



<b>Committee and Date</b> Shropshire Hills AONB Partnership  14 February 2011
--

<b>Item</b>  <b>4</b>
-----------------------------

## AONB PARTNERSHIP BUDGETS

**Responsible Officer** Phil Holden, AONB Partnership Manager  
e-mail: [phil.holden@shropshire.gov.uk](mailto:phil.holden@shropshire.gov.uk) Tel: 01588 674088 Fax 01588 674099

### Summary

This paper presents budgets for the current Financial Year and 2011-12, and outline budgets for 2012-15, with accompanying notes. These are a simplified version of the more detailed budgets which are scrutinised by the Management Board.

### Recommendation

The Partnership is recommended to note the information provided and offer comments.

### Background

1. Single Pot national funding. Notification was received shortly before Christmas of the Comprehensive Spending Review settlement in relation to AONB funding from Defra. This amounts to a 5.4% cut per year for the four year period (in addition to the 5% in-year cut this Financial Year). The funding will from April this year be received from Defra directly as sponsor body, rather than via Natural England as in the past. Use of the 'single pot' of national funding remains at the discretion of AONB Partnerships, across the three headings of Core, Projects and Sustainable Development Fund. A 25% match contribution from local authorities is expected for core costs. Reductions in the local authority contributions are seen to generate an increase in earned income targets.
2. The top half of the budget table in Appendix 1 shows the reduction in Natural England/Defra funding, and a projection of how this might be allocated. The table shows only one scenario, and there does remain considerable scope for future decision making. The scenario shown does however follow similar principles to those endorsed by the Management Board up to now, e.g. reducing overheads as far as possible, protecting existing staffing as far as possible but looking at options for savings if and when vacancies arise, seeking additional external income into projects, etc.
3. Staff costs are lower in 2011-12 due to maternity leave of the Promotions Officer, rising back to previous levels in 2012-13 and subsequently. Throughout the table, the further forward in time, the more variables there are and the less certain become the projections. Changes in staff conditions currently being proposed at Shropshire Council are likely to reduce salaries and therefore staff costs overall. The scenario shown envisages no changes to Core staffing structure, but this is of course possible, especially in the event of anyone leaving and a vacancy arising. The later years show a significant earned income requirement in Core. This may be met from sale of publications and other miscellaneous income, fee-earning work and management fees on projects, but clearly this is not all identified for future years at the current time.

4. The full detail of the Core budget (and indeed all sections of the budget) is not shown, in order to simplify the table but still give members an overview. The other headings shown in Core allow for an increase in office costs, and seeking to maintain other activity such as promotion and running costs at workable levels.
5. The Woodlands and Rivers Projects are the subject of current funding bids, and the 'other income' lines against these show how dependent they both are on external funding (beyond the single pot) to survive.
6. The projections shown for the Sustainable Development Fund are dependent on the allocation of single pot funding to the other headings, but the scenario shown is one of a progressive withdrawal to zero. It is hoped that other sources of income can be found over this time to enable the Sustainable Development Fund to survive. In particular the Management Board has supported the principle of developing the Friends of the Shropshire Hills group into a structure with charitable status to play a greater role in fund-raising.
7. Other projects. The lower half of the table shows project activity which lies outside the single pot, drawing on a variety of different funding sources with varying timescales. LEADER is significant here, both in the grants (and running costs) in the bottom block, and in the three of our own projects funded by LEADER grants (Discover Local, Farming Project and Walking for Wellbeing). N.B. The Grand Totals shown at the bottom include an element of double counting by including these LEADER grants twice. This is corrected in the more detailed working version of the budget. At the time of writing, Spending Review settlements on LEADER have not been confirmed. What is shown are the current budgets contracted from AWM, and though a cut is certain its level is not yet known.
8. The two projects funded by AWM's Natural Assets grants (received via Natural England) are time-limited and will be completed within the 2011-12 Financial Year. Decisions on the Shuttles have to be made from one year to the next and accurate prediction of costs and income any further than the coming season is virtually impossible. Overall it is clear that a number of current projects will have ended by 2013-14, resulting in the current projections showing a decrease in overall activity. However there is time before then to develop new projects and it is hoped that levels of activity can be broadly maintained. If successful, the HLF bid for the Stiperstones – Corndon Landscape Partnership Scheme would be particularly significant, providing one year of development funding followed by five years for project implementation.
9. Earned income and reserves. Most of the income of the AONB Partnership is drawn down in grants specifically against expenditure made. Relatively small amounts of earned income with 'no strings attached' are crucial to providing building blocks of cash match funding on which to base new projects and funding bids. There is provision however within the Council's arrangements for the AONB Partnership finances to hold a small reserve and carry this forward. This needs to include some contingency for potential redundancy costs, but the size of reserve needs to be balanced against potential uses of this unattached income to generate and maintain projects and therefore employment. The current reserve is £13,200 and the aim is to increase this slightly (lowest line of table), but it is not possible to make meaningful projections of the reserve across the whole five year period.

**List of Background Papers**

None

**Human Rights Act Appraisal**

The information in this report is compatible with the Human Rights Act 1998.

**Environmental Appraisal**

The recommendation in this paper will contribute to the conservation of protected landscapes.

**Risk Management Appraisal**

Risk management has been appraised as part of the considerations of this report.

**Community / Consultations Appraisal**

The topics raised in this paper have been the subject of earlier consultations with Partnership members.

**Appendices**

Appendix 1 AONB Partnership Budgets 2010-15