to provide training for staff on fund raising and new income generation options were being actively investigated.

The Report provided information on savings that could be made in 2011/12. A further table showed the amount of income that could be generated up to 2014/15. This included charging for events. Steve Rodrick asked for members' views on setting up a 'Caring for the Chilterns' fund which would be used for defined purposes to cover overheads. It was suggested that the Board could work jointly with the Chiltern Society to formulate a business plan for this area. The Committee recognised that each member of staff would have to allocate a defined amount of time to income generation, which would need to be closely monitored.

### **RESOLVED:**

#### **The Board AGREED**

- 1. That the proposed cut of £28,000 to core expenditure is incorporated in the budget for 2011/12.**
- 2. To develop a fundraising programme based on the proposals as in Table 2 of the Report.**
- 3. To investigate the creation of a special fund, 'Caring for the Chilterns', to attract public and corporate donations.**

## **10. TREASURY MANAGEMENT REPORT**

Members received the report of the Finance Officer the purpose of which was to recommend the Committee to agree to the investment of surplus funds with the Santander Bank should their interest rates offer an attractive return to the Board. It was noted that the maximum investment is £150,000 which would generate additional income of approximately £600p.a.

Members were in agreement that they did not wish to place an investment with Santander Bank at this time.

## **RESOLVED**

**The Committee AGREED not to place £150,000 with the Santander Bank in the event that its rate remains more competitive than HSBC or the Bank of Scotland.**

## **11. REPORT ON COMMONS PROJECT**

Members received the report of the Commons Project Development Officer, the purpose of which was to seek confirmation of the Board's support for the proposals including a contribution from the Board of up to £25,000 over five financial years.

The Project would engage with volunteers who manage commons, to provide knowledge, skills and confidence to manage them in a sustainable way. It was about engaging with communities and raising the profile of the commons.

It was noted that whilst the Board will be responsible for the funding, it does not own the land on which the work will take place. Therefore, the HLF requires assurance from the landowners involved that they are willing for the work to take place. The agreement will take the form of a letter licence, stating that the Board will be responsible for ensuring the work will be completed but that responsibility returns to the landowner to maintain works for the duration of 10 years.

The likely expenditure level on any one site is between £1,000 and £10,000. It was noted that some landowners may not want to engage in the work but leave it to volunteers.

Discussions have taken place with the Forestry Commission and Natural England to ensure this work would not conflict their grant programmes.

The commons are in a variety of ownerships including private owners, some Parish and District Councils as well as National Trust and Wildlife Trusts. The target for Stage 1 of the project was to work with 12 to 15 commons, but negotiations were taking place with a higher number to ensure the target would be met.

In answer to a member's question about whether grazing would be allowed, it was noted that HLF advise that such commons would need fencing and this would need to go out to public consultation. HLF was keen not to spend money where the immediate benefits could not be seen.

With regard to timescales, the deadline for applications is 28 February 2011 and a decision would be known by mid June.

John Willson said this work will be community based, engaging local communities and giving feel of possession of their local common in all aspects. It was hoped a database could be produced with details of work on all the commons.

Recovery of overheads was discussed. It was noted that HLF only provides full cost recovery if they are dealing with a charitable organisation. Officers will ensure that as far as possible all overhead costs incurred by the Commons Project would be covered by HLF grant.

## **RESOLVED:**

**The Board AGREED to provide funds of up to £25,000 over the lifetime of the project**

**The Board approved the wording of the letter licence subject to amending the wording in the final paragraph, second sentence to provide more clarity.**

**12. CHIEF OFFICER'S REPORT**

Members received the report of the Chief Officer.

**HS2**

It was noted that Local Authorities have created an HS2 Fighting Fund. In answer to a member's question about other AONBs and National Parks that may be affected by HS2, the Chief Officer confirmed that no other AONBs were affected but it was possible the route to Manchester and Leeds would pass close to or even across the Peak District National Park. Detailed routes had not yet been published for these sections.

**13. ANY OTHER BUSINESS**

None.

**14. DATE OF NEXT AND FUTURE MEETINGS**

The next meeting of the Executive Committee will be held on Wednesday 2 March 2011 at 10.30am (***Please note change of date***)

Dates of future meetings:

18 May

14 September

7 December

**CHAIRMAN**





## **Finance Report**

**Author:** Chris Smith Finance Officer

**Summary** To the end of January 2011 the expenditure against the core budget was 10.3% below profile and income 0.5% above profile. As a result of some planned under-spends during the remainder of the year, the end of year surplus is currently forecast to be £31,829 above the budget at £33,100.

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

### **Background**

1. The current financial position is satisfactory with no significant problems to report. However, as mentioned at the last meeting a critical review has been undertaken of this year's budget. As a result some planned underspends have been identified thereby increasing the value of the budget equalisation reserve at 1 April 2011.
2. The budget for 2010-11 reflects the 5% in-year reduction in grant from Natural England.
3. In view of the importance of income generation a detailed sheet of "other income" is attached for the Committee's information.
4. "Non-core projects" are those funded by Natural England (SDF and Chalk Streams), and others funded by other external sources and from Earmarked and General Reserves. These are detailed in the final attached document.
5. The income achieved to date is largely in line with the profiled budget.
6. Expenditure is below the profile partly as a result of planned underspends.

### **Recommendations:**

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



**BUDGET v ACTUAL YEAR TO DATE 2010-11**

**MONTH 10: Jan 2011**

Description	Annual Budget	Profiled Budget to date	Actual to date	Variance	Projected Outturn	Year End Variance	Notes
	£	£	£	£	£		
<b>Expenditure</b>							
<b>Department 100:</b>							
<b>Promotion and Awareness</b>							
<b>Core expenditure:</b>							
Information Officer & E&A Officer	(86,741)	(72,284)	(72,450)	(166)	(86,940)	(199)	
Travel and subsistence	(1,700)	(1,417)	(1,402)	14	(1,700)	-	
Subscriptions magazines / newspapers	(600)	(500)	(428)	72	(600)	-	
Web site	(9,000)	(7,500)	(2,492)	5,008	(7,000)	2,000	
Printing & distribution costs	(6,700)	(5,583)	(2,857)	2,726	(6,700)	-	
Events and exhibitions	(1,500)	(1,250)	(1,642)	(392)	(1,735)	(235)	
Photography	(1,000)	(833)	(450)	383	(450)	550	
Miscellaneous	(600)	(500)	(301)	199	(600)	-	
<b>Core projects:</b>							
103 Countryside Festival	(4,510)	(3,758)	(3,963)	(205)	(3,965)	545	26 September 2010
105 Annual Report	(1,300)	(1,300)	(1,056)	244	(1,100)	200	Shorter print run
106 Annual Forum	(2,601)	(2,601)	(1,424)	1,177	(1,425)	1,176	19 November 2010
107 Chalk and Trees / What's On	(13,265)	(6,632)	(5,701)	931	(11,265)	2,000	
108 Environmental education	(3,000)	(2,500)	(496)	2,004	(3,500)	(500)	
109 Getting Close to Nature	(1,500)	(1,250)	(1,521)	(271)	(1,875)	(375)	
110 Enjoying Woodlands	(4,000)	(2,500)	(88)	2,412	(4,000)	-	
111 Environmental Tourism	(1,000)	(833)	(106)	728	(500)	500	
112 Chilterns Awards	(1,500)	(1,250)	(513)	737	(1,000)	500	
<b>Sub total</b>	<b>(140,517)</b>	<b>(112,492)</b>	<b>(96,889)</b>	<b>15,603</b>	<b>(134,355)</b>	<b>6,162</b>	

**BUDGET v ACTUAL YEAR TO DATE 2010-11**

**MONTH 10: Jan 2011**

Description	Annual Budget	Profiled Budget to date	Actual to date	Variance	Projected Outturn	Year End Variance	Notes
	£	£	£	£	£		
<b>Department 200:</b>							
<b>Countryside Management</b>							
<b>Core expenditure:</b>							
Countryside & FLU Officer	(69,606)	(58,005)	(57,699)	306	(68,459)	1,147	
Travel and subsistence	(2,475)	(2,063)	(908)	1,154	(2,000)	475	
Publications	(300)	(250)	-	250	(300)	-	
Events / exhibitions	(500)	(417)	-	417	(300)	200	
Miscellaneous	(250)	(208)	(90)	118	(250)	-	
<b>Core projects:</b>							
203 Commons	(8,000)	(6,667)	(2,106)	4,560	(8,000)	-	Includes conb'n to Commons Project Stage 1
204 Chalk grassland group	(4,000)	(3,333)	(906)	2,428	(4,000)	-	
205 Land management survey	(3,000)	(3,000)	(2,790)	210	(3,000)	-	
206 State of Environment Report	(2,000)	(1,667)	(1,252)	415	(1,350)	650	
207 Support for Trees & Woods Mgt	(4,000)	(2,000)	-	2,000	(4,000)	-	
208 Orchards Project	(2,000)	-	(44)	(44)	(50)	1,950	
<b>Sub total</b>	<b>(96,131)</b>	<b>(77,609)</b>	<b>(65,795)</b>	<b>11,814</b>	<b>(91,709)</b>	<b>4,422</b>	

**BUDGET v ACTUAL YEAR TO DATE 2010-11**

**MONTH 10: Jan 2011**

Description	Annual Budget	Profiled Budget to date	Actual to date	Variance	Projected Outturn	Year End Variance	Notes
	£	£	£	£	£		
<b>Department 300:</b>							
<b>Planning and development</b>							
<b>300 Core expenditure:</b>							
Planning Officer	(58,657)	(48,881)	(49,082)	(201)	(58,898)	(241)	
Travel & subsistence	(1,181)	(984)	(967)	17	(1,181)	-	
Miscellaneous	(150)	(125)	(22)	103	(150)	-	
<b>Core projects:</b>							
301 Planning Committee	(628)	(471)	(422)	49	(628)	-	
302 Planning conference	(1,700)	(1,600)	(1,222)	378	(1,225)	475	
303 Design guidance	(3,000)	(1,000)	(24)	976	(3,000)	-	
304 Building design awards	(1,500)	(1,100)	(1,501)	(401)	(1,616)	(116)	
305 Technical assistance	(2,289)	(1,908)	(575)	1,333	(1,590)	699	
307 Historic environment	(2,500)	(2,083)	(745)	1,338	(2,500)	-	
309 Wood Fuel Group	(1,000)	(833)	-	833	(1,000)	-	nb EU project £9,000
310 Planning Policies	(1,500)	(300)	-	300	(1,500)	-	
311 High Speed Two	(10,000)	(8,333)	(4,063)	4,271	(10,000)	-	Including £9,000 in earmarked reserve
<b>Sub total</b>	<b>(84,105)</b>	<b>(67,619)</b>	<b>(58,623)</b>	<b>8,996</b>	<b>(83,288)</b>	<b>817</b>	

**BUDGET v ACTUAL YEAR TO DATE 2010-11**

**MONTH 10: Jan 2011**

Description	Annual Budget	Profiled Budget to date	Actual to date	Variance	Projected Outturn	Year End Variance	Notes
	£	£	£	£	£		
<b>Department 400:</b>							
<b>Recreation and Access</b>							
<i>Core expenditure:</i>							
Access Officer	(26,780)	(22,317)	(21,234)	1,082	(25,482)	1,298	
Travel and subsistence	(800)	(667)	-	667	(200)	600	
Miscellaneous	(100)	(83)	(11)	73	(111)	(11)	
<i>Core projects:</i>							
401 Chiltern country leaflets	(5,600)	(2,000)	(1,085)	915	(1,815)	3,785	
402 Access conference	(1,000)	-	-	-	(1,000)	-	
404 Countryside Close to Home	(3,000)	(2,500)	-	2,500	(500)	2,500	
405 Cycling in the Chilterns	(5,000)	(5,000)	(3,888)	1,112	(245)	4,755	see underspend on Cycleway projec
<b>Sub total</b>	<b>(42,280)</b>	<b>(32,567)</b>	<b>(26,218)</b>	<b>6,349</b>	<b>(29,353)</b>	<b>12,927</b>	
<b>Department 500:</b>							
<b>Corporate Services</b>							
<i>Core expenditure:</i>							
Chief Officer / Admin Officer	(97,550)	(81,292)	(83,551)	(2,259)	(98,036)	(486)	
Travel and subsistence	(1,750)	(1,458)	(1,554)	(96)	(1,750)	-	
Staff training	(2,750)	(2,292)	(2,115)	177	(2,750)	-	
Premises	(28,551)	(26,801)	(24,786)	2,015	(26,890)	1,661	
Office costs	(16,280)	(13,653)	(11,087)	2,567	(14,116)	2,164	
Office furniture & equipment	(1,000)	(833)	(1,025)	(191)	(1,365)	(365)	
IT (incl OS licences)	(24,168)	(22,761)	(22,503)	258	(24,072)	96	
Meetings & events	(1,875)	(1,563)	(385)	1,178	(385)	1,490	
Finance	(19,804)	(12,038)	(14,943)	(2,905)	(20,062)	(258)	
Personnel	(2,081)	(1,040)	-	1,040	(2,081)	-	
Legal services	(7,000)	(5,833)	(5,599)	234	(7,000)	-	
Insurance	(8,200)	(8,200)	(8,209)	(9)	(8,200)	-	
Miscellaneous	(665)	(554)	-	554	(665)	-	
<b>Sub total</b>	<b>(211,674)</b>	<b>(178,319)</b>	<b>(175,756)</b>	<b>2,562</b>	<b>(207,372)</b>	<b>4,302</b>	

**BUDGET v ACTUAL YEAR TO DATE 2010-11**

**MONTH 10: Jan 2011**

Description	Annual Budget	Profiled Budget to date	Actual to date	Variance	Projected Outturn	Year End Variance	Notes
	£	£	£	£	£		
<b>Department 600</b>							
<b>Member Services</b>							
<i>Core expenditure:</i>							
Members' allowances	(33,600)	(28,000)	(25,986)	2,014	(32,000)	1,600	excl. SDF Panel
Board member training	(2,000)	(1,667)	(1,491)	176	(2,000)	-	
Board meetings	(1,353)	(1,128)	(1,016)	112	(1,353)	-	
Miscellaneous	(50)	(42)	(50)	(8)	(50)	-	
<i>Core projects:</i>							
601 Executive Committee	(150)	(125)	(105)	20	(150)	-	
<b>Sub total</b>	<b>(37,153)</b>	<b>(30,961)</b>	<b>(28,647)</b>	<b>2,313</b>	<b>(35,553)</b>	<b>1,600</b>	
502 Project support budget	(5,960)	(4,480)	-	4,480	(5,960)	-	
<b>Sub total</b>	<b>(5,960)</b>	<b>(4,480)</b>	<b>-</b>	<b>4,480</b>	<b>(5,960)</b>	<b>-</b>	
<b>TOTAL CORE EXPENDITURE</b>	<b>(617,820)</b>	<b>(504,046)</b>	<b>(451,929)</b>	<b>52,118</b>	<b>(587,590)</b>	<b>30,230</b>	
<b>Other expenditure</b>							
Contribution to SE Protected Landscapes Co-ordinator	(2,081)	(2,081)	(1,600)	481	(1,600)	481	
Merchandise purchases	(80)	(40)	-	40	(80)	-	
Project expenditure:							
- Friends of Red Kites	(1,000)	(833)	(1,574)	(740)	(1,575)	(575)	plus donations to date £336
- Conserving the Chilterns Chalk Streams	(41,435)	(33,411)	(27,742)	5,669	(39,020)	2,415	
- Sustainable Development Fund	(45,000)	(10,000)	(10,005)	(5)	(45,000)	-	plus £734.10 from General reserve b/fwd
- Ancient Woodland Survey	(34,000)	-	(2,877)	(2,877)	(34,000)	-	
- Chilterns Commons Project	(42,800)	(39,145)	(23,434)	15,711	(42,800)	-	plus £2,000 in kind volunteer time
- Chilterns Cycleway	(46,202)	(46,202)	(40,874)	5,328	(45,450)	752	
- Chairmans's Retirement	-	-	(2,122)	(2,122)	(2,122)	(2,122)	
<b>GRAND TOTAL EXPENDITURE</b>	<b>(830,418)</b>	<b>(635,759)</b>	<b>(562,157)</b>	<b>73,601</b>	<b>(799,237)</b>	<b>31,181</b>	

**BUDGET v ACTUAL YEAR TO DATE 2010-11**

**MONTH 10: Jan 2011**

Description	Annual Budget	Profiled Budget to date	Actual to date	Variance	Projected Outturn	Year End Variance	Notes
	£	£	£	£	£		
<b>Income</b>							
Natural England: SDF	45,000	45,000	45,000	-	45,000	-	
Natural England: Chalk Streams	20,718	20,718	20,718	-	19,510	(1,208)	
Natural England: Core	466,888	466,888	466,888	-	468,096	1,208	
Local Authorities	115,903	115,903	115,877	(26)	115,903	-	
Merchandise sales	2,081	1,561	5,727	4,166	6,000	3,919	includes Cycleway merchandise
Other earned income	27,380	20,671	24,006	3,335	27,339	(41)	
Red Kite donations	1,000	750	337	(414)	1,000	-	
Chalk Streams external income	20,717	23,334	15,494	(7,840)	23,743	3,026	
Chalk Streams earmarked reserve	-	-	-	-	(4,233)	(4,233)	
Ancient Woodland Survey external income	9,500	9,500	11,300	1,800	9,500	-	
Ancient Woodland Survey from earmarked reserve	24,500	-	-	-	24,500	-	
HS2 from earmarked reserve	9,000	-	-	-	9,000	-	
Chilterns Commons Project: HLF	33,800	30,913	16,900	(14,013)	33,800	-	
Chilterns Commons Project: other	9,000	8,232	3,750	(4,482)	9,000	-	plus £2,000 in kind volunteer time
Chilterns Cycleway external income	46,202	46,202	45,449	(753)	45,450	(752)	
<b>GRAND TOTAL INCOME</b>	<b>831,689</b>	<b>789,672</b>	<b>771,445</b>	<b>(18,226)</b>	<b>833,608</b>	<b>1,919</b>	
<b>NET CHANGE TO GENERAL RESERVE</b>	<b>1,271</b>	<b>153,913</b>	<b>209,288</b>	<b>55,375</b>	<b>34,371</b>	<b>33,100</b>	
<b>NET CHANGE TO WOODLAND SURVEY RESERVE</b>	<b>(24,500)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(24,500)</b>	<b>-</b>	
<b>NET CHANGE TO HS2 RESERVE</b>	<b>(9,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,000)</b>	<b>-</b>	
<b>NET CHANGE TO CHALK STREAMS RESERVE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>4,233</b>	



	Other Income	Budget	Budget	Actual	Variance	Projected
		for year	to date	to date		Outturn
		£	£	£	£	£
10						
103	Countryside Festival	6,265	5,221	6,852	1,631	6,852
106.4900	Annual Forum	500	417	663	247	665
107.4004	Chalk & Trees/What's on	4,345	3,621	1,841	(1,780)	4,345
108.4900	Environmental Education	-	-	1,000	1,000	1,000
109.4900	Getting Close to Nature	100	83	1,414	1,330	1,500
203.4900	Commons	400	333	360	27	400
204.4001	Chalk Grassland	500	417	160	(257)	500
302.4900	Planning Conference	595	496	1,440	944	1,440
304.4003	Building Design Awards	500	417	800	383	800
401.4900	Access Publication	2,500	2,083	2,624	540	2,625
402.4900	Access Conference	-	-	212	212	212
500.4008	Interest received	8,575	5,000	6,243	1,243	6,500
500.5900	Miscellaneous received Corporate	3,100	2,583	398	(2,186)	500
		27,380	20,671	24,006	3,335	27,339



**BUDGET 2010-11**

**NON-CORE PROJECTS**

Description	Annual Budget	Profiled Budget to date	Actual to date	Variance	Projected Outturn	Year End Variance	Funding Source
	£	£	£	£	£		
<b>Department 100:</b>							
<b>Promotion and Awareness</b>							
150 Friends of Red Kites	(1,000)	(833)	(1,574)	(740)	(1,575)	(575)	Reserve b/forward + donations (£336 to date)
<b>Department 200:</b>							
<b>Countryside Management</b>							
250 Conserving the Chalk Streams	(41,435)	(33,411)	(27,742)	5,669	(39,020)	2,415	Nat England + reserves + LAs + Water COs + EA plus £734.10 from General reserve b/fwd
252 Sustainable Development Fund	(45,000)	(10,000)	(10,005)	(5)	(45,000)	-	
254 Ancient Woodland Survey	(34,000)	-	(2,877)	(2,877)	(34,000)	-	Reserve b/forward
255 Chilterns Commons Project	(42,800)	(39,145)	(23,434)	15,711	(42,800)	-	plus £2,000 in kind volunteer time
<b>Department 300:</b>							
<b>Planning and development</b>							
<b>Department 400:</b>							
<b>Recreation and Access</b>							
450 Chilterns Cycleway	(46,202)	(46,202)	(40,874)	5,328	(45,450)	752	
<b>Department 600:</b>							
<b>Member Services</b>							
650 Chairman's Retirement	-	-	(2,122)	(2,122)	(2,122)	(2,122)	Reserves
<b>TOTAL</b>	<b>(210,437)</b>	<b>(129,591)</b>	<b>(108,629)</b>	<b>20,963</b>	<b>(209,967)</b>	<b>470</b>	



**Review of Internal Audit**

**Author:** Chris Smith Finance Officer

**Summary:** The effectiveness of the performance of the Board's internal auditors will be reviewed on an annual basis. Their performance is considered to be satisfactory.

**Purpose of Report:** To present a review of the performance of the Board's internal auditors for the consideration of members.

**Background :**

1. The Accounts and Audit Regulations 2003 require that an annual review be undertaken of the effectiveness of internal audit.

**Conclusions**

2. The Board's internal audit service is provided by staff from Hertfordshire County Council who are considered to be very capable of providing a satisfactory level of performance.
3. Details have been obtained from the County Council of the Internal Audit Unit's working procedures and strategies.
4. A review document is annexed for the consideration of members.

**Recommendation**

1. **Note and agree the review of the effectiveness of internal audit.**

## Annex

<b>A. Meeting the standards</b>	
<b>Expected Standard</b>	<b>Evidence of Achievement</b>
Scope of Internal Audit	The annual Audit Brief takes into account risk management processes and wider internal control, as well as dealing with the adequacy and effectiveness of systems.
Independence	Reports are made in the auditor's own name to management and the Board. The auditor does not have any other responsibilities within the Board.
Competence	Hertfordshire County Council is a large and well resourced local authority. The audit unit comprises 20 staff whose responsibilities cover financial arrangements, governance, risk management and performance management. There is no evidence that internal audit work is not carried out ethically, with integrity and objectivity.
Relationships	Responsible officers (Chief Officer, Finance Officer, Administration Officer) are consulted on the audit plan and on the scope of each audit – a note is maintained of the outcomes. Responsibilities are defined in the Risk Register in relation to internal control, risk management, and fraud and corruption.
Audit planning and reporting	The detailed audit plan provides an extensive overview of the risks facing the Board, including resource management, business continuity, treasury management and financial systems.
<b>B. Characteristics of Effectiveness</b>	
<b>Characteristics of "Effectiveness"</b>	<b>Evidence of Achievement</b>
Internal audit work is planned	A detailed, risk based, audit plan is produced and agreed each year.

Understanding the whole organisation, its needs and objectives	A dedicated Audit Manager has built up a comprehensive knowledge of the characteristics of the AONB.
Be seen as a catalyst for change	The Audit Manager is a key member of the team, and is seen as someone who can bring examples of best practice to the Board.
Add value and assist the organisation in achieving its objectives	The eight recommendations from the 2007 audit received positive responses from the Board, leading to only two recommendations in 2008, four minor points in 2009 and three in 2010.
Be forward looking	The auditor is very aware of the financial challenges facing the Board, and seeks to discover potential improvements in the effective, efficient and economic use of resources.
Be challenging	Internal audit adopts a risk based approach and encourages the development of the risk register and business continuity plan.
Ensure the right resources are available	The resources of the Internal Audit Unit of Hertfordshire County Council are available to the Board. A dedicated Audit Manager is appointed who understands the body and the legal and corporate framework in which it operates.





## Review of Risk Register

**Author:** Chris Smith Finance Officer  
Steve Rodrick Chief Officer

**Summary** The Risk Register first adopted by the Committee on 27 February 2008 has been reviewed. Changes are proposed as described in paras 9 and 10 below.

**Purpose of Report:** To approve the half-yearly review of the Risk Register in accordance with the Committee's policy.

### Background

1. The Board's objectives, and the environment in which we operate, are constantly evolving and, as a result, the risks we face are continually changing.
2. Effective risk management requires a reporting and review structure to ensure that risks are identified and assessed and that appropriate controls and responses are in place.
3. Risk management comprises two separate activities:
  - Risk identification and evaluation
  - Management of the risk
4. The first step is to identify the risks facing the Board. Each risk is then evaluated by assessing both its likelihood and its impact on a scale of 1 to 4. The two scores are then multiplied to give an overall risk score. (For example a likelihood score of 3, with a severity of impact if it occurred of 4 would give an overall score of 12).
5. The next step is to manage each risk by identifying a suitable response. There are four possible responses;
  - (a) transfer it (e.g. insurance)
  - (b) tolerate it (accept the risk)
  - (c) remove it (discontinue the activity that gives rise to the risk)
  - (d) treat it (take action to control it)
6. The Risk Register is a live document that will be reviewed and amended on a regular basis. The Executive Committee will review the latest version every six months.
7. The latest appears on the following pages. Highest scores are classified as red risks, with lower scores classified as amber or green as appropriate.

### **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.
9. Risk 2e has been updated to include the additional control measures of a staff incentive scheme and additional leave in lieu of salary increases.
10. Risks 3a and 3b have been updated by the addition of the Budget Realignment Plan as a control measure.

### **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.**

	<b>4 Very High</b>	<b>3 High</b>	<b>2 Medium</b>	<b>1 Low</b>
<b>4 DISASTER</b> Significant service failure / total loss of public confidence / fatality / major financial crisis.	RED	RED	RED	AMBER
<b>3 MAJOR</b> Significant service disruption / serious public criticism / serious injury / large financial cost.	RED	RED	AMBER	GREEN
<b>2 NOTICEABLE</b> Some service delivery disruption / reduced public confidence / minor injury / unplanned financial cost.	RED	AMBER	AMBER	GREEN
<b>1 MINIMAL</b> 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
<b>1. REPUTATION: Any action or inaction that could damage the profile and status of the Board</b>										
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
<b>2. PERFORMANCE: Failure to establish appropriate frameworks to deliver the required standards</b>										
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 Executive 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 (Clerk and 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.  <b>Proposal for incentive scheme / additional leave in lieu of salary increases.</b>	Steve Rodrick  Sally Charman	2	3	6
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 Hunter	1	4	4
2g	Performance	Failure or dangerous malfunction of electrical equipment.	2	2	4	Annual check for all electrical equipment.	Claire Forrest  Donna Hunter	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	4	4
<b>3. FINANCIAL: Weaknesses of planning, control and monitoring</b>										
3a	Financial	Lack of resources due to Defra grant allocations. Reductions in reserves.	4	4	16	Detailed scrutiny of planned spending.  Seek longer term funding agreements with Defra and local authorities.  <b>Budget Realignment Plan 2011.</b>  Effective management of reserves, including maintenance of minimum operational reserve.	Executive Committee  Steve Rodrick  Chris Smith	3	4	12
3b	Financial	Poor planning, control and monitoring	3	3	9	Preparation of medium term financial plan.  Detailed scrutiny of proposed annual budget to match costs	Executive Committee  Steve Rodrick  Chris Smith	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
						<p>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><b>Budget Realignment Plan 2011.</b></p>				
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>	Chris Smith Donna Hunter	1	3	3
3d	Financial	Failure to manage cash flow effectively.	3	3	9	Production of Treasury Management Policy.	Chris Smith Steve Rodrick	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
						Production of cash flow forecasts Expenditure controls.				
<b>4. STATUTORY: Failure to meet legal requirements of any sort</b>										
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
<b>5. GOVERNANCE: Failure to operate as an effective and efficient body</b>										
5a	Governance	Failure to comply with corporate governance requirements (eg legal obligations, diversity agenda, health and safety requirements).	2	2	4	Standing Orders Regulations Codes of Conduct Training & advice Appointment of Monitoring Officer.	Steve Rodrick Anne Davies Sally Charman	1	2	2
5b	Governance	Lack of control over appointment and competence of	2	1	2	DEFRA selection process Guidance to Parish	DEFRA	1	1	1

No	Area	Description	Assessment – NO controls in place			Control Measures	Responsibility	Assessment – WITH controls in place		
			Likelihood	Impact	Score			Likelihood	Impact	Score
		externally appointed Board members.				Councils				
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	4	4
	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

## **Budget 2011-12**

**Author:** Chris Smith Finance Officer  
Steve Rodrick Chief Officer

**Summary** A draft of the 2011-12 budget has been prepared, based upon the assumptions in the Medium Term Financial Forecast, now updated with latest information on funding and expenditure.

**Purpose of Report:** To present a draft of the 2011-12 budget for consideration, pending confirmation of grant income from local authorities.

### **Background**

1. The Medium Term Financial Forecast presented to the Board at its meeting on 26 January 2011 identified a funding shortfall, if no action were taken, of £62,000 in 2011-12 rising to £175,000 by 2014-15. The shortfall for 2011-12 was based upon the following assumptions.
  - (a) Defra grant reduced by £28,671 to £503,845, a cut of 5.4%. This reduction is now confirmed.
  - (b) Local authority grants reduced by £40,568 to £75,335. This assumed cut of 35% is still unconfirmed.
  - (c) A 10% cut in Chalk Streams external income, yet to be confirmed.
  - (d) Staff to receive their contractual, but not discretionary, increments but no cost of living award.
  - (e) Employer pension contributions unchanged at 14.1%, now confirmed.
  - (f) Inflation and VAT increases to the non-staff budget to be absorbed within the existing budget level.
  - (g) A confirmed reduction of £12,800 in the Ordnance Survey fee.
  
2. The following initiatives were identified to eradicate the assumed deficit in 2011-12:
  - (a) An increase in earned income of £5,000 compared to 2010-11.
  - (b) Reductions of £20,000 in non-staff core expenditure, £5,000 in the Sustainable Development Fund budget and £3,000 in Chalk Streams expenditure.

(c) The remaining shortfall of £29,584 to be met by reserves.

3. The Board noted the implications of the financial modelling and noted that a detailed budget would now be prepared for 2011-12 together with a Budget Realignment Plan to cover the whole of the four year period.
4. A detailed budget has now been prepared, using the same assumptions and incorporating the cost savings outlined above, but with some minor changes.
5. Firstly, the staffing budget has been increased by £680 to reflect the proposed increase in the essential user rate described in Item 11 on the agenda.
6. Secondly the reduction in the non-staff budget has been increased with the result that the draw down from reserves is now £18,865.
7. The detailed figures are attached, together with a reminder of the original and revised budgets for 2010-11. The revised figure for 2010-11 will result in an additional contribution to reserves of £37,333.

**Recommendations:**

1. **To note and agree progress to date in preparing the budget for 2011-12.**
2. **To note that a final budget will be presented to the Board for formal approval at its next meeting.**

BUDGET 2011-12				
Description	Budget 2010-11	Revised 2010-11	Budget 2011-12	Notes
	£	£	£	
<b>Expenditure</b>				
<b>Department 100:</b>				
<b>Promotion and Awareness</b>				
<b>Core expenditure:</b>				
Information Officer & E&A Officer	(86,741)	(86,940)	(88,315)	
Travel and subsistence	(1,700)	(1,700)	(1,700)	
Subscriptions magazines / newspapers	(600)	(600)	(400)	
Web site	(9,000)	(7,000)	(13,000)	
Printing & distribution costs	(6,700)	(6,700)	(5,700)	
Events and exhibitions	(1,500)	(1,735)	(1,500)	
Photography	(1,000)	(450)	-	
Miscellaneous	(600)	(600)	(400)	
<b>Core projects:</b>				
103 Countryside Festival	(4,510)	(3,965)	(4,510)	
105 Annual Report	(1,300)	(1,100)	(1,100)	
106 Annual Forum	(2,601)	(1,425)	(2,000)	
107 Chalk and Trees / What's On	(13,265)	(11,265)	(10,065)	
108 Environmental education	(3,000)	(3,500)	(2,500)	
109 Getting Close to Nature	(1,500)	(1,875)	(1,000)	
110 Enjoying Woodlands	(4,000)	(4,000)	(3,500)	
111 Environmental Tourism	(1,000)	(500)	(1,000)	
112 Chilterns Awards	(1,500)	(1,000)	(500)	
113 Historic Environment	-	-	(2,000)	moved from Department 300
<b>Sub total</b>	<b>(140,517)</b>	<b>(134,355)</b>	<b>(139,190)</b>	

BUDGET 2011-12				
Description	Budget 2010-11	Revised 2010-11	Budget 2011-12	Notes
	£	£	£	
<b>Department 200:</b>				
<b>Countryside Management</b>				
<b>Core expenditure:</b>				
Countryside & FLU Officer	(69,606)	(68,459)	(73,345)	
Travel and subsistence	(2,475)	(2,000)	(2,000)	
Publications	(300)	(300)	(250)	
Events / exhibitions	(500)	(300)	(300)	
Miscellaneous	(250)	(250)	(200)	
<b>Core projects:</b>				
203 Commons	(8,000)	(8,000)	(7,000)	
204 Chalk grassland group	(4,000)	(4,000)	(3,000)	
205 Land management survey	(3,000)	(3,000)	-	every other year but n.b management plan
206 State of Environment Report	(2,000)	(1,350)	(2,000)	
207 Support for Trees & Woods Mgt	(4,000)	(4,000)	(3,500)	
208 Orchards Project	(2,000)	(50)	-	
209 Ancient Woodland Survey	-	-	(5,000)	
<b>Sub total</b>	<b>(96,131)</b>	<b>(91,709)</b>	<b>(96,595)</b>	

BUDGET 2011-12				
Description	Budget 2010-11	Revised 2010-11	Budget 2011-12	Notes
	£	£	£	
<b>Department 300:</b>				
<b>Planning and development</b>				
<b>300 Core expenditure:</b>				
Planning Officer	(58,657)	(58,898)	(59,280)	
Travel & subsistence	(1,181)	(1,181)	(1,180)	
Miscellaneous	(150)	(150)	(150)	
<b>Core projects:</b>				
301 Planning Committee	(628)	(628)	(570)	
302 Planning conference	(1,700)	(1,225)	(1,200)	
303 Design guidance	(3,000)	(3,000)	-	
304 Building design awards	(1,500)	(1,616)	(1,500)	
305 Technical assistance	(2,289)	(1,590)	(1,500)	
307 Historic environment	(2,500)	(2,500)	-	moved to Dept 100
309 Wood Fuel Group	(1,000)	(1,000)	(500)	
310 Planning Policies	(1,500)	(1,500)	(1,500)	
311 High Speed Two	(10,000)	(10,000)	(1,000)	plus reserves as required
<b>Sub total</b>	<b>(84,105)</b>	<b>(83,288)</b>	<b>(68,380)</b>	

BUDGET 2011-12				
Description	Budget 2010-11	Revised 2010-11	Budget 2011-12	Notes
	£	£	£	
<b>Department 400:</b>				
<b>Recreation and Access</b>				
<b>Core expenditure:</b>				
Access Officer	(26,780)	(25,482)	(25,635)	
Travel and subsistence	(800)	(200)	(500)	
Miscellaneous	(100)	(111)	(100)	
<b>Core projects:</b>				
401 Country leaflets / access for all	(5,600)	(1,815)	(3,100)	
402 Access conference	(1,000)	(1,000)	(1,000)	
404 Countryside Close to Home	(3,000)	(500)	-	budget now with website development
405 Cycling in the Chilterns	(5,000)	(245)	(3,000)	
<b>Sub total</b>	<b>(42,280)</b>	<b>(29,353)</b>	<b>(33,335)</b>	
<b>Department 500:</b>				
<b>Corporate Services</b>				
<b>Core expenditure:</b>				
Chief Officer / Admin Officer	(97,550)	(98,036)	(99,405)	
Travel and subsistence	(1,750)	(1,750)	(1,750)	
Staff training & development	(2,750)	(2,750)	(2,555)	
Premises	(28,551)	(26,890)	(27,570)	
Office costs	(16,280)	(14,116)	(14,115)	
Office furniture & equipment	(1,000)	(1,365)	(1,000)	
IT (incl OS licences)	(24,168)	(24,072)	(10,470)	
Meetings & events	(1,875)	(385)	(375)	
Finance	(19,804)	(20,062)	(19,810)	
Personnel	(2,081)	(2,081)	(1,580)	
Legal services	(7,000)	(7,000)	(6,000)	
Insurance	(8,200)	(8,200)	(8,200)	
Miscellaneous	(665)	(665)	(565)	
<b>Sub total</b>	<b>(211,674)</b>	<b>(207,372)</b>	<b>(193,395)</b>	



BUDGET 2011-12				
Description	Budget	Revised	Budget	Notes
	2010-11	2010-11	2011-12	
	£	£	£	
<b>Department 600</b>				
<b>Member Services</b>				
<b>Core expenditure:</b>				
Members' allowances	(33,600)	(32,000)	(34,320)	excl. SDF Panel
Board member training	(2,000)	(2,000)	(1,750)	
Board meetings	(1,353)	(1,353)	(1,355)	
Miscellaneous	(50)	(50)	(50)	
<b>Core projects:</b>				
601 Executive Committee	(150)	(150)	(150)	
<b>Sub total</b>	<b>(37,153)</b>	<b>(35,553)</b>	<b>(37,625)</b>	
502 Project support budget	(5,960)	(5,960)	(2,960)	
<b>Sub total</b>	<b>(5,960)</b>	<b>(5,960)</b>	<b>(2,960)</b>	
<b>TOTAL CORE EXPENDITURE</b>	<b>(617,820)</b>	<b>(587,590)</b>	<b>(571,480)</b>	
<b>Other expenditure</b>				
Contribution to SE Protected Landscapes Co-ordinator	(2,081)	(1,600)	(2,000)	
Merchandise purchases	(80)	(80)	-	
Project expenditure:				
- Friends of Red Kites	(1,000)	(1,575)	(1,000)	
- Conserving the Chilterns Chalk Streams	(41,435)	(39,020)	(37,865)	
- Sustainable Development Fund	(45,000)	(45,000)	(40,000)	
- Ancient Woodland Survey	(34,000)	(34,000)		
- Chilterns Commons Project	(42,800)	(42,800)	-	
- Chilterns Cycleway	(46,202)	(45,450)	-	
- Chairman's Retirement	-	(2,122)	-	
<b>GRAND TOTAL EXPENDITURE</b>	<b>(830,418)</b>	<b>(799,237)</b>	<b>(652,345)</b>	

BUDGET 2011-12				
Description	Budget 2010-11	Revised 2010-11	Budget 2011-12	Notes
	£	£	£	
<b>Income</b>				
Natural England: SDF	45,000	45,000	19,320	
Natural England: Chalk Streams	20,718	19,510	19,220	50% of cost
Natural England: Core	466,888	468,096	465,305	
Local Authorities	115,903	115,903	75,335	
Merchandise sales	2,081	6,000	5,000	includes Cycleway merchandise
Other earned income	27,380	27,339	29,655	
Red Kite donations	1,000	1,000	1,000	
Chalk Streams external income	20,717	23,743	18,645	
Ancient Woodland Survey external income	9,500	9,500	-	
Ancient Woodland Survey from earmarked reserve	24,500	24,500	-	
HS2 from earmarked reserve	9,000	9,000	-	
Chilterns Commons Project: HLF	33,800	33,800	-	
Chilterns Commons Project: other	9,000	9,000	-	
Chilterns Cycleway external income	46,202	45,450	-	
<b>GRAND TOTAL INCOME</b>	<b>831,689</b>	<b>837,841</b>	<b>633,480</b>	
<b>NET CHANGE TO GENERAL RESERVE</b>	<b>1,271</b>	<b>38,604</b>	<b>(18,865)</b>	
<b>NET CHANGE TO WOODLAND SURVEY RESERVE</b>	<b>(24,500)</b>	<b>(24,500)</b>	<b>-</b>	
<b>NET CHANGE TO HS2 RESERVE</b>	<b>(9,000)</b>	<b>(9,000)</b>	<b>-</b>	

## Budget Re-alignment Plan

**Authors:** Chris Smith Finance Officer  
Steve Rodrick Chief Officer

**Summary:** The budget re-alignment plan has been prepared to ensure all the actions needed to both reduce costs and increase income are being planned and undertaken. This is a component of the risk management strategy to ensure that the Board can balance its budget by 2015.

**Purpose of Report:** To advise the Executive Committee that the necessary steps are being taken to balance the budget as forecast.

### Background

1. The Board has approved a medium term financial forecast which involves significant reductions to its operating budget and the need to generate more earned income in addition to funding needed for specific new projects. The Budget Re-alignment plan (Appendix 1) outlines the steps which need to be taken in order to achieve a balanced budget by 2015.
2. In total the Board is aiming to reduce its operating costs by £112,000 p.a. (excl. inflation) and increase its earnings by at least £32,000 p.a. by 2014-2015. The cost reduction programme is already underway but will need to be steadily increased over the next 3 years. The drive to increase earnings has also begun but will take longer to achieve.
3. The Board's ability to raise additional income will largely be down to the staff. Some additional income can be assumed as interest rates rise, but this will not be sufficient to achieve the targets. It is vital that the staff both understand the challenges ahead and are equipped with the skills and outlook needed.
4. A number of steps have been taken to ensure that staff understand the context and have the skills for successful generation of income.
  - a) A financial briefing session is held at each monthly staff meeting.
  - b) A workshop on fund raising has been held, led by Kevin Mayne.
  - c) A review of the web site has been commissioned from an external consultant with a view to carrying more advertising, sponsorship and on line sales.
  - d) A review has been undertaken with external guidance, on opportunities to carry advertising on the web site.
  - e) An internal review is being undertaken of all events to reduce costs and increase the potential to generate income.
  - f) An internal review of all costs has already been undertaken which has identified potential cuts of £30,000 p.a.
  - g) An internal review has been undertaken of all literature assessing scope to review (even stop) print runs and attract income.

5. In addition a staff incentive scheme is presented to the Committee for consideration. The payments will be linked to exceeding the annual income generation targets.

### **Recommendation**

1. **To note and approve the Budget Re-alignment Plan**

## Budget Realignment Plan 2011-2016

### Introduction

- 1 It is anticipated that Board income levels will drop from the 2010-11 level of £698,000 to £536,000 by 2014-15 – the Comprehensive Spending Review (CSR) period. As a result of inflation the gap between income and expenditure will rise to £175,000 by 2014-15 if no action is taken.
- 2 This Plan sets out the actions identified to realign the budget in response to the reduction in funding.
- 3 The 2010-11 expenditure budget breaks down into the following broad categories:

	£	%
Core staff employment costs	339,000	48.6
Core non-staff costs	269,000	38.6
Chalk Streams Project	41,000	5.9
Sustainable Development Fund	45,000	6.4
Other	4,000	0.5
	<b>698,000</b>	<b>100.0</b>

- 4 Most of the income received to fund this expenditure is controlled by external agencies. However, the Board earns additional income from donations, sales and other grants. The total budget in 2010-11 is £29,000.
- 5 The Plan addresses the initiatives identified during discussions with Board members and staff, and is organised into the following main headings:
  - Staffing costs
  - Non staffing costs
  - Chalk Streams Project
  - Sustainable Development Fund
  - Earned income
  - Reserves
  - Other

### **Staffing Costs**

- 6 Staff are central to the operations of the Board and appropriate levels of remuneration are necessary for morale and continuity. The public sector generally is facing a pay freeze in 2011-12 and the Board will do the same. The current projections assume that only contractual increments will be paid during the four year period to 2014-15. However, cost of living awards will be paid from 2012-13 onwards and have been included in financial modeling at 2% per annum. The Board will review its policy annually on whether to award discretionary pay increases.

- 7 An income generation incentive scheme will be introduced that will reward staff in return for income generated over and above a pre-determined level.
- 8 The expertise that exists among the Board's staff is a valuable asset and ways will be sought of "selling" that expertise to other organisations.

### **Non staffing costs**

- 9 The Board has asked that a review of opinions to reduce members allowance be undertaken with the possibility that they are introduced from 2011-2012. The following main options have been considered.
  1. All allowances are reduced by 10% from 1<sup>st</sup> April 2011
  2. All allowances are reduced by 20% from April 2011
  3. The basic allowance is maintained but allowances for the Executive Committee and Planning Committee are reduced by 25%.
- 10 The Board's entire expenditure has been examined with a view to saving up to £42,000 per annum by 2014-2015. This follows a sustained period of reducing overhead costs. One element of this strategy is to investigate further when it is possible to charge an overhead cost to a project.

### **Chalk Streams Project**

- 11 The project employs one part time (4 days per week) officer and is currently funded 50% by DEFRA (but subject to "Single Pot" adjustment) and 50% external sources. An earmarked reserve of £12,390 exists to support expenditure when necessary.
- 12 In the current economic climate it is anticipated that external funding will become harder to sustain. The Chalk Streams Officer will examine innovative ways of maximising funding.

### **Sustainable Development Fund**

- 13 The SDF is currently funded 100% by DEFRA at £45,000 (but subject to "Single Pot" adjustment).
- 14 This budget will come under pressure during the CSR period and is likely to be reduced. The funds that remain will be applied in the most efficient ways, with the likelihood of a lower ceiling on grants and preference given to small community and business interests. Applicants seeking grants in excess of £5,000 will be re-directed to the LEADER programme. Staff will also give additional support to help applicants find alternative sources of help if the Board is unable to provide a grant.

## Earned income

15 Income earned directly by Board activity can be broken down into six main categories:

- (i) Sales of merchandise
- (ii) Events
- (iii) Donations
- (iv) Advertising
- (v) Interest on investments
- (vi) Miscellaneous grants

16 Each of these is considered in turn. Specific actions to progress the initiatives adopted are detailed in the Action Plan attached.

(i) Sales of merchandise

The Board has the opportunity to review its range of merchandise, and improve the ways in which it is sold. Detailed opportunities are included in the Action Plan annexed. The development of an on line sales facility is regarded as essential.

(ii) Events

The Board both hosts and supports a number of events throughout the year. Opportunities to improve the return from these are included in the Action Plan annexed. In future unless there is a case for an exemption, all events will be expected to cover their costs and a small number will be planned to generate a surplus. All events are being examined for opportunities to reduce costs and generate additional income from, for example, fees, sponsorship, advertising and support in kind.

(iii) Donations

A number of Board activities have the potential to secure public donations with the most successful to date being for The Friends of Red Kites scheme. The potential to create a Caring for the Chiltern Fund is being investigated, which, if approved, will be introduced later in 2011-2012. Such a fund would not make a significant contribution to the Board's operating costs, but it could be used for project work thus relieving some of the burden on the Board's projects funds.

(iv) Advertising

In future the scope to carry advertising on all printed material and the web site will be considered automatically. At present the Board has basic policy on the type of advertising that would be acceptable, which will need to be reviewed. This approach will build

on what has been achieved with Chalk and Trees, for which over 35% of the costs are now met by advertising revenue. An investigation into the capacity to carry advertising on the web site is already underway. The sums are likely to be under £5,000 per annum but a significant increase could be achieved if the number of visitors to the site can be increased.

(v) Interest on investments

The Board has accumulated reserves estimated to total £480,000 as at 31 March 2011. During the course of a typical financial year cash holdings will increase to approximately £600,000 at times, (reserves plus advance quarterly payments from DEFRA and prompt payment of annual contribution from local authorities). The cash then reduces over the course of the quarter as salaries and suppliers are paid.

Surplus cash is invested temporarily on the money market for periods between one month and one year. Current rates range from 0.25% for one month and 2.1% for one year. The Board's Treasury Management Strategy limits the period of investment to a maximum of one year and it is not proposed to change that.

However, in view of the significant difference between the one month and twelve month rates it is possible to improve the return by making longer term investments provided this does not put the Board in a position where it runs out of useable cash at points in the year.

A careful application of this strategy will earn approximately £2,000 additional income in 2011-12.

(vi) Miscellaneous grants

The Board applies for grants on a regular basis normally for ring fenced projects (e.g. £48,000 from the LEADER fund for the cycleway). To date the Board has not sought to recover any overhead costs as they have been fully covered by the government and local authority funding. This will no longer be the case in future so the Board will be applying an overhead charge to all grant applications. Increasingly grant awarding bodies accept the need for all type of not for profit applicants to do this.

(vii) Other

The Board is disadvantaged when compared to bodies such as Parish Councils in that it has no precepting powers. Such a power would be very useful and would have a tiny impact on each household in the area. Although it will be very difficult to secure the scope of Conservation Board to be given a precepting power will be



discussed with DEFRA (n.b. National Park authorities have a precepting power as does the Chichester Harbour Conservancy).

## Reserves

- 17 As at 1 April 2011 the Board will have approximately £480,000 reserves at its disposal.
- 18 These reserves include a General Reserve of £170,000, maintained for emergency purposes such as discontinuation of Board activity. It is calculated as approximately four months core activity and could be reduced as the budget becomes smaller. The likelihood of the Board being wound up has receded and thus the possibility of needing these funds has also reduced.
- 19 In addition there are some Restricted Reserves comprising monies that have been donated to the Board for specific purposes.
- |                         |         |
|-------------------------|---------|
| Friends of Red Kites    | £ 9,100 |
| Getting Close to Nature | £15,898 |
- 20 In order to gain maximum benefit from these Reserves consideration will be given to opportunities to widen their use as far as possible.
- 21 There are also a number of Earmarked Reserves, monies set aside by the Board for particular purposes.
- |                      |                     |
|----------------------|---------------------|
| Countryside Festival | £ 1,758             |
| Chalk Streams        | £12,390 (see above) |
| Woodland Research    | £36,325             |
| Access Projects      | £ 8,691             |
- 22 These will be applied to Board activity over the CSR period.
- 23 The final reserve is the Budget Equalisation Reserve. This provides an opportunity for the inevitable peaks and troughs of expenditure to be managed from year to year. In the current climate it will also facilitate the migration from current levels of expenditure to those anticipated in four years time.
- 24 It is important to recognise that reserves cannot be used to support expenditure indefinitely. Although a legitimate use of the Budget Equalisation Reserve will be to assist the process of moving to a lower budget it is essential that by the end of the CSR period a budget that does not depend upon the continuing application of reserves is in place. The target, following this extended period of adjustment, is that the Board will achieve an outturn within a maximum of 2% of its forecast budget outcome. For 2014-15 this means that any deficit would not exceed £12,000..

## ACTION PLAN

CATEGORY	ACTION	WHO	WHEN
<b>Staff costs</b>	(a) Devise and gain approval for a staff incentive scheme that will offer reward in return for achieving income growth in excess of a pre-determined level.	Steve Rodrick / Chris Smith	By 31 <sup>st</sup> March 2011
	(b) Investigate ways of using staff skills to provide consultancy services to other bodies, including training events for CPD	Steve Rodrick / All	Ongoing
<b>Non-staff costs</b>	(a) Review the Members' Allowances Scheme with a view to reducing the cost. (b) Review of all elements of the budget (c) Re-design of the web site begun to reduce annual cost and to increase advertising revenue (d) Net cost of all literature to be reduced with immediate effect (e) Net cost of all events to be reduced with immediate effect (f) Review externally provided services	Steve Rodrick/Chris Smith/All staff	By 31 <sup>st</sup> March 2011 Ongoing By August 2011  From March 2011
<b>Chalk Streams</b>	(a) Review all existing and potential funding sources in order to maximise external funding levels.	Allen Beechey	Ongoing
	(b) Review options to apply existing earmarked reserve over the four year CSR period.	Allen Beechey / Chris Smith	By 31 <sup>st</sup> March 2011
<b>Sustainable Development Fund</b>	(a) Revise guidelines to favor bids less than £5,000 for small comity and business interests.	Kath Daly	By 31 <sup>st</sup> March 2011
	(b) Develop handbook to assist applicants secure funds from other sources	Kath Daly/Cathy Rose	By 31 <sup>st</sup> March 2011

<b>CATEGORY</b>	<b>ACTION</b>	<b>WHO</b>	<b>WHEN</b>
<b>Sales of merchandise</b>	(f) Review existing range of merchandise	Cathy Rose	By 31 <sup>st</sup> March 2011
	(g) Develop new products based on existing information and archives e.g. People and Places booklet.	All	Ongoing
	(h) Set up electronic payment facility on line	Claire Forrest /Chris	By July 2011
	(i) Create on line shop	Claire	By July 2011
<b>Events</b>	(a) Review all existing events to reduce costs and increase all forms of income including sponsorship, delegate fees and advertising. The aim is for all events to at least be self financing.	Cathy/All	By 31 <sup>st</sup> March 2011
	(b) Investigate scope to develop a series of events designed to generate income	Cathy/All	By July 2011
<b>Donations</b>	(a) Develop proposal for a "Caring for the Chilterns" Fund	Steve	By June 2011
<b>Advertising</b>	(a) All printed material and web site to carry advertising	Claire/All	Ongoing
<b>Sponsorship</b>	(a) All printed material and events to have a sponsor	All	Ongoing
	(b) Policy guidelines need to be prepared for sponsorship	Steve	May 2011
<b>Interest on investments</b>	(a) Review the Board's cash flow forecast with a view to making longer term investments of one year as far as possible consistent with maintaining minimum cash levels.	Chris	By 31 <sup>st</sup> March 2011

<b>CATEGORY</b>	<b>ACTION</b>	<b>WHO</b>	<b>WHEN</b>
<b>Miscellaneous grants</b>	(a) Scope to apply for external grants to be investigated including a recharge for overheads	All	Ongoing
<b>Other</b>	(a) Discuss with DEFRA the scope for securing a precepting power	Steve / Chris	Ongoing
<b>Reserves</b>	(a) Review the Restricted Reserves with a view to their utilisation over the CSR period.	Steve / Chris /relevant member of staff	By 31 <sup>st</sup> March 2011
	(b) Review the Earmarked Reserves with a view to their utilisation over the CSR period.	Steve / Chris /relevant member of staff	By 31 <sup>st</sup> March 2011
	(c) Review the level of General Reserve needed by the end of the CSR period.	Chris /Steve	By 31 <sup>st</sup> March 2011

## **Report on Staff Allowances and Incentives**

**Authors:** Steve Rodrick Chief Officer  
Chris Smith Finance Officer

- Summary:**
1. It is proposed to introduce an incentive scheme to reward staff if income generation targets are achieved. It is estimated the average bonus will be in the range £500 - 750 per head.
  2. It is proposed to increase the essential car user allowance by 10% due to the increase in the cost of fuel, VAT rise and inflation.
  3. It is proposed to award all staff one additional day of annual leave in recognition of the decline in the real value of the Board's salaries by as much as 10% since 2007 and the poor prospect for pay in the next few years

### **Incentive Scheme**

1. The Board has approved a budget which requires net earned income to be increased over and above the 2010-11 figure of £30,000 in each of the next 4 years and then maintained. This income will take the form of:
  - Sales of literature
  - Web advertising
  - Events sponsorship
  - Delegate fees
  - Training and consultancy Fees
  - Bank interest (excluded from proposal).

**Table 1**

	2011-2012	2012-2013	2013-2014	2014-2015
Total	35,000	42,000	50,000	62,000
Excl Bank Interest	7,000	7,000	7,000	7,000
Base figure	28,000	35,000	43,000	55,000
Target	28,000	35,000	43,000	55,000

2. The size of the total bonus fund will be determined by the extent to which the target is exceeded. If the target is exceeded by up to £5,000 the total amount would be distributed as a bonus. Above this figure 33% would be added to the bonus fund. (Table 2)
3. If the bonus fund was distributed as an equal payment it would be divided by 9.4 (number of fte staff) giving a payout of £532 per full time equivalent, if the target was exceeded by up to £5,000. They would be subject to tax and

national insurance but not pension payments. It would not be consolidated with basic salaries.

**Table 2**

Target Exceeded by (£)	Bonus Fund (£)	Payout per capita (£)
5,000	5,000	532
7,000	5,660	602
9,000	6,320	672
11,000	6,980	742
13,000	7,640	813
15,000	8,300	883

4. The scheme would be monitored annually and decisions would be made in the context of whether it was effective, cost of living awards and whether to recommence discretionary increment awards. The costs of the scheme have not been incorporated in the budget as the payments are only triggered if income exceeds that on which the budget is based. The baseline on which bonus payments are made would be reviewed annually.
5. An option is to link payments to a percentage of salary. In view of the modest payments this is an unnecessary complication. The staff have indicated they are content with a flat rate scheme as proposed.
6. The basis on which the income target is set would have to be clearly defined. It is proposed, as already stated, to exclude bank interest. It is intended to cover the following:
  1. Net income from all events managed/part managed by the Board
  2. All net income from the web site
  3. Net income for all other advertising
  4. Sponsorship
  5. Net income from sales
  6. Valuation of support in kind which directly reduces costs
7. The scheme would be monitored by the Finance Officer and Chairman and final payouts approved by the Executive Committee. Payments would be made based on an end of year forecast made in mid March and paid in the end of March payroll, to ensure the cost of the scheme falls within the year it is earned.

### **Essential Car User Allowance**

8. The Board has maintained the mileage expense rate at 40 pence per mile since 2005. This is in line with the maximum rate which Revenue and Customs permits without incurring a tax penalty. HMRC has applied this rate for many years despite the increasing cost of fuel and maintaining a car for business purposes.

9. Instead of changing the expenses rate, in recent years the Board has adjusted the essential car user allowance paid to staff who are required, as a condition of employment, to provide a car for work purposes. Currently all but one member of staff are required do so. The current rate is £702 per annum. In view of the rapidly increasing cost of fuel and the increase in motoring costs, partly due to an increase in the rate of VAT, it is proposed to increase the essential car user allowance to £770 p.a. but to retain a mileage rate of only 40 pence per mile.

### **Additional Leave**

10. The Board's pay policy for 2011 – 12 is not to award a cost of living increase or any discretionary pay awards. This follows several years when the cost of living award was at or below the rate of inflation. Table 1 shows the pay awards in comparison with both main measures of inflation. (n.b. in line with the government's measure, in future the CPI will be used as the Board's index of inflation)
11. The Board's staff face a continuing period when the real value of their pay will decline with little prospect of a cost of living award which either matches the rate of inflation or exceeds it. Members will be aware that any real decline in the value of pay is then subsequently reflected in the value of final salary pensions.
12. Members also need to be aware that employees' national insurance contributions will increase by 1% in April. In 2008 employees' pension contributions increased by approx 1% of salary on average. The combination of a pay freeze, inflation of approx 4.0% and the NI increase will reduce the real value of take home salaries by a further 5% in 2011-2012.

**Table 3**

<b>Year</b>	<b>CPI %</b>	<b>RPI %</b>	<b>CCB cost of living award %</b>
<b>2007- 08</b>	2.3	4.3	3.0
<b>2008 - 09</b>	3.6	4.0	2.25
<b>2009 -10</b>	2.2	-0.5	2.0
<b>2010 - 2011</b>	3.1 (Q3)	4.7 (Q3)	1.0
<b>2006 base</b>	<b>111.7</b>	<b>112.5</b>	<b>108.5</b>

13. During the past 4 years the value of the Board's salaries has declined in value by 3.2% compared to the CPI and 4.0% against the RPI. The forecast for the CPI in 2011-2012 is approx 4.0%. The effect will be to have reduced the real value of the Board's salaries as measured against the CPI by 7.2% (and 8% against the RPI) since spring 2007.
14. The award of performance increments has ensured the gross value of pay of most staff has remained close to, even slightly ahead of, inflation. All but three staff have reached the top of their grade so no further increments are payable. Any pay increase, other than cost of living awards, is based on discretionary

awards given by the Personnel Appeals Panel. In 2011-2012 it is not proposed to award any such payments.

15. It is vital that staff morale is maintained and they retain a strong sense of being valued, despite the policy of pay restraint. This is not least as they work significant additional hours (typically 10 -15 hours per week for full time staff) for which they do not expect additional pay and do not take much, if any of it, as time off in lieu. In recognition of the staff commitment and their poor pay prospects, the Board is asked to consider offering an additional day's paid leave as a permanent arrangement and not just for 2011-2012.

### **Recommendations**

1. **To approve the proposed incentive scheme, targets and payments to come into effect on 1<sup>st</sup> April 2011.**
2. **To approve an increase in the Essential Car User allowance to be payable from 1<sup>st</sup> April 2011.**
3. **To approve the award of an additional day of annual leave for staff with effect from 1st April 2011.**



## Review of Member's Allowances

**Author:** Steve Rodrick Chief Officer  
Chris Smith Finance Officer

**Summary:** A range of options is presented for costs saving based on lower members' allowances. A 20% reduction to all allowances would save £4,114.

**Purpose of the Paper:** To illustrate potential cost savings based on a range of reductions to members' allowances.

### Background

1. At its meeting on 26<sup>th</sup> January the Board instructed the Chief Officer to present to the next Executive Committee a range of options to make cost savings by recuing members' allowances.
2. The following options are presented by way of illustration
  1. Reducing all allowance by 10%
  2. Reducing all allowances by 20%
  3. Retaining the Board member's basic allowances but reducing by 25% the allowances paid to members of the Executive and Planning Committees.
3. Currently the following allowances are payable

Allowance	£per head	Total
Basic	660	17,820
Chairman of the Board	2,202	2,202
Vice chairman of the Board	550	550
Committee Members (1)	550	9,900
Chairman of a Committee (2)	824	1,648
<b>TOTAL</b>		<b>32,120</b>

(1) Allowances are payable to members of the Executive and Planning Committees only. There are 9 members on each

(2) Chairman of Executive and Planning Committees

4. Table showing if all rates are reduced by 10% and 20% for the full Board

Allowance	Reduce by 10%	Total	Reduce by 20%	Total
<b>Basic</b>	£594	£16,038	£528	£14,256
<b>Chairman of the Board</b>	1,982	1,982	1,762	1,762
<b>Vice chairman of the Board</b>	495	495	440	440
<b>Committee Member</b>	495	8,910	440	7,920
<b>Committee chairman</b>	742	1,483	659	1,318
<b>Total</b>		28,908		25,696
<b>Saving</b>		<b>3,212</b>		<b>6,424</b>

5. Table showing costs and rates if full board allowances remain unchanged but all Committee rates are reduced by 25%

<b>Committee</b>	<b>Current Cost</b>	<b>Reduced by 25%</b>	<b>Saving</b>
Basic	550	412	138
Chairman	824	618	206
<b>Full Committee</b>	<b>5,774</b>	<b>4,330</b>	<b>1,444 (1)</b>

(1) £1,444 per committee = £2,888 in total

6. Summary of Reductions

<b>Option</b>	<b>Saving £</b>
All Allowances reduced by 10%	3,212
All Allowances reduced by 20%	6,424
Full Board allowances unchanged - all committee allowances reduced by 25%	2,888

7. For clarification it is not proposed to amend the mileage rates payable.
8. The medium term forecast is based on an annual saving in members' allowances of £15,000 per annum. However, even if such a change was approved, it would not need to be introduced until 2013-2014.
9. It is recommended that from 1<sup>st</sup> April 2011 that allowances are not paid for membership of the Sustainable Development Fund panel. However members would still be able to claim travelling expenses. The cost of the members allowances for the SDF panel are met in full from the SDF itself and not re-charged to the Board's core budget.

SDF panel member allowance - £550  
 Chairman of the SDF panel - £824

### **Recommendation**

1. **Members advise on changes to the allowances scheme to be presented to the full Board meeting on 23<sup>rd</sup> March.**

## **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 is recommended 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 2011-12.
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 '1'.

## 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)

**n.b investments are referred to as loans.**

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) and other UK clearing banks.

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.

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.

There are no current proposals for the Board to invest for periods longer than 364 days.

### **Recommendations**

- 1. To adopt the Treasury Management Strategy outlined in the report and the Treasury Management Policy Statement detailed in Appendix '1'.**
- 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.**



## **CHILTERN 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:-

<b><u>Institution</u></b>	<b><u>Maximum Loan £</u></b>	<b><u>Maximum Period of Loan</u></b>
Clearing Banks	500,000	364 days
Foreign Banks	nil	n/a
Other Banks	nil	n/a
<b>Building Societies:</b>		
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 –  
xx xx xxxx**



## Reserves Policy

**Author:** Chris Smith Finance Officer

**Summary:** A policy on reserves and balances has been adopted, and is subject to review on an annual basis.

**Purpose of Report:** To present a review of the current Reserves Policy for the Conservation Board for the approval of members.

### Background :

1. The Board maintains a working balance (the **General Reserve**) to cushion the impact of unexpected events or emergencies and a **Budget Equalisation Reserve** to manage uneven cash flow within and between years. Together they represent the accumulated surplus over a number of years that is now available to support the activities of the Board. In addition **earmarked reserves** are maintained to meet known or predicted future expenditure for specified purposes. **Restricted earmarked reserves** are limited to the use stipulated by condition or legal agreement. **Provisions** are established when the Board has a financial obligation or liability as a result of a past event and that liability can be reliably estimated.
2. The Chartered Institute of Public Finance and Accountancy (CIPFA) has produced guidance for financial officers on the establishment and maintenance of reserves and balances. That guidance is reflected in the comments included in this report.

### Commentary

3. Given the financial pressures facing the Board it is important that a policy is in place to guide future decisions on budget setting including the use of reserves.
4. CIPFA does not support the introduction of a statutory minimum level of reserves. Organisations, on the advice of their financial officer, should make their own judgements on such matters taking into account all the relevant local circumstances. Such circumstances vary. A well-managed organisation, for example, with a prudent approach to budgeting should be able to operate with a lower level of general reserves.
5. Setting the level of general reserves is just one of several related decisions in the formulation of the medium term financial strategy and the budget for a particular year. Account should be taken of the key financial assumptions underpinning the budget alongside a consideration of the authority's financial management arrangements. In addition to cash flow requirements the CIPFA guidance suggests that the following factors should be considered.

<b>Financial Standing and Management</b>
The overall financial standing of the organisation
The organisation's track record in budget and financial management including the robustness of the medium term plans
The organisation's capacity to manage in-year budget pressures
The strength of the financial information and reporting arrangements
The organisation's virement and end of year procedures in relation to budget under / overspends

6. Regard should also be given to financial controls including internal and external audit arrangements, availability and timeliness of information on changes in the Board's financial position, and the challenging Defra funding position.

### **Conclusions**

7. The recommendations that follow are based upon a review of the above against the particular circumstances at the Chilterns Conservation Board.
8. The General Reserve currently (as at 01.04.10) stands at £170,000 and the Budget Equalisation Reserve at £206,896. Earmarked and Restricted reserves (as at 01.04.10) for individual projects total £117,662. (By 31.3.11 the Budget Equalisation Reserve is likely to have increased by a small amount and the earmarked reserves reduced, although the mix is dependent upon the final outturn).
9. In assessing the adequacy of the General Reserve there are some positives and some negatives to consider.
10. The positives are:
- The Board's sound financial standing and management as perceived by auditors, in particular its track record in budget and financial management.
  - The strength of financial information and reporting arrangements.

11. The negative is:
  - The uncertainty over grant aid from DEFRA and local authorities.
12. Taking account of the above the Board has agreed previously that a General Reserve of 4 months direct operating costs would be adequate. This would be approximately £170,000 for the financial year starting on 1 April 2011.
13. As the Board receives nearly its entire core funding from DEFRA and the local authorities it is likely to receive a relatively lengthy period of notice of any significant withdrawal of funding, possibly a year or more. More likely is a gradual reduction than a significant cut in the short term. This would give the Board sufficient notice to make changes to allow it operate within the resources made available to it from these sources on an annual basis.
14. If this scenario happened the role, even existence, of the Board is likely to be brought into question as it would mean that neither national nor local government believed it was worthy of their continuing support. The likelihood of the Board having to operate at the current level based solely on its own resources is, therefore, remote. In the event of the Board having to wind up, which would require parliamentary intervention, the short term savings are likely to be sufficient to meet the extraordinary costs.
15. In the light of known and anticipated cuts over the next four years the application of reserves will be an integral part of budget realignment planning.

### **Recommendations**

1. **The General Reserve be maintained at a minimum of 4 months direct operating costs.**
2. **The policy be reviewed each year when the budget and grants are set.**



## Report on Re-development of the Chilterns AONB Web Site

**Author:** Claire Forrest  
Information and Interpretation Officer

**Summary:** The Chilterns AONB web site needs to be re-built at an estimated cost of up to £20,000. The annual cost could be reduced from £9,000 in recent years to less than £3,000. The site would rely heavily on “social media” (e.g. Facebook, Twitter) and will carry advertising and sponsorship. A development plan has been prepared with advice from a web site consultant.

**Purpose of Report:** To seek approval to allocate up to £20,000 in total for the re-design of the Chilterns AONB Web site

### Introduction

1. In January 2010 a paper was presented to the Board explaining the need to spend in the region of £15-20,000 to re-design the AONB web site. The Board noted this need and the matter referred to the Executive Committee. In the event the proposal was not submitted to the Executive Committee in anticipation of budget cuts in 2010-2011
2. The web site is essential and its value is growing. As previously reported, the traffic to the site is increasing at approximately 20% per year. That rate of growth has been sustained since the original report and the total number of visits will be close to 200,000 p.a. However, the site is in need of an overhaul and is based on an out of date structure.
3. A web designer was commissioned to provide an overview of the existing site and asked to recommend how it could be re-designed to ensure it achieved several aims, including increased traffic, lower management costs and greater appeal to potential advertisers. He was also asked to advise on how best to integrate what is called “social media” which includes Facebook, Twitter and Web Blogs.
4. The report also contained options for a phased re-development of the site and increasing use of social media, which is available at little cost other than staff time. The total cost of the redevelopment is estimated to be up to £20,000 but is subject to tendering. This cost can be substantially offset by a significantly reduced annual operating cost, declining from £7,000 to £3,000. In recent years the cost has been closer to £9,000 p.a. This will be partly achieved by enabling staff to manage the site rather than relying on a consultant, and seeking a lower cost web master (not everything could or should be managed in house). It is also anticipated that the site would be much more attractive to potential advertisers not least as the aim is to attract a higher volume of visits.
5. This additional cost is not included at present in budget forecasts. Whilst at an early stage, it is anticipated that over the period 2011-2015 the total cost of

£20,000 for re-designing the site can be recovered by reducing operating costs from £28,000 (£7,000 p.a.) to £12,000 (£3,000 p.a.) and an additional £4,000 (£1,000 p.a.) of advertising revenue. Initially the funds would be allocated from the annual core budget with the balance drawn from the budget equalisation reserve.

6. The site would include an online shop for the Board's literature and also to enable electronic payments for both merchandise and event fees.
7. The re-design of the site would place greater emphasis on information for visitors and up to date stories, largely delivered by the social media options. The size of the site is now large and verging on the unmanageable, so it would be slimmed down and several sections retired or archived. A content review will be an early task as will be research into the users of the site.

### **Recommendation**

1. **To approve the expenditure of up to £20,000 on the re-development of the web site.**



## Report on HS2 Public Consultation

**Author:** Steve Rodrick Chief Officer

**Summary:** The government is expected to launch its public consultation on HS2 in late February- rumoured to be 28<sup>th</sup>. The consultation period will run for 5 months and include a series of temporary exhibitions at locations in the Chilterns in May.

**Purpose of Report:** To advise the Committee of the public consultation phase

### Background

1. The Government announced when it launched the HS2 report in March last year that it intended to consult publicly by the end of 2010. With a change in government that timetable slipped but it is due to begin by the end of February for a period of 5 months.
2. According to the DfT web site  
  
"A public consultation on the proposed new London to Birmingham route, as well as on the Government's broader strategy for high speed rail, is planned for February 2011."
3. It is not yet clear whether the consultation will enable the public to reject the proposal for a new high speed railway network in its entirety. It is unlikely that the consultation will provide alternatives (strategy or route) to HS2.
4. The consultation will be jointly run by DfT (which will address the strategy) and HS2 Ltd (which only has remit to design the route). The consultation will take the form of publishing documents on line. A request has been made to ensure there are plentiful copies of printed documents too. There will also be a number of road shows, believed to be two day events in Amersham, Wendover and Aylesbury. A mobile exhibition will be in the area at a number of locations including Chalfont St.Giles and Gt.Missenden. The exhibitions will be manned by technical staff. The dates for the exhibitions have not been confirmed.
5. As anticipated, the government will not be publishing an Environmental Impact Assessment but only a strategic Appraisal of Sustainability- which is a high level document, taking a whole line overview. It will not provide local detail.
6. HS2 Ltd were requested to prepare a series of "visualisations" of actual locations in the Chilterns, rather than generic illustrations. HS2 staff have since confirmed they have responded to this suggestion and used most of the locations recommended.
7. The Secretary of State has indicated that a revised business plan will be presented. In view of the widespread criticism of the assumptions underpinning the

existing business plan this is not surprising. The new business plan will take time to analyse. It is proposed that both local and independent experts undertake this task. Obviously an independent assessment will be more telling and it is a cost the Board should be willing to contribute to. There are sufficient funds remaining from the initial fighting fund of £10,000.

8. There has been a further development in so far as the DfT has always argued that a new railway was necessary because the West Coast Main line (WCML) would be full within 15 years. Initially the DfT identified a programme to increase capacity on the WCML called Rail Package 2. This would increase capacity significantly and cost less than £3 billion. For reasons never fully explained this option has been discounted. However, analysis by railway experts working for the HS2 Action Alliance has shown that capacity could be enhanced to meet the growth in demand by extending the trains, removing pinch points, improved signalling and faster commuter trains. This would also enable the intercity trains to operate at their design speed of 140 mph. (n.b. the EU definition of a high speed railway includes uprated lines which can operate at 125 mph.).
9. This is an important point because, arguably, the national need as defined by the Dept for Transport, can be met by enhancing the existing infrastructure rather than building a new line through the AONB.
10. The Board needs to be mindful of the political capital being invested by ministers and the Prime Minister, who are now saying that a decision should not be based on the business case, but the transformative effects on reducing the north –south divide. No evidence has been provided to support this assertion. It is articulating a political view that although the business and environmental cases are weak and cannot justify the project alone, unquantifiable social and economic benefits will accrue in the fullness of time.
11. It is important to note that recently the following organisations have voiced their opposition:  
  
Friends of the Earth  
The Taxpayers Alliance  
The Wildlife Trust.  
  
The CPRE, National Trust and Campaign for Sustainable Transport have expressed severe reservations. It seems likely that their tests , particularly for the environmental benefits, will not be passed by HS2.
12. Several meetings have been held with local MPs (David Lidington, Cheryl Gillan, Dominic Grieve and Steve Baker) who are working hard behind the scenes.
13. The local authorities have now formed an active political working group and have created a sizeable fighting fund of several hundred thousand pounds. The Chief Officer has been co-opted as a member as have representatives from the London Borough of Hillingdon and HS2 Action Alliance.

## **Next Steps**

14. The Board digests the newly published information issued as part of the HS2 public consultation- the consultation lasts for 5 months and there is no need to prepare a full response in haste. However, an early statement should be released with an outline position statement. Many other organisations and the media will want to know what the position of the Board is. It will be surprising if any significant new information comes to light to change the Board's current position.
15. The Board should contribute to the cost of commissioning an independent analysis of the business and environment case.
16. If the Board does not believe that the HS2/DfT information fully reflects the impact on the Chilterns it should be prepared to say so and publish its own information.

## **Timetable**

Feb – July	Public Consultation
End of 2011	Government announces route (London-Birmingham)
2012	Publishes and consult on Environmental Impact Assessment
2013 -2015	Legislative process for a Hybrid Bill
2015	HS2 Act on the Statue Book
2015	Work begins on the route (n,.b design work and other preparations are already underway)

## **Recommendations**

1. **To promote awareness of the consultation and encourage responses on both he overall strategy and impact on of the preferred route.**
2. **To publish information on the local environmental impact, especially if not provided by DfT and HS2 Ltd.**
3. **To continue participating actively in the Stop HS2 campaign.**
4. **To contribute up to of £2,000 to the costs of commissioning external technical experts to assess the revised business case and environmental impacts.**
5. **To prepare a full draft response for consideration by the Executive Committee at its meeting on 18<sup>th</sup> May.**



## **Chief Officer's Report**

**This paper is for information only (to be circulated to all Board members)**

**Author:** Steve Rodrick Chief Officer

The main current issues are:

- Preparing the budget and work programme for 2011-2012
- Income generation programme
- Managing cuts to the budget
- High speed 2
- Major Development proposals including the new stadium near High Wycombe and milk processing factory near Aston Clinton.
- Re-development of the web site.

### **HS2**

This continues to take up an immense amount of time. There are many action groups, including a multi local authority group, which seek the involvement of the Board. The Stop HS2 campaign is holding a convention in Stoneleigh on 19<sup>th</sup> February at which the Board will give a presentation, run a workshop and man a display.

The public consultation phase is due to begin by the end of February which has required a significant amount of preparation.

Media interest is unabated with coverage by most of the national and local papers.

The Chief Officer and chairman have had several meetings with local MPs who continue to work hard on the campaign behind the scenes.

The Board is also working with partners to prepare baseline environmental information, for example, on the area of ancient woodland affected. This information is not expected to be provided by HS2 as part of the public consultation.

### **Wycombe Community Sports Stadium**

Wycombe DC is working with the owners of Wycombe Wanderers FC and London Wasps RC to identify a new location for a sports stadium to replace Adam Park in High Wycombe. A preferred new site has been identified at Booker Airfield, which is surrounded by the AONB. WDC cabinet approved the selection of this site last month and is now proceeding to the next stage of planning which will involve an enabling development of over 600 houses, a hotel and sports facilities.

The Board has written to all WDC councillors expressing concern about the impact on the AONB and likelihood of development spilling out of the site into the AONB in future.

The proposal is causing a great deal of controversy locally.

## **Other Major Planning Applications**

There are a number of major proposals at various stages of development. They include a proposal for a large milk processing facility between Aston Clinton and Aylesbury (about 1.5 miles outside the AONB). The site will occupy close to one square kilometre and will accommodate several very large buildings with prominent roofs. The Board is likely to object when an application is submitted shortly to Aylesbury Vale DC as the buildings will be highly visible from the AONB and is overlooked from several vantage points including Wendover Woods, Coombe Hill and Ivinghoe Beacon.

## **Electricity Cable (Sauderton to Amersham)**

Meetings have been held with Scottish and Southern Electricity (SSE) who are designing, and hope to install, the high voltage cable to provide electricity to a data storage centre at Sauderton, (between High Wycombe and Princes Risborough) . The cable will be 14 kms long and be installed underground. In so doing it will cross 22 public rights of way and over 40 ancient hedgerows. The Board did not believe that SSE were fulfilling their statutory obligations under the Countryside and Rights of Way Act 2000 to show they have taken into the special qualities of the AONB. They are now commissioning additional surveys and will be amending their design and installation techniques.

The promotion and development of the Chilterns Cycleway is proceeding well with volunteers (cycleway rangers) recruited to check the route regularly. Many local businesses, especially pubs, tea rooms and accommodation are being contacted to raise awareness of the route and to get them involved in its promotion.

Several hundred copies of the cycleway book have been sold.

## **Forestry Sell Off**

The proposed sell off of the Public Forest Estate (PFE) and future role of the Forestry Commission developed into a major campaign with much local concern over several woods, notably Wendover Woods. Following the cancelation of the proposals it is still important that the Board submits its views to DEFRA and the panel of experts to be appointed by the Secretary of State.

## **Commons**

The bid to the Heritage Lottery Fund for a grant of £400,000 to help with the management and enjoyment of common land will be submitted by 4<sup>th</sup> March. The bid, which has been prepared with a Stage 1 development grant from the HLF, has been supported by many organisations including The Chiltern Society, National Trust, Wildlife Trusts, landowners and local groups. The omens are good and the HLF decision will be known in the third week of June. If successful a project officer will be recruited and, it is hoped, in post by September.

## **Re-organisations**

Three of the Board's main partners are undergoing major re-organisations. The National Trust is making the final changes to its national reorganisation, which is likely to mean that Hughenden Manor near High Wycombe will no longer be the regional head quarters.

Both Natural England and the Forestry Commission have had to make major changes due to the extent of their budget cuts. Those changes are still to be finalised and it is likely to be several months before the new structures are in place.

More or less every local authority is going through similar large scale reviews and structural changes. It seems in most cases that those departments with which the Board works most closely are to change greatly and the availability of resources (staff and funds) will diminish significantly.

## **Web Site Development**

The Board needs to re-design its web site (currently receiving 200,000 visits per annum) and enhance its use of "social media" (Facebook, Twitter etc). An initial review has been undertaken by an external consultant and, subject to Executive committee approval, will invest £20,000 in a development programme planned to be completed by the autumn.

## **Income Generation**

A detailed review of the budget has been undertaken to reduce expenditure. A companion exercise to identify the potential to generate more income is also underway. In particular advertising is being sought for the web site, sales of literature are to be promoted and the scope to earn income from events is being examined.

