

Finance Report 2007-08

Authors: Steve Rodrick Chief Officer
Chris Smith Finance Officer

Summary: No finance report for the year to date has been provided as it would only cover one month. A grant offer for core costs only has been received from Natural England. The offer is for an increase of 3% on last year which is £12,000 less than applied for. No grant offer has been received for projects or the Sustainable Development Fund but a verbal update has been provided suggesting that an offer will be made amounting to £36,000 compared to the £98,000 applied for. The SDF offer is likely to be £70,000 although bids were invited of £100,000. No cost of living allowance has been paid yet in the absence of a national agreement with local authorities.

Purpose of Report: To inform members of the current grant offers from Natural England and to advise that discussions begin with Natural England on improving the grant application process for future years. To agree on changes to the projects budget and work programme for 2007-08. To advise that a cost of living award was not paid to staff with effect from 1 April but that an interim award of 2% should be paid in May pending the outcome of the national negotiations.

Grant Offers from Natural England

Core Grant

1. The Board applied for a core grant of £479,620 (76.7% of costs). An offer has been made of £467,620 (74.4% of costs). The difference is accounted for by the additional £12,000 requested, but refused, to help cover some of the costs of reviewing the AONB Management Plan. With the exception of this addition the core budget was increased by 3%. This will require efficiency savings of approx 1.5 -2.0% in view of the real increase in employment and other costs.
2. The offer has been provisionally accepted. It is highly unlikely that NE will increase the offer (there is no precedent for re-negotiation of a core grant offer) and an attempted re-negotiation may delay any grant claim and affect cash flow.
3. In the absence of a grant offer the Board was unable to submit a quarterly grant claim in advance (for April – June). A claim has now been submitted.

Project Grants

4. At the time of writing no formal grant offer has been made for either projects or the Sustainable Development Fund. The Board applied for project funding of £98,930 – the same amount applied for in 2006-07. Alistair Helliwell, NE

team leader for the Chilterns, provided a verbal update on 3 May informing the Board that it will receive a total offer of £34,500 for Chalk Streams, Chalk Downland and Commons projects. The details of the bid and offers are given in Table 1

Project	Total	NE Grant applied for	NE grant awarded
Chalk Streams	44,300	22,000	22,000
Getting Close to Nature	30,000	13,000	0
Making of the Chilterns Landscape	10,000	5,000	0
Access For All	10,000	5,000	0
Chilterns Cycle Network (1)	5,000	3,500	0
Countryside Close to Home	10,000	5,000	0
Visitor Survey	13,000	6,500	0
Commons	5,000	2,500	2,500
Chalk Grassland	20,000	10,000	10,000
Woodland Management	17,110	8,555	0
Ancient Woodland Survey	6,750	3,375	0
Discover the Chilterns Booklet	9,000	4,500	0
People and Places (2)	11,000	5,000	0
Total	£194,160	£98,930	£34,500

5. The offer and its timing raises several issues outlined in Table 2.

Project	Notes	Recommendations
Chalk Streams	Chalk Steams Project Officer post can be retained and contract extended to 31 March 2008. Environment Agency still to confirm their contribution but other funding in place	Proceed as planned and extend contract of project officer until March 2008
Getting Close to Nature	In its third year of an HLF grant supported throughout by CAVEN.	Reduce element of programme not supported by HLF grant and use ring fenced reserves from Friend of Red Kites scheme and donations to cover deficit (£6,000)
Making of the Chilterns Landscape	This project has insufficient funding in place to be started	Postpone until 2008-09 at the earliest
Access For All	This is a high priority and part of an ongoing work programme for which the Board has established a good reputation. The Board should seek alternative funds to keep as much of the work going as possible. In any event it would have been reduced in scale due to the access officer's maternity leave.	Reduce in scale and seek alternative funding possibly drawing on reserves and the SDF. (£3,000)
Chilterns Cycle Network	This is work in development (Chilterns Cycle way and Ashridge Cycle network) which will have to be slowed down and to a great extent delivered by other partners and	Proceed but reduce scale of the Board's financial commitment, making use of reserves and or SDF where possible. CTC and other volunteers are capable of

Project	Notes	Recommendations
	volunteers. The CTC volunteers are doing much of the development work for the Chilterns Cycleway	doing much of the development work. (£1,500)
Countryside Close to Home	This was a development of the access to woodland work undertaken over the last 18 months and would have added a valuable new part to the web site. It was largely a pilot project which will now have to be delayed.	Postpone until 2008-09
Visitor Survey	The survey has begun and was grant aided by CA/NE in 2006-07. The survey is supported by a partnership which has provided the match funding - 50%. The survey is being undertaken this year to follow on from the 1997 survey to give a ten year comparison. It is important work which can underpin the review of the Management plan.	The survey should proceed as planned but the Board's contribution covered by reserves (£6,500)
Commons	Most of the funding, which has not yet been earmarked for specific commons, will be used to support work by local commons groups and the Chilterns commons Network	Proceed as planned
Chalk Grassland	Most of the funding, which has not yet been earmarked for specific sites, will be used to support work by site owners and for training.	Proceed as planned
Woodland Management	This grant would have been used to engage the services of the Chiltern Woodland Project to advise on the management of small woodlands, in particular ancient semi natural woodlands and to provide advice and training on woodland heritage and archaeology. The Woodland Project will be severely affected by the lack of grant aid and the scale of advice offered is likely to cut back and require the Project to levy a near commercial rate for its advice. The Project is likely to have to consider reducing its assistance in general to the Board and possibly even charge for that assistance currently given free.	Reduce the scale of the programme and consider allocating funds from reserves (£5,000)
Ancient Woodland Survey	Surveys in Sussex have shown that up to 40% of ancient semi	Postpone unless alternative funding can be found from

Project	Notes	Recommendations
	natural woodland was not included in the definitive inventory of ancient woodland in 1992. The FC is now encouraging widespread re-surveying of ancient woodland as it is a national priority habitat - a significant proportion of the English total lies in the AONBs in the south east. This would have been a small scale pilot project to have established whether a full scale survey was needed.	elsewhere.
Discover the Chilterns Booklet	The first edition was one of the most popular and highly praised of the Board's publications. The stock of 20,000 was exhausted in less than one year when it was expected to last for two. Some of the costs for a second expanded edition could be covered by income from visitor attractions and advertising but not all of it.	Delay and investigate alternative sources of funding
People and Places	This project has taken over a year to develop and secured a grant from the HLF which is time limited. It is a new area of work and will be supported directly The Chiltern Society and volunteers	Proceed as planned with an allocation from reserves (£3,000). Request funding support from The Chiltern Society (£2,000)

6. The possibility of re-allocating the grant aid within the ceiling set by NE has been raised. The Visitor Survey and Getting Close to Nature Projects are high priorities as they are underway. To proceed as recommended will require release of reserves of up to £26,000. The draw on reserves could be reduced by donations (Getting Close to Nature events), SDF for Access and Cycling projects and further downsizing of projects and re-allocation of core budget funds.

Re-allocation of the Land Management Scheme Funds

7. A further possibility is to re-allocate the £30,000 allocated to the Land Management Fund established at the last Board meeting. The scheme has not yet been promoted and no grant offers made. The NE grant offers are directed towards habitat management and the Board will need to reflect on whether its own resources should now be used to provide a more balanced work programme including access projects, than NE has been willing to support. In which case there is a strong argument for using the Land Management funds for other types of project. The fund would not be entirely exhausted by such a re-allocation, especially if other external funds can be

sourced. Instead the Board should use what funds remain on a discretionary basis rather than promoting it as a formal grant scheme.

Allocation of the core budget to Projects

8. There is scope to re-allocate some of the core budget which will be available due to Annette Venters going on maternity leave from late July until spring 2008. (See confidential Item 14).
9. It is proposed to employ an access consultant for specific pieces of work as cover for Annette rather than employ an officer on a short term contract. This would release further funding for other uses. As Natural England declined to provide grant aid of £12,000 towards the costs of reviewing the management plan it is proposed to re-allocate up to £12,000 of the core budget for this work leaving a balance of £4,000 which could be used for projects.
10. The current position is highly unsatisfactory for several reasons:
 1. The core grant offer was made after the beginning of the financial year started, thus delaying confirmation of budgets and quarterly grant claims. It has not been possible to revise the existing Memorandum of Agreement on funding with local authorities and NE because of the delay.
 2. The late offer of grant for projects and likely cuts will affect significantly the planned work programme. There is little prospect of covering any deficit in funding created by a short fall in grant from other partners.
 3. Projects take considerable time to develop and need to be made ready for submission to NE in the autumn of the previous year. NE has not attempted to discuss or negotiate on any projects in the interim, which are then left in limbo for several months. This makes it very difficult to develop projects with partners and secure commitment from them to provide resources.
 4. As it is now apparent that the national AONB project allocation is much lower than previous years, much effort will have been expended on projects which have not received any funding or so little that they will have to be cancelled. This represents a considerable waste of staff time and unnecessarily raised expectations. Only three out of 14 projects submitted have been supported.
 5. The projects budgets are spent directly on delivering the work programme often through local groups and land owners. They have very low overheads enhancing the effectiveness of this way of working. Inevitably reputations, including that of the Board, are damaged by cuts of this type.
 6. The late and short term offer renders it almost impossible to support projects which last for more than one year or cross financial year ends.

7. NE did not provide any guidance on which type of projects it would favour or any indication that it would give weight to local circumstances. The projects have been decided by a national panel with all projects, in effect, in competition with each other. Predicting the chances of success for any particular project is, therefore, problematic, and may lead to significant variations from one year to the next.
8. It appears that NE have favoured habitat management and decided not to support any access projects – these trends are borne out by settlements in many other AONBs. Neither has the historic environment received any support.
9. The delay and cut to the Sustainable Development Fund is equally disappointing. Many believe that the SDF grant allocation was instructed in 2004-05 by Alun Michael, Minister of State at DEFRA, and was in addition to the then Countryside Agency AONB budget. It was simply a response to the allocation of £200,000 awarded to each National Park authority. NE has not treated it as a ring fenced ministerial commitment. (The National Park authorities continue to receive an annual SDF allocation of £200,000).
10. Up to 10% of the SDF fund can be used for administrative purposes. This does not, in practice, cover the full staff cost but as the SDF brings such benefits it is an additional overhead worth covering. If grant reduces, the overheads do not reduce proportionately and thus a 10% ceiling on overheads will place further strain on the core budget.
12. This is a long list of issues and reflects concerns held by many other AONBs. There is plenty of scope to improve the situation but requires discussion and guidance from Natural England as well as recognition on their part that the current arrangements are unsatisfactory.

Current Financial Position 2007-08

13. A report based on April 2007 has not been produced. There are no significant items to report other than the advance quarterly payment ((£116,905) for Natural England could not be claimed until early May. Despite this the Board's cash flow remains acceptable because reserves are invested on the money market which can be accessed readily.

Cost of Living Increase

14. The Board uses the salary grades used by Wycombe DC. These are adjusted annually based on the nationally negotiated pay settlement affecting most local authorities. The employer's current offer is 2% which has been refused by the unions. Those staff who qualified for a salary increment have been paid an increase based on last year's pay scales. The cost of living award must be backdated to 1st April.

15. Despite the delay in agreeing a cost of living award it is not proposed to change the arrangement by which the Board adopts the Wycombe DC pay scales. However, it is proposed that the Board pays an interim cost of living award of 2% in May if no national agreement has been reached by then. Any subsequent settlement would be paid as soon as possible and backdated to 1st April.

Recommendations

1. **The Board accepts the offer of £467,620 core grant from Natural England.**
2. **The Board lobbies Natural England to introduce an improved process for submitting and approving grant awards based on clearer guidance, more timely awards and scope for local negotiation.**
3. **The Board revises the work programme as recommended and releases reserves of up to £26,000, initially by re-allocating funds from the Land Management Scheme and re-allocating up to £4,000 from the core budget.**
4. **The Board notes that cost of living awards have not been made to staff but agrees an interim award of 2% be made in May backdated to 1st April pending the final outcome of the national negotiations.**