

Financial Memorandum of Agreement

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Summary: The draft MoA on funding for the period 2007-2013 needs to be agreed by the Board, Natural England and all 15 local authorities. This draft was circulated for comment in January 2006 and no objections were received from local authorities. Countryside Agency agreement to the wording was not secured before NE was established. It is proposed to re-consult and to seek agreement to allow the MoA to be in place by 1st April. An additional clause has been inserted to cover the possibility of local government reform.

Purpose of the report: To seek Executive Committee approval for the funding Memorandum of Agreement for the period 2007- 2013

Background

1. In 2001 the Countryside Agency increased the rate of its core grant from 50% to up to 75%. In return for this the Agency sought an undertaking from local authorities that they would not reduce their contribution. The intention was that the AONB budget would grow significantly rather than there simply be an adjustment to the funding profile. The Agency required all local authorities to agree to a Memorandum of Agreement to ensure that their grant was not reduced. Initially this was for a period of 6 years with a review after 3 years.
2. All local authorities agreed to this arrangement and signed the Memorandum. The Countryside Agency increased its grant rate to 75%. During the period since 2001 all 15 local authorities have maintained their contribution, adjusted for inflation. No increase above inflation has been sought.
3. When the Board was established without the ability to reclaim VAT the Countryside Agency agreed that its rate of grant would be further increased and could be up to 80%. The local authorities were not required to increase their contributions despite the increase in operating costs.
4. The revised Memorandum is based on the same funding profile as before and is seeking to maintain the real value of funding contributions from all parties. An additional clause has been added to cover the possibility of local government reform. In effect the MoA seeks to ensure that the funding contributions from new authorities equals the value of contributions from these forming the new councils.

Recommendation

1. **To approve the Memorandum of Agreement on funding for the period 2007-2013**