

Date: 2nd September 2020
Report: Governance and Finance Report
Written by: Denise Furlonger

Purpose of Report

To agree governance actions and the outturn report for 2019/20 and the estimates for the period 2021/22.

Summary

1.1 Review of Designated Landscapes. The Glover Review was published on 21st September 2019 making 27 substantive recommendations for National Parks and AONBs. The AONB Board considered the proposals at a workshop on 24th October 2019 which it reported to Defra and the Chair had a virtual meeting with Julian Glover on 1st May. Defra has established an internal team and a Task Group to advise on the recommendations but it is not clear whether or when it will report. In the meantime, the informal advice is to encourage the National Parks and AONBs to act on the recommendations within existing resources.

1.2. National Landscapes. With support from Defra, the National Association for AONBs has established a task group to look at the branding of AONBs and the renaming of AONBs to National Landscapes. This was a key recommendation of Glover that will not affect the legal basis of the AONB designation but to better reflect the national importance of AONBs to decision makers and the public. The Surrey Hills AONB Director is on the task group. In the meantime, the Cotswolds Conservation Board is the first AONB to agree to rename to the Cotswolds National Landscape which is expected to be formally announced later in September.

1.3 Risk Register. The Risk Register is reviewed annually by the Statutory Members Group (SMG) and reported to the AONB Board. It highlights what actions are undertaken to mitigate risks. Most of the scoring was Green which means that this should be subject to annual review but there are also areas (Amber) which need to be monitored by the AONB Director on a quarterly basis and reported to the Statutory Members Group, as appropriate. The Statutory Members Group reviewed the register at its meeting on 24th August and identified the following areas were high risk and that that further mitigation was required:

1.3.1 Financial. Central government funding had been highlighted as the major risk in 2015 but the Defra confirmed that it would protect AONB funding until 2019/20. This accounts for 75% of the AONB core funding which is funding formulae set out in the AONB Board's Constitution. Howard Davies, the National Association for AONBs, CEO has confirmed that core funding is not confirmed for AONBs from 2021, but advises that it would be prudent to budget for a settlement based on previous years with inflation. In the meantime, the NAAONB is working on a National Landscape prospectus to additional funding streams from Defra that would help deliver Glover recommendations and the Government's 25 year Environment Plan. A copy of the prospectus will be circulated to the AONB Board once it is published.

1.3.2 Reputation. The SMG identified the high risks around the Surrey Hills brand and the Surrey Hills family. It identified that the measures required to manage and control the brand needed to be reviewed. The mitigation identified in the Risk Register is to review the legal protection and license agreements for the brand and to use the annual Family Collaboration Day in January to building understanding and trust. It is also important that Members continue to use the quarterly AONB Board meetings and the Monitoring Framework to scrutinize the work of the family and partners.

1.3.3 Performance. The impact of Covid has led to the closure of the office at Warren Farm Barns. The AONB team has continued to work flexibly from home and has been continuing to produce weekly time management Matrix to identify work priorities. As the office arrangements are unlikely to return to normal due to the need to socially distance, the Members advise that we need to ensure the medium and long term working arrangements are conducive to an effective team and partnership working. The need to socially distance will reduce the meeting room space at Warren Farm Barns and so it is recommended that AONB Board meetings, subject to external restrictions, will rotate to different venues.

1.4 Business Plan. The updated Business Plan will be reviewed in December in line with the priorities set out in the AONB Management Plan. This will be considered by the Statutory Members Group and presented to the AONB Board meeting on 2nd December. In the meantime, the AONB team and project funding will continue to be allocated for the AONB Working Groups and Project Groups.

1.5 Public attendance at Board meetings. The question of the status of members of the public attending Board meetings was raised at the AONB Board meeting on 17th June. The Standing Orders for the AONB Board already allows for members of the public to attend meetings and members of the Surrey Hills Society regularly attend AONB Board meetings on this basis. However, Officers have reviewed our process and sought advice on best practice from Surrey County Council Democratic Services and other AONB Joint Committees and Partnerships. They often have a standing agenda item for questions from members of the public. It is recommended that the opportunity for the public to put questions to the AONB Board is published on the website which should be submitted a week in advance of the next meeting. The draft wording that Members are asked to approve is at Annex 1.

1.6 Reserves Policy and Surrey County Council hosting. The ability for the AONB Unit to build a restricted reserve is limited. The main funding for the unit comes from Defra, which has to be restricted to projects and cannot be spent on reserves. The Statutory Members Group will therefore be considering the reserves policy related to covering perhaps 3 months running costs of the AONB Unit and arrangements to reduce Surrey County Council's potential liability regarding staff redundancy. The Statutory Members Group has already advised that as a matter of policy the AONB should in future avoid, if practicable the direct employment of staff outside of the core business of the AONB Unit to avoid the cost and complications of redundancy. In the meantime the AONB Unit will continue to allocate one day a week of its Office and Finance Manager's time to support Surrey CC Countryside work. This will be flexible to ensure that the AONB Unit has enough time when it is needed. This will be reviewed as part of the review of the Constitution and Business Plan.

1.7 Finance – Outturn and Estimates

Every year at the AGM the Board agrees the outturn report for the previous year accounts and agrees the core estimates for the following financial year. In line with the funding formula set out in the AONB Board's Constitution (paragraph 71) and the 5 year Business Plan (2019 – 2024), the estimates demonstrate how we can afford to maintain the core staff resource.

Salaries are based on the employment of the Director (1 FTE), Office Manager (1 FTE), Communications Officer (0.8 FTE), Planning Adviser 0.6 FTE), Project Assistant/Grants Administrator 0.4 FTE), and Surrey Hills Arts Officer (0.5 FTE). A 1.0 % inflation increase has been added, plus £3.5k for travel and subsistence and training for the whole unit.

DEFRA has changed the way we report on finance so we are now showing the entire DEFRA contribution in the Core budget instead of separating out the Projects amount. We also need to identify £11,943 as a biodiversity fund which is included in the salaries costs.

The estimates assume a full budget spend as the Defra grant is paid on expenditure so cannot be "banked". It is acknowledged that we are uncertain of what our budgets will be for the future because of severe pressure on Defra and local authorities' finances, particularly in light of this year's Covid19 pandemic. Therefore budgets will still need to be reviewed and agreed annually. A new DEFRA agreement will be negotiated nationally.

Recommendations

Members are asked to:

1. Note progress on taking forward the Glover recommendations and the adoption of National Landscape name for promotional purposes
2. Note the Risk Register and agree the actions needed to mitigate the areas of high risk (See Annex 4 – separate document)
3. Agree that questions from members of the public should be a standing item at future AONB Board meetings and the protocol (See Annex included below)
4. Approve the outturn report for 2019/2020 (See Annex 2 included below)
5. Agree the core estimates for 2021/2022 (See Annex 3 included below)

ANNEX 1 Protocol for Public Questions to AONB Board

The proposed message will appear on the website as follows:

Public Questions

If you would like to put a question to the Surrey Hills Board, please do so via our online contact form. Any questions must be received a minimum of seven working days before the meeting. The Chair will raise your question at the beginning of the Board meeting.

Please note that there will be a maximum of 30 minutes to consider public questions at the start of the meeting with 3 minutes limit per question.

ANNEX 2 OUTTURN REPORTS

SURREY HILLS - AONB (CORE) OUTTURN REPORT FOR 2019-2020

	Estimate 2019/2020 £	Outturn 2019/2020 £
1) Core Staff Costs	175,550	171,044
2) Communications	4,960	13,336
3) Running Costs	11,557	11,912
Total Core Costs	192,067	196,292

Costs met by:

4) Non-Defra Core Contributions (25%)

Surrey County Council	26,900	26,900
Guildford Borough Council	5,279	5,279
Mole Valley District Council	5,279	5,279
Waverley Borough Council	5,279	5,279
Reigate & Banstead Borough	2,640	2,640
Tandridge District Council	2,640	2,640
	<i>48,017</i>	<i>48,017</i>

5) Defra Core (75%)	144,050	144,050
Other Income	0	4,225

Total Core Income	192,067	196,292
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<u>Deficit/Surplus</u> current year	0	0
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Deficit / <u>Surplus</u> previous year – Core	18,601	18,601
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Balancing Deficit / <u>Surplus</u>	18,601	18,601
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- 1) Core staff costs (Director, Office Manager, Planning Adviser, Comms, Project Asst).
- 2) Communications, including website development
- 3) Running costs including property rent & service charges, meeting costs, general office costs
- 4) 25% of budget pro-rata as per Constitution
- 5) 75% of budget as per Constitution

**SURREY HILLS - AONB (PROJECTS)
OUTTURN REPORT FOR 2019-2020**

	Estimate 2019/2020	Outturn 2019/2020
	£	£
Working Groups/Projects	42,557	42,557
SEEPL/NAAONB	56,000	55,064
North Downs Facilitation Fund	12,800	8,176
Greenscape Facilitation Fund	15,521	19,867
Cycle Trail – London Marathon Trust	2,000	17,272
Surrey Uneathed	26,000	36,513
ELMS	0	11,692
Surrey Hills Arts	0	9,047
West Surrey Greensands Facilitation Fund	0	3,366
Other Expenditure	1,000	1,000
Total Project Costs	155,878	204,554
 <i>Costs met by:</i>		
Defra Working Groups/Projects	42,557	42,557
SEEPL/NAAONB	56,000	55,064
Natural England -Facilitation Funds	28,321	43,101
London Marathon Trust	2,000	17,272
Arts Council England – Uneathed	26,000	36,513
Various Surrey Hills Arts	0	21,488
Other Income	0	0
Total Project Income	154,878	215,995
Deficit/ Surplus current year (ringfenced Surrey Hills Arts)	1,000	11,441
Deficit / Surplus previous year SEEPL/NAAONB (ringfenced)	5,140	5,140
Deficit / Surplus previous year – Projects	9,248	9,248
Balancing Deficit / Surplus	13,388	25,829

Estimates

ESTIMATES 2021/2022

TO BE AGREED BY SURREY HILLS BOARD ON 2nd SEPTEMBER 2020

SURREY HILLS - CORE FUNDING	Revised		
	Estimate	Estimate	Estimate
	2020/2021	2021/22	2022/23
		£	£
1) Core Staff Costs	232,548	234,838	237,152
2) Communications	5,008	5,057	5,106
3) Running Costs	24,144	22,392	20,626
Total Core Costs	261,700	262,287	262,884
<i>Costs met by:</i>			
4) <u>Non-Defra Core Contributions (25%)</u>			
Surrey County Council	26,900	26,900	26,900
Guildford Borough Council	5,279	5,279	5,279
Mole Valley District Council	5,279	5,279	5,279
Waverley Borough Council	5,279	5,279	5,279
Reigate & Banstead Borough	2,640	2,640	2,640
Tandridge District Council	2,640	2,640	2,640
SCC Surrey Arts	21,464	22,051	22,648
Planning Advice	3,000	3,000	3,000
	48,017	48,017	48,017
5) Defra Core (75%)	189,219	189,219	189,219
Total Core Income	261,700	262,287	262,884
Deficit/Surplus current year	0	0	0
Deficit / <u>Surplus</u> previous year - Core	18,601	18,601	18,601
<u>CORE</u> Balancing Deficit /<u>Surplus</u>	18,601	18,601	18,601

- 1) Core staff costs (Director, Office Manager, Planning Adviser, Comms, Project Asst). In order to balance the Core budget, part of the Project Assistant salary will be taken out of Working Group/Project budget
- 2) Communications, including website.
- 3) Running costs, including property service charges, meeting costs, general office costs.
- 4) 25% of budget pro-rata as per Constitution.
- 5) 75% of budget as per Constitution

Estimates

SURREY HILLS - PROJECT FUNDING			
	Estimate 2020/2021	Estimate 2021/2022	Estimate 2022/23
		£	£
1) SEEPL/NAAONB	56,000	56,000	56,000
2) North Downs Facilitation Fund	12,800	5,300	0
3) Greenscape Facilitation Fund	15,521	0	0
4) West Sy. Greensands Facilitation Fund	17,000	17,000	0
5) ELMS	36,138	36,138	0
6) Other expenditure	0	0	0
Total Project Costs	137,459	78,300	56,000
<i>Costs met by:</i>			
1) SEEPL/NAAONB	56,000	56,000	56,000
2/3/4) Natural England – Facilitation Funds	45,321	22,300	0
5) DEFRA - ELMS	36,138	0	0
6) Other income	0	0	0
Total Project Income	137,459	78,300	56,000
Deficit/Surplus current year	0	0	0
Deficit / Surplus previous year - SEEPL/NAAONB (ringfenced)	5,140	5,140	5,140
Deficit/ Surplus previous year – Projects (HLF ringfenced)	8,248	8,248	8,248
Deficit / Surplus previous year – Sy Hills Arts (ringfenced)	12,441	12,441	12,441
PROJECTS Balancing Deficit / Surplus	25,829	25,829	25,829

- 1) South East & East Protected Landscape Coordinator seconded to National Association for AONBs with full reimbursement
 2,3,& 4) Natural England funded projects
 5) DEFRA funded ELMS project

