

Shropshire Council  
Legal and Democratic Services  
Shirehall  
Abbey Foregate  
Shrewsbury  
SY2 6ND

Date: Friday, 26 August 2016  
My Ref:  
Your Ref:

**Committee:**  
**Shropshire Hills AONB Partnership**

**Date:** Thursday, 8 September 2016  
**Time:** 9.30 am  
**Venue:** Shropshire Room, Craven Arms Community Centre, Newington Way,  
Craven Arms, Shropshire, SY7 9PS

You are requested to attend the above meeting.  
The Agenda is attached

Claire Porter  
Corporate Head of Legal and Democratic Services (Monitoring Officer)

**Members of Shropshire Hills AONB Partnership**

James Williamson (Chairman)	Sarah Bury
George Chancellor (Vice Chairman)	Lee Chapman
Cecilia Motley (Vice Chairman)	Veronica Cossons
Heather Kidd	Ian Dormor
Robert Tindall	Patrick Edwards
David Turner	Carol Griffiths
Chris Turley	Alan Jones
Mr Andy Boddington	Sue Jones
Alison Caffyn	Jenny Joy
Mr John Pritchard	Bill Klemperer
Mr Tom Whiteman	Sue Lee
Mr John Woolmer	Marc Liebrecht
Ms Hilary Claytonsmith	Hazel MacDowell
Janine Hayter	Mr David Mills
Yvonne Holyoak	Mr Andy Pugh
Mr Clive Leworthy	Ronald Repath
Steve Pennington	David C. Smith
Mr John Tucker	Leo Smith
Caroline Bedell	Ms Donna Tavenor
Gillian Binks	Michael Whithouse
Mike Brogden	

Your Committee Officer is:

**Tim Ward** Committee Officer

Tel: 01743 257713

Email: [tim.ward@shropshire.gov.uk](mailto:tim.ward@shropshire.gov.uk)

# AGENDA

**1 Welcome and Apologies for Absence**

To receive apologies for absence

**2 Note of the last meeting (Pages 1 - 4)**

The note of the meeting held on 14 June 2016 is attached for confirmation

**3 Transition Board Minutes (Pages 5 - 8)**

To receive the minutes of the Transition Board meeting held on 9 August 2016.  
(For information)

**4 AONB Trust Charity**

To receive a verbal update

**5 Draft Business Case for the Creation of a Conservation Board (Pages 9 - 38)**

This paper presents a second draft of the Business Case for creation of a Conservation Board for the Shropshire Hills AONB, and seeks endorsement of this from the Partnership, subject to further comments and refinement

**6 Date of Next Meeting**

Members are reminded that the next meeting of the AONB Partnership will be held on Tuesday 15 November 2016

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Shropshire Hills AONB Partnership  
8 September 2016  
9.30 am

Item  
**2**  
Public

## MINUTES OF THE SHROPSHIRE HILLS AONB PARTNERSHIP MEETING HELD ON 14 JUNE 2016 10.00 - 11.15 AM

**Responsible Officer:** Tim Ward  
Email: tim.ward@shropshire.gov.uk Tel: 01743 257713

### Present

#### Local Authorities

Shropshire Council	CLlr Heather Kidd CLlr Robert Tindall
Telford & Wrekin Council	CLlr Chris Turley

#### Statutory/Voluntary Agencies & Individual members

Individual Member	Andy Boddington
Individual Member	Alison Caffyn
Individual Member	George Chancellor (Vice Chair)
Individual Member	John Pritchard
Individual Member	James Williamson (Chair)
Individual Member	John Woolmer
Town & Parish Council representative	Steve Pennington
British Horse Society	Ronald Repath
Caring for God's Acre	Gill Binks
Campaign to Protect Rural England	Sarah Bury
Land Life & Livelihoods	Joy Greenall
Natural England	Hazel McDowall
Shropshire Geological Society	David C Smith
Shropshire Wildlife Trust	Veronica Cossons
The Strettons Civic Society	Ian Dormor
Upper Onny Wildlife Group / Shropshire Ornithological Society	Leo Smith
Walford & North Shropshire College	Phil Ridley

#### Observers/Officers

Shropshire Council	Neil Willcox (Local Commissioning Manager) Tim Ward (Committee Officer)
Shropshire Hills AONB Partnership Staff Team	Phil Holden (AONB Partnership Manager)

## 1. **Welcome and Apologies for Absence**

- 1.1 The Chairman welcomed everyone to the meeting and advised members of the format of the annual Tour which would follow the meeting.
- 1.2 Apologies for absence had been received from Lee Chapman (Shropshire Hills Tourism), Janine Hayter (Parish Council Rep), Sue Jones (Ramblers Association), David Mills (SASTAK), Cllr Cecilia Motley (Shropshire Council), Donna Tavernor (Forestry Commission), John Tucker (Parish Council Rep), and Cllr David Turner (Shropshire Council).

## 2. **Minutes of the last meeting**

- 2.1 The note of the meeting held on 18 April 2016 had been circulated.
- 2.2 The AONB Partnership Manager referred to paragraph 3.6 and advised Members that the need for the local authorities to adopt the AONB Management Plan was removed under the Conservation Board model.

## 3. **Approval of Conservation Board as Preferred Model for Independence**

- 3.1 Members considered the report of the AONB Partnership Manager which set out the case for the creation of a Conservation Board for the Shropshire hills AONB and sought the formal support of the Partnership.
- 3.2 The AONB Partnership Manager advised the Partnership that the Management Board at its meeting on 11 May 2016 had unanimously supported the creation of a Conservation Board as the preferred model for an independent AONB structure.
- 3.3 The AONB Partnership Manager gave an update on the meeting recently held with a Defra representative. He advised members that the meeting had been encouraging although Defra were non-committal overall about the proposal at present.
- 3.4 The Local Commissioning Manager commented that this was a major decision for the AONB Partnership and would have implications for staff. He added that the support of both Councils would be needed in order to make the change, and that there was a lot of work to be done to draw up detailed plans for the change and to work up all the financial projections.
- 3.5 Several members commented that one of the successes of the current structure was the wide representation on the AONB Partnership and they expressed a hope that this could be replicated as part of the new structure. It was suggested that the Partnership could continue as an advisory body to the Conservation Board.
- 3.6 **RESOLVED:**

That the AONB Partnership endorses a Conservation Board as the preferred model for an independent AONB structure, incorporating a continuation of the Partnership as an advisory body, and supports a formal request to Defra by the two Councils and the Partnership to initiate the process of creating a Conservation Board for the Shropshire Hills AONB, subject to confirmation of a business case.

#### **4. Creation of a Shadow Board**

- 4.1 Members received the report of the AONB Partnership Manager which set out draft Terms of Reference for a Shadow Board and the process for the appointments to this.
- 4.2 The AONB Partnership Manager advised the meeting that the Shadow Board would act as a transition structure during the move to an independent structure. It was proposed that the Shadow Board would replace the existing Management Board, and that its role would be to oversee the move to an independent structure whilst also maintaining the current role of the Management Board. He advised that some nominations had been received for people to serve on the Board and that further nominations could be made.
- 4.3 Ms Caffyn commented that it may be more meaningful to call the Board a Transition Board rather than Shadow Board. Members agreed that the proposed Board should be called the Transition Board.
- 4.4 Several members commented that taking on the existing role of the Management Board was not mentioned in the draft Terms of Reference. It was agreed that the purpose of the Board be amended to reflect this.
- 4.6 The AONB Partnership Manager advised members that prior to the meeting, nominations had been received for James Williamson, George Chancellor and Chris Turley. Further nominations were received for Heather Kidd, Veronica Cossons, David Turner and Hilary Claytonsmith. There was a provision to co-opt up to three members from outside the Partnership membership.
- 4.7 **RESOLVED:**
  - a) That a Transition Board be established.
  - b) That the draft terms of reference be approved, subject to the amendment of the first sentence of the "purpose" to read "To support the detailed work of setting up an independent governance body for the Shropshire Hills AONB, while also taking on the existing responsibilities of the Management Board (which is replaced by the Transition Board)."
  - c) That the following people be appointed to serve on the Transition Board:  
  
George Chancellor, Hilary Claytonsmith, Veronica Cossons, Heather Kidd, Chris Turley, David Turner, James Williamson.

**5. Budgets**

- 5.1 Members considered the report which set out the AONB Partnership Budgets for the period 2015 – 2018.
- 5.2 Ms Caffyn asked about the reduction of the budget for the Tourism Strategy. The AONB Partnership Manager advised that following feedback from Defra on the outline bid for funding EU funding, the AONB Partnership was no longer in a position to lead the full application. Mrs Kidd commented that it was important that this application was progressed elsewhere in the Council.

**6. Date of Next meeting**

Members were reminded that the next scheduled meeting of the AONB Partnership would be held on Tuesday 15 November 2016.

The AONB Partnership Manager advised members that there may be need to hold an additional meeting of the Partnership before November.

Signed ..... (Chairman)

Date:

**Shropshire Hills AONB Transition Board**  
**Minutes of Meeting Tuesday 9<sup>th</sup> August 2016**  
**AONB Partnership office, Drovers House, Craven Arms**



**Present:**

James Williamson (Chair)	Individual member, AONB Partnership Chair
George Chancellor	Individual member, AONB Partnership Vice Chair
Hilary Claytonsmith	Town/Parish Council representative
Cllr Heather Kidd	Shropshire Council
Cllr Cecilia Motley (Vice Chair)	Shropshire Council, AONB Partnership Vice Chair
Cllr Chris Turley	Telford & Wrekin Council
Cllr David Turner	Shropshire Council

Shropshire Council staff:

Neil Willcox	Shropshire Council
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AONB Partnership staff:

Phil Holden	AONB Partnership Manager
Alison Scimia	Administrator (minute taker)

**1. Apologies**

Veronica Cossons	Shropshire Wildlife Trust
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James Williamson welcomed all members to the first Shropshire Hills AONB Transition Board meeting.

**2. Minutes of Management Board meeting of 11 May 2016 and Matters Arising**

The minutes were agreed and there were no matters arising. Phil confirmed that all previous actions were completed, except a letter had not been written to Defra Minister Rory Stewart, as Philip Dunne MP had done this.

**3. Recap on Purpose and Terms of Reference of Transition Board, and general situation/progress to date**

- 3.1 The Terms of Reference required appointment of a Chair and Vice Chair of the Transition Board, since these did not have to be the same as those for the Partnership. James Williamson was standing as Chair, and all Board members unanimously approved this appointment. Cecilia Motley offered to stand as Vice-Chair, which was also approved. Phil ran briefly through progress to date. He said an additional Partnership meeting had been scheduled for 8<sup>th</sup> September to endorse the Business Case (see para 5) prior to both Council cabinet meetings in October. The issue over funding support also needed to be resolved with Shropshire Council.
- 3.2 Following a further restructuring within the Council, Phil informed the Board he was now being line managed by Chris Edwards, Head of Infrastructure and Communities. Neil Willcox had arranged for a meeting in August to discuss the possible asset transfer of Drovers House.
- 3.3 Phil reported that the new Charitable Incorporated Organisation had finally been registered with the Charity Commission as the 'Shropshire Hills AONB Trust'. The next steps were appointment of four additional trustees, completing the opening of a bank account, putting in place an agreement with the AONB Partnership over operation of the Conservation Fund and Friends scheme, and developing a simple business plan.

3.4 Phil had also met with Chris Child from Energise, the county Sports Partnership, to discuss the process of independence (Energise became independent from the Council several years ago). A meeting was scheduled later in August for Phil and James to meet with an officer from the Shropshire pension fund.

#### **4. Co-option of Additional Members**

The co-option of up to three members to the Transition Board was allowed under the Terms of Reference, and to date Andrew Wood had come forward. All Board members endorsed the co-option of Andrew Wood. James added that informal discussions with one or two additional people were also being pursued.

#### **5. Draft Business Case for Shropshire Council**

5.1 Phil explained that the draft Business Case had been adapted from a Shropshire Council template used for 'externalising' services, and that he had been working with Neil and other departments within the Council to address financial, legal and HR issues. A formal decision regarding the creation of a Conservation Board was required to be made by both Councils and Defra and the Business Case document would support this decision.

5.2 Cecilia stressed the Business Case needed to be visionary and should explore new directions the organisation could be taken into, as well as what could be achieved differently. Neil said there needed to be a progressive approach. George remarked that the Conservation Board could provide a model to invigorate ideas for the future, as well as engaging local people. Part of the new approach would be running the Conservation Board alongside the new charitable organisation. James commented that paragraph 4 The Vision needed to be more prominent in the document. Cecilia said it was important the Conservation Board would be in a position to apply for funding where it had been unable to before.

5.3 Neil felt there was an opportunity to work with the AONB staff team to encapsulate the wording for the vision and Heather suggested holding a workshop with the team. Phil pointed out that due to timescales and practicalities, this would need to be held in the latter part of August, prior to the Partnership meeting on the 8<sup>th</sup> September and the Cabinet meetings in October. Heather emphasized the importance of holding a workshop session and that the input of all the staff team was needed. The 31<sup>st</sup> August and 2<sup>nd</sup> September were suggested as possible dates. Phil and James agreed to organise the session and arrange a date for the workshop as soon as possible, with team members and the Transition Board.

**ACTION – Phil and James.**

5.4 Phil pointed out that the Options Analysis table had been developed in 2012 towards the preferred option at the time of remaining hosted by the Council and developing a charity alongside, and that it required further updating. George suggested the inclusion of structural diagrams would be helpful within the document. James asked if Board members could review the Risk Register and forward any further comments on the Business Case to Phil.

**ACTION – all.**

#### **6. Budgets**

Phil had recently received a reworking of the budget from Shropshire Council Finance Department in a different presentation. This revised budget when finalised would be included as an appendix to the Business Case. Phil then highlighted the following key points from the report:

- 6.1 Staff – the recent pay award of 1% had been added to the budget for 2016/17 and 2017/18, and also as a projection to 2018/19 and 2019/20. The Administrator has secured a post working for the LEADER Programme, which is currently subject to purdah restrictions and therefore awaiting confirmation. It was intended that the post would be refilled at 25 hours/week and these reduced figures are shown from mid-2016. The Clun Catchment Officer post may not be extended to 4 days/week for the full duration of the WREN project, which allows a further slight saving.
- 6.2 Office costs – 2018-19 and 2019-20 budgets are based on an independent body, and so VAT has been allowed from 2018/19 on relevant items. The postage, telecommunications and broadband line has increased as this includes the installation cost of broadband at Drovers House. The Board then discussed the high business rates for the premises, which may be appealed. Phil had held a discussion with the relevant person at Shropshire Council about this. Further internal enquiries would be made by Neil, **ACTION – Neil**.
- 6.3 Projects - Hilary queried the Shuttles usage. Phil explained that from 2018/19 there would probably be less funding available and the Shuttles budget was therefore uncertain. The Natural England contribution of £5k had been lost, but a carry forward of earlier surplus contributions was at present continuing to support the service. The Foundation for Common Land have been asked by HLF to reapply for the Upland Commons project. If successful, this project could be a significant potential source of income to the AONB team.
- 6.4 George questioned James about his view of the overall sustainability of the budgets. James felt these were still challenging and that alternative forms of income needed to be sought.
- 6.5 Hilary asked how fundraising would be carried out within the newly formed charity and the proposed Conservation Board. Phil said it had to be at the charity's discretion how its income was utilised. However, the charity would be able to provide funding to the Conservation Board through applications made to the charity e.g. through the Conservation Fund, for services provided to the charity, or as straightforward donations.
- 7. Possible Application to HLF Resilient Heritage Fund**  
Phil explained that we would be eligible to apply to the HLF Resilient Heritage Fund to the Board, and asked Board members for feedback on the ideas circulated. George suggested applying as the charitable body for a sponsorship programme, with the Partnership buying in services. A business fundraising scheme could be established, which would provide sources of income for the future. It was not felt advisable for the charity and the Conservation Board/Partnership to make separate applications. The timing and phasing of an application would need to be considered. James suggested Phil had an initial discussion with HLF about a possible application.
- 8. Any Other Business**  
None.
- 9. Date of Next Meetings**  
27<sup>th</sup> September and 1<sup>st</sup> November 2016.

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<u>Committee and Date</u> Shropshire Hills AONB Partnership  8 September 2016	<u>Item</u>  <b>5</b>
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## **BUSINESS CASE FOR CREATION OF CONSERVATION BOARD**

**Responsible Officer** Phil Holden, AONB Partnership Manager  
e-mail: [phil.holden@shropshire.gov.uk](mailto:phil.holden@shropshire.gov.uk) Tel: 01743 254741

### **Summary**

This paper presents a second draft of the Business Case for creation of a Conservation Board for the Shropshire Hills AONB, and seeks endorsement of this from the Partnership, subject to further comments and refinement.

### **Recommendation**

The Partnership is recommended to endorse the Business Case for creation of a Shropshire Hills AONB Conservation Board, subject to further comments and refinement, to go forward to the Cabinets of both Councils, and in due course to Defra.

### **Background**

The first meeting of the Transition Board considered a first draft of the Business Case on 9<sup>th</sup> August 2016. The draft and some of the appendices have been developed further since then. At this meeting it was also decided to hold a 'visioning' workshop with the Transition Board and staff team members together, and this is scheduled for Friday 2<sup>nd</sup> September. The written output of this workshop will be circulated to Partnership members before 8<sup>th</sup> September for further consideration at this meeting, before inclusion in the Business Case.

The Business Case is scheduled to go before Telford & Wrekin Council's Cabinet on 13<sup>th</sup> October and Shropshire Council's Cabinet on 19<sup>th</sup> October. There is no fixed timetable following this for submission to Defra, and it is felt that further discussions should be held with Defra before deciding this, to ensure that a case with the best chance of success is submitted.

#### **List of Background Papers**

Transition Board minutes 9<sup>th</sup> August 2016.

#### **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 Current draft of Business Case for creation of a Shropshire Hills AONB Conservation Board (with its own Appendices 1-5)



# **Shropshire Hills AONB Partnership proposal for transferring out of Shropshire Council into a 'Conservation Board'**

## **BUSINESS CASE**

*Draft at 31.8.16*

### **Contents**

	<b>Page</b>
1. Introduction and background .....	2
2. Executive Summary .....	2
3. Legal basis and functions of the AONB organisation .....	3
4. The operating environment .....	4
5. Outcome requirements for the AONB organisation .....	6
6. The Vision .....	6
7. Options Appraisal and confirmation of approach.....	7
8. The case for a Conservation Board .....	8
9. Summary of projected budget position.....	9
10. Legal considerations.....	12
11. Staff and other contractual implications .....	13
12. Partners .....	14
13. Timescale and resources.....	15

**Appendix 1 - Current AONB Partnership structure**

**Appendix 2 - Options Appraisal**

**Appendix 3 - Risk Register**

**Appendix 4 - Financial Information – Expenditure & income, cash flow forecast**

**Appendix 5 - Current staff structure**

## 1. Introduction and background

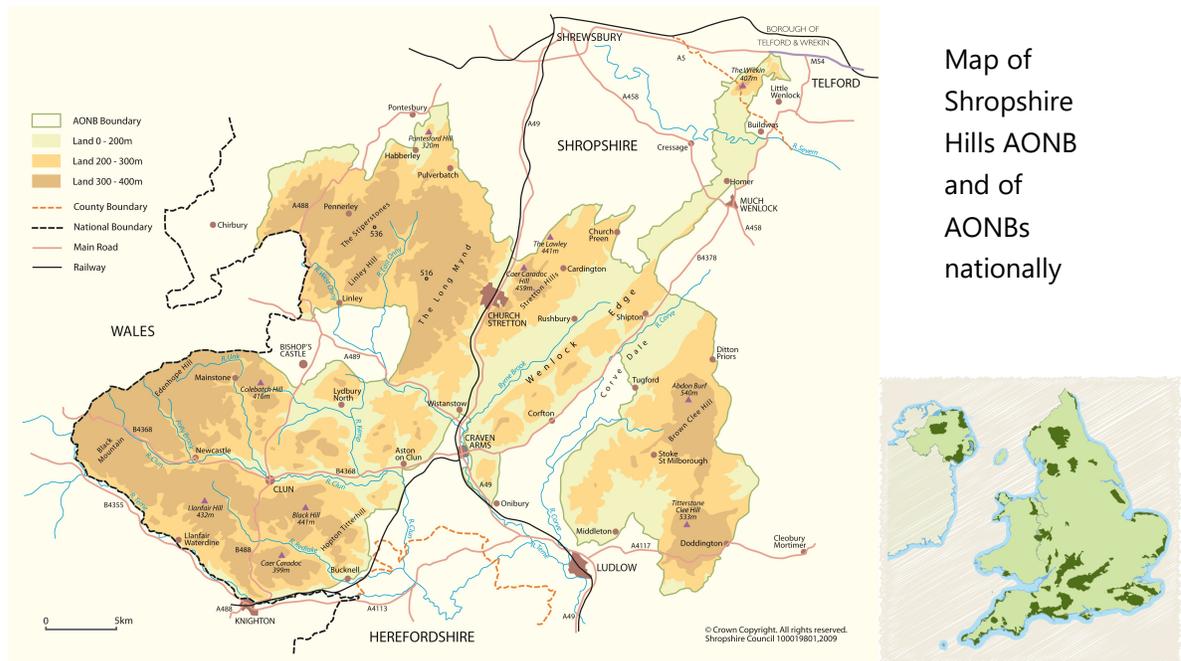
This document sets out a business case for the future structure of the Shropshire Hills Area of Outstanding Natural Beauty (AONB) organisation as a Conservation Board.

Financial pressures led Shropshire Council in spring 2016 to seek a substantial reduction in its net annual cash contribution to the AONB Partnership on the back of proposals to manage the AONB team within a new integrated Landscape, Health and Economy team within the wider Outdoor Partnerships service. Following a formal consultation with potentially affected staff and significant representations from the AONB Partnership and its members, agreement in principle was reached in April 2016 on an alternative proposal:

- to develop new independent delivery arrangements for the AONB team outside the Council within a new external organisational structure,
- to confirm a savings plan to Shropshire Council within the context of a review of the AONB budget both before and after externalisation.

## 2. Executive Summary

In 2018 the Shropshire Hills AONB designation will be 60 years old. The primary purpose of conserving and enhancing natural beauty is as important now as it was in 1958, and delivers a wide range of environmental, economic and social benefits. The Shropshire Hills is a relatively large AONB, governed by a strong Partnership and supported by an active staff team with a good track record. There is a strong foundation on which to build future development. However, the context of continued structural change in local government and the broader working environment has led partners to agree that the long term interests of the AONB are now best served by creation of an independent AONB body. A modern, lean application of the 'Conservation Board' model enabled by the Countryside and Rights of Way Act 2000 will provide the strongest organisation possible for the long term future of the AONB. The modest additional costs of this structure will be offset by the advantages of **unequivocal focus on the needs of the AONB, ability to harness volunteer effort** from Board level to on the ground practical work, and **enhanced ability to fund-raise**, working with a newly established AONB charity.



Map of  
Shropshire  
Hills AONB  
and of  
AONBs  
nationally

### 3. Legal basis and functions of the AONB organisation

**AONBs legal framework:** Area of Outstanding Natural Beauty is a legal designation enabled originally by the National Parks and Access to the Countryside Act 1949 for the principal purpose of conserving and enhancing the natural beauty of the designated area. This Act also gives local authorities, Shropshire Council and Telford Wrekin Council in this case, a permissive power to take action to conserve and enhance the natural beauty in the AONB. AONBs are from the same legislative fold as National Parks and share some similarities, as well as differences in organisation and levels of funding.

The Countryside & Rights of Way Act 2000 places in addition a statutory duty with regard to the AONB Management Plan on local authorities. S89(2) 2 of the Act states that “the relevant local authority in respect of an area of outstanding natural beauty shall... prepare and publish a plan which formulates their policy for the management of the area of outstanding natural beauty and for the carrying out of their functions in relation to it.” There is also a requirement to ‘act jointly’ in preparing the Management Plan, and the two local authorities for the Shropshire Hills AONB have formally agreed that the AONB Partnership would lead the preparation of the Plan on their behalf with the involvement of a range of local authority members and officers. On completion, the formal approval of the Management Plan is currently made by the local authorities themselves.

S85 of the Act also places on relevant authorities a general duty to have regard to the purpose of conserving and enhancing the natural beauty of the AONB when exercising or performing any functions affecting land in the AONB. “Relevant authorities” are any public bodies including local and statutory authorities, parish councils and statutory regulators.

There are 46 AONBs in the UK, operating in a strong national network through the National Association for AONBs, a charitable company which lobbies on behalf of AONBs and promotes good practice. AONBs in Wales come under the same legislation but a different management through the Welsh Government, while those in Northern Ireland have a different (less strong) legal basis.

Current governance: The current governance arrangement for the AONB is a 'Joint Advisory Committee' to Shropshire and Telford & Wrekin Councils, known as the Shropshire Hills AONB Partnership, which is supported by the AONB Partnership team, hosted by Shropshire Council as the accountable body. Funding for the Partnership team and operation is received from Defra and the two local authorities, along with project funding and earned income from many sources. This is the most common governance structure among English AONBs.

The Shropshire Hills AONB Partnership has defined its main roles as to:

- Take and co-ordinate action to conserve and enhance natural beauty; promote enjoyment and understanding, and further sustainable development.
- Develop policy and strategy for the area through the AONB Management Plan, and influence the policies and strategies of others.
- Develop the AONB Partnership as an inclusive and effective organisation.
- Support the involvement of the community in the management of the AONB.

The Partnership has an independent Chair and representation of many organisations with remits relevant to the AONB, as well as Parish & Town Council representatives, and individual members. This broad engagement is key to successful delivery. The AONB Team seek to concentrate their work in areas which complement or add value to the work of others, and avoid duplication. The AONB Partnership does not own or directly manage any land. A diagram of the current AONB structure is shown at **Appendix 1**.

In July 2016 following several years of research and development work, a new Charitable Incorporated Organisation (CIO) for the AONB, the Shropshire Hills AONB Trust, was registered with the Charity Commission. This has a majority of trustees appointed from outside the AONB Partnership and is independent of the Partnership in governance terms. Its charitable objects however relate entirely to AONB purposes, and is intended to provide a complementary structure to the main AONB governance organisation, as an effective mechanism for fundraising to benefit the AONB. It is expected to give grants directly to projects in the community, and will work collaboratively with the AONB Partnership (or Conservation Board in due course), which it may also benefit or support financially, according to the trustees' discretion and its charitable objects.

#### **4. The Operating Environment**

AONBs are a statutory designation with a long history, and the organisations associated with them have developed as effective delivery mechanisms over about 25 years. The continued importance of AONBs has been underlined by the relative protection of their funding by Defra in recent years, along with exceptional levels of ministerial support. The typical model of local authority hosting has come increasingly under strain in a number of AONBs as Councils have had to adopt more radical budget savings and restructuring. This is especially so in Shropshire now, where such a high proportion of a relatively large AONB sits within the area of one unitary authority, making the AONB structure more vulnerable to decisions taken by one body.

Shropshire Council has pursued radical change in service delivery in recent years along with significant budget cuts, including outsourcing to a private sector controlled company and commissioning of services to various external bodies and 'spin out' structures. The details of hosting arrangement of the AONB Partnership has varied with several different departments, each of which has its own priorities. While there are very valuable synergies for the AONB team with other parts of the Council, these are broad across many departments, and a close fit with one particular department is often difficult. While Shropshire Council (and the County Council before it) has provided an effective and valuable hosting role for many years, the scale and speed of its continued organisational changes have become a significant source of instability for the AONB organisation. Some changes have been initiated without proper recourse to the AONB governance structures, resulting in much additional work and wasted energy.

The Shropshire Hills AONB Partnership is acknowledged nationally as a successful AONB organisation, among the top league in terms of gearing up of Council and Defra funding, with turnover now reaching around £1million. The team's work also has a good reputation locally, e.g. in river habitat and catchment work, local conservation projects, tourism, heritage projects, input into planning etc. A high priority on partnership working has achieved a broad engagement of people willing to give their time in governance and practical delivery, though there is undoubtedly a great deal further to go in terms of raising awareness and involving the local population. Successful earning of income and financial management has enabled the securing of a significant financial reserve for the AONB Partnership, 'ring-fenced' within the Council finances. All of these factors help to create a platform and critical mass for the AONB organisation to contemplate becoming independent, where previously this may not have been possible.

The wider context for the AONB also includes factors such as:

- continued pressure on central and local government funding
- the likelihood of farming subsidies diminishing and being more focused on greening
- future lack of access to EU funding programmes such as LEADER
- growing appreciation of the health value of recreation
- increasing local tourism opportunities and pressures
- greater national appreciation of the need to better manage ecosystems, soil and water
- more interest among businesses in staff development and supporting local causes
- more need to work with other AONBs and National Parks, etc.

AONBs are recognised internationally by the International Union for the Conservation of Nature (IUCN) as 'Category V' protected areas. Some level of international and European links will remain important even after the UK leaves the EU. Wider political change and economic pressure creates an increasingly uncertain environment in which AONBs must operate. The ability to continue to diversify income streams while remaining true to the central AONB purposes is important, while not undermining the important principle of core public funding for the many public benefits provided by AONBs and the work of their teams.

The 'need' for services delivered by the AONB team is defined in the statutory AONB Management Plan, which identifies priorities for the area. These are long term issues, and

the need to provide continued proactive conservation and management of the AONB landscape is well evidenced. Many other organisations contribute to delivery of the AONB Management Plan, but the team play an important co-ordinating role.

In certain areas of project delivery, e.g. conservation and landscape scale projects, there could be competition from organisations such as local conservation charities who have good track records in securing external funding. Some project bids will be up against projects from all over the country, including potentially other AONBs.

## **5. Outcome requirements for the AONB organisation**

The following was agreed by the AONB Partnership Management Board on 11<sup>th</sup> May 2016 as the key requirements of a new organisation:

- The structure should provide a secure, long term vehicle for delivery of AONB functions, including employment of the staff team.
- The new structure needs to be efficient and cost effective operationally, and have a good ability to fund-raise from a wide variety of sources. Ideally the new structure needs to be capable of borrowing to meet short term cash flow shortfalls.
- The structure must be capable of receiving the AONB funding from Defra (or its successor if Government departments change) and to be directly accountable to Defra for it.
- A relatively simple to understand structure, alongside strong branding, will aid the organisation in public understanding, which is quite a significant issue, and also enhances fundraising ability.
- The structure should be able to attract and involve a high calibre of board members/trustees with relevant skills as well as time and willingness to take on responsibility. These people need to be appointed through robust processes which provide the skills needed but provide checks and balances against possible personal interests or dominance of a small number of individuals.
- The structure must provide links to the two local authorities, but also be seen to be independent from them. The relationship between the organisation and the local authorities' legal duty for the AONB Management Plan needs to be clear, and to not expose the independent organisation to undue risk.
- The structure needs to be able to champion the interests of the AONB, including in planning consultations (both policy and applications).
- The structure needs to support engagement, collaboration, learning, sharing knowledge etc. with the national AONB family.

## **6. The Vision**

The following vision for creation of a Shropshire Hills AONB Conservation Board was developed in a workshop between the Transition Board and the AONB team, and endorsed by the AONB Partnership on 8<sup>th</sup> September 2016:

*Wording to be added arising from visioning workshop 2 Sept and Partnership discussion on 8 Sept.*

## 7. Options Appraisal and Confirmation of Approach

An options appraisal was first carried out in 2012, following earlier work by the AONB Partnership in 2010. These formed the basis of detailed options papers taken to the AONB Partnership and its Management Board in the spring of 2016 (see <http://shropshire.gov.uk/committee-services/documents/s11548/3.%20Structure%20alternatives%20with%20appendices.pdf>).

The options considered were:

1. Work much more closely as an in-house part of the Council
2. Re-form the Partnership's 'Joint Advisory Committee' as a local authority 'Joint Committee'
3. Retain current arrangement hosted by the Council as a semi-independent partnership
4. Retain hosting arrangement but develop linked structures to optimise broader sources of income including charitable, other grants, and trading
5. An independent body for the AONB using a 'generic' model in the form of a Trust, charity or company
6. AONB Conservation Board
7. Transfer hosting to a different organisation

A simplified appraisal in table format of the main options for the structure of the AONB is provided within **Appendix 2** (includes options 3-7 from the above list).

This work concluded that **Conservation Board** was the preferred model. Subsequently the AONB Partnership Board at its meeting on the 14<sup>th</sup> June 2016 endorsed Conservation Board as the preferred model for an independent structure, and supported a formal request to Defra by the two Councils and Partnership to initiate the process of creating a Conservation Board for the Shropshire Hills AONB.

Conservation Boards are a structure specifically created for AONBs by sections of the Countryside and Rights of Way Act 2000. There are only two AONB Conservation Boards, in the Cotswolds and the Chilterns, both established in 2004.

An independent charity may be another possible structure but is more difficult in relation to arrangements for the statutory duty of the local authorities for the AONB Management Plan. The option of an alternative host body is not ruled out altogether, but is not preferred at this stage.

AONB Conservation Boards are established by a Statutory Instrument. They are legally incorporated bodies and employ staff and hold finances and assets directly. They also take on the statutory role of the AONB Management Plan from the local authorities, and can take on other local authority functions by agreement.

## 8. The case for a Conservation Board

New governance arrangements independent of Shropshire Council in the form of a Conservation Board for the Shropshire Hills AONB would:

- Be a **relevant, progressive and locally determined model**, supported by both Councils, as well as partner organisations and stakeholders within the AONB, and offering much **better long term stability**.
- Provide a **strong, independent structure with an unequivocal focus on the AONB**. A Conservation Board exists solely to support AONB purposes and is not vulnerable to other priorities of a larger organisation.
- **Build on the existing strong engagement** of partner organisations and individuals, and indeed energise this through providing greater responsibility and autonomy, and therefore **more reason for people to get involved** on a voluntary basis.
- Be a **simple, streamlined and efficient structure** with a relatively small executive Board of 10-14 members. The appointments and administrative processes for this would be simple, while providing strong involvement of the two local authorities and an optimum size for decision making.
- Allow **more secure business planning** in terms of fund-raising, project bids, trading and development of strategic work strands, due to undistracted organisational focus solely on the needs of the AONB.
- Considerably **raise the profile of the AONB** and public perception of its importance, also with the benefits of being easier to understand, **enhancing the ability to raise funds** for the AONB and providing a **stronger voice** for its interests in decision making, especially planning.
- Provide a **long term, secure and appropriate governance solution** for an AONB which is the landscape 'jewel in the crown' for Shropshire and the region, and enable the team to continue to perform at a high level in terms of funding, innovation, co-operation and delivery.
- **Work effectively alongside the recently established charity** for the Shropshire Hills AONB charitable structure, which has the main purpose of fundraising for the benefit of the AONB.
- Be better able to **collaborate across the AONB Family**, due to lack of competing demands from a host organisation with its main priorities outside the AONB area and remit.

The Conservation Board model is designed specifically for AONBs, and is a proven model for the application of Defra AONB funding. A Conservation Board brings together the statutory AONB Management Plan duty, the AONB team and the overall governance structure in a single legal entity, in a way that no other available option does. The structure provides for a balance of representation of national importance of the AONB as well as local authorities and other local interests. Though still not a statutory consultee in planning, a Conservation Board ensures avoidance of conflicted positions in relation to the Council especially regarding involvement in planning consultations.

The structure does result in some modest additional costs. As with any independent structure, support functions historically provided by the Council would have to be bought in, though increasingly the Council is looking to charge for these anyway. Conservation Boards

also have to pay VAT on relevant expenditure, though this is a small proportion of the overall budget. The overall lead in time for establishment of a Conservation Board is considerable, and is likely to be longer given the additional current work for government following the referendum vote to leave the EU. In relation to the long term benefits however, this should not be a deciding factor.

The relative strengths and weaknesses of the Conservation Board model are summarised within the SWOT analysis below:

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Statutory status of AONB designation and Conservation Board</li> <li>• Part of a strong national AONB family through the National Association for AONBs</li> <li>• Strong local support for an independent body solely focussed on the needs of the AONB</li> </ul>	<ul style="list-style-type: none"> <li>• Conservation Boards pay VAT on some expenditure</li> <li>• Inability to reclaim 'full cost recovery' from some project funders (as with local authorities)</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Tapping into capacity and skills of Board members</li> <li>• Working alongside the new 'Shropshire Hills AONB Trust' charity (CIO)</li> <li>• Potential for enhanced commercial activity</li> <li>• Ability to survive at a range of scales of operation, depending on levels of funding</li> <li>• Possibility of holding property as an asset, e.g. offices</li> </ul>	<ul style="list-style-type: none"> <li>• Process to create Conservation Board is dependent on Defra agreement and capacity</li> <li>• Need to manage cash flow and reserves effectively</li> </ul>

Potential risks associated with the Conservation Board model, and actions to mitigate these, are described in more detail in **Appendix 3**.

## 9. Summary of projected budget position

### a) Financial Position Statement (Income/Expenditure)

A detailed draft budget for the AONB organisation for 2016-17 through to 2019-20 is included within **Appendix 4**, and is accompanied by the notes below.

#### i) Current Income & Expenditure

2016-17 income and expenditure is currently projected as £1,141,887.

The budgets break down into sections comprising:

- Main AONB staff team and core operations
- River Clun Recovery Project (WREN funded – a Landfill Tax distributor)
- Stiperstones and Corndon Landscape Partnership Scheme (HLF)

and other minor projects:

Shuttle buses  
Sustainable Business Network

In more detail there are three main funding contracts in place:

- Annual contract with Defra for AONB funding, currently £186,416 pa. Defra have made a four year grant offer, to 2019-20.
- Five year £2.1m contract 2013-18 with Heritage Lottery Fund (HLF) for the Stiperstones and Corndon Hill Country Landscape Partnership Scheme
- Four year £216k contract with WREN (a Landfill Tax fund) for the River Clun Recovery Project, ending March 2019.

Each of these sections is more or less a stand-alone budget, with its own funders and timescale. Some require cash match from the overall AONB budget and some generate income for it, while some have both.

There are no significant long term expenditure contracts.

ii) Current Staff Numbers & Costs

The current costs of staff are:

Main AONB team (6.4 FTE) £205,550  
Stiperstones and Corndon LPS (4.2 FTE) £124,290

iii) Savings Targets

The budgets are currently held within Shropshire Council's SAMIS accounting system as 'net nil' budgets with no base budget. Shropshire Council's annual contribution of £40,830 is paid into the cost centre as a transaction every year. A reduced annual contribution of £25,000 has been agreed for 2018-19 and 2019-20 as the expected first two years of operation of an independent body.

iv) 4 Year Income and Expenditure

The projected budget assumes that Conservation Board status will be achieved at April 2018. Any changes to this will result in some profiling of the budget.

Projected levels of income and expenditure are similar in 2017-18 to those in 2016-17. In March 2018, the Stiperstones and Corndon LPS will close, and projected turnover for 2018-19 and 2019-20 is around £300k - £400k pa. This will increase if new projects come on stream as expected.

Forward budgets allow for annual 1% inflation increases on salaries. Known possibilities for reducing staff hours in two cases are included. Budgets are allowing for the new independent body to cover costs of support services procured from April 2018 costed at £17,500 pa, and the payment of VAT by the Conservation Board on relevant items.

There are sums of AONB cash match required into certain projects, and various sources of 'unattached' income with which to meet these. This creates the final net addition to, or draw on, reserves which balances the financial year's accounts overall. The strategy as in recent years will be to aim to earn income where possible through e.g. projects, fee earning activity and trading, alongside any savings which can be identified. Opportunities to restructure and make savings will be taken in the event of staff vacancies.

For 2018-19 and 2019-20 allowing for an expected level of income (which is not all currently secured), the annual budgets are projected to reach within around £10k of break even. A modest one-off draw on reserves may be made to fund feasibility work and start-up costs, but if a longer term deficit continues which cannot be met by earned income and other savings, then cuts to staffing will be necessary.

v) Cash Flow and use of reserves

A cash flow modelling exercise has been carried out based on actual spend within 2015-16, and this has informed a projection for 2018-19. Assuming similar patterns of spend but with the Stiperstones and Corndon Landscape Partnership Scheme finished, the Conservation Fund transferred to the new AONB Trust charity and the Defra contribution paid quarterly up front to a Conservation Board, a maximum temporary cash flow deficit of around £25k is predicted, which would need to be covered by working capital from the AONB reserves.

The full transfer of reserves earned over recent years by the AONB Partnership and currently held by Shropshire Council is required. The reserve is needed:

- To bankroll cash flow as above
- To cover potential redundancy and pension strain liabilities, which total £116k for the core staff
- As a source of match funding for new project bids, which will remain a crucial part of the business model.

vi) Commercial Opportunities

There are a number of commercial opportunities which have been used to varying degrees to date, and have potential to be developed further:

- Fee-earning project delivery – this may be within the AONB (preferably), or potentially outside the AONB (at opportunity cost of activity for the AONB). Many projects are developed in partnership with other organisations – activity can be fee earning either when bankrolled by the team itself or sometimes when led by other organisations.
- Consultancy – the team have considerable technical skills and some history of paid work, hitherto on a largely reactive basis rather than promoted.
- Trading – Some income is derived from sale of books, branded merchandise, etc and hire of meeting room facilities.
- Fee earning services – there is a possibility of charging for pre-application planning advice, but this has not been done so far due to capacity issues.

## 10. Legal considerations

The legal framework for AONBs and the related local authority obligations are described in section 3 above.

### a) Legal implications of new structure

The main legal implication of the proposed structure change is that a Conservation Board, under detailed provisions in the Countryside and Rights of Way Act 2000, takes on fully the statutory responsibility of the two Councils to prepare and review an AONB Management Plan. This is perceived to be a strength of the model, providing both additional status and influence for the Conservation Board, and relieving the Councils of this responsibility. The two Councils would however still be closely involved in the preparation of the Plan, and may choose formally to endorse it, as this will add to its strength.

Within the Conservation Board model, the Councils would still retain the legal duty applicable to all public bodies to 'have regard to the purposes of AONBs in carrying out their functions' (Section 85, Countryside & Rights of Way Act 2000). This is not a duty which necessarily results in expenditure or allocation of resources, but it does for example apply to the consideration of the AONB in planning decisions by the Councils. A Conservation Board is not a statutory consultee with regard to planning matters, but would expect to be consulted on policy and significant applications in the AONB similar to the arrangement currently in place with the AONB Partnership. Good practice would include renewing and updating the Planning Protocol which is in place with the AONB Partnership.

There is provision in the legislation for Conservation Boards to take on additional powers or responsibilities from the local authorities (e.g. countryside management functions). There is no proposal in this case for a Shropshire Hills AONB Conservation Board to take on additional responsibilities.

### b) Statutory processes, including consultation

The creation of a Conservation Board is achieved through a Statutory Instrument laid before both Houses of Parliament. This process is led by Defra, who also provide the main AONB funding. Following agreement of both Councils to the Business Case, the two Councils must write formally to Defra to request them to initiate the creation of a Conservation Board.

The process for creating a Conservation Board is set out in Defra guidance of 2008 requires formal consultation, and this is mainly carried out at a national level. The scoping work on options carried out so far by the AONB Partnership has included the broad membership of the Partnership and has significant support. Some further local consultation on implementation of the preferred option would be carried out.

### c) Equalities considerations

The proposals set out here are not believed to have any implications with respect to the Councils' statutory duties under the Equality Act 2010 and section 149 of the Public Sector Equality Duty. An Equalities and Social Inclusion Impact Assessment has not been prepared but will be should circumstances change.

### d) Legal obligations with contracts

The HLF Landscape Partnership Scheme contract is due to end before the Conservation Board would come into existence. In relation to the Defra AONB funding contract, Defra are clearly a crucial player in relation to creation of the Conservation Board, and informal discussions have been opened on this. The possibility of transition and novation of contract has not yet been discussed with WREN, but no major difficulties are expected with this.

## 11. Staff and other contractual implications

### a) Staff

A current staff structure is included at **Appendix 5**. In summary the team currently comprises 13 staff (10.6FTE), with 7 (6.4 FTE) based at Craven Arms, and 6 (4.2 FTE) based at Chirbury in a semi-independent team for the Stiperstones and Corndon Hill Country Landscape Partnership Scheme (HLF funded to March 2018).

The proposed transition would transfer the employees of the AONB team and its services to the new Conservation Board structure. The Stiperstones and Corndon LPS will terminate at or before the new body comes into operation, so there will be no requirement to novate this contract or transfer these staff. (It is conceivable that extensions to contracts on some of the LPS staff may be achievable through new funding or projects).

Staff are fully aware of the proposal to create a Conservation Board and have been involved in discussion of options and developing the proposal. No formal consultations have taken place in relation to HR matters, following the lifting of earlier restructuring proposals for the AONB team.

Pensions: An AONB Conservation Board is a 'Scheduled Body' in relation to the Local Government Pension Scheme (LGPS), meaning that its staff are entitled to join the LGPS. A 'grouping' with Shropshire Council within the scheme is sought, in relation to sharing the burden of pension scheme shortfalls which may not otherwise be sustainable for the small independent body of the Conservation Board.

### b) Assets

#### i) Summary of Assets & IT systems

The main office at Craven Arms and the LPS office at Chirbury are both rented, and equipped with hard-wired network connected to the Shropshire Council IT system via broadband. All staff now have laptops, and a rented printer/copier is in place at each office.

The offices are furnished and equipped, and there are small amounts of display equipment and tools held, along with a considerable quantity of archive files. A detailed inventory will be prepared.

#### ii) Potential Asset Transfer

The main AONB Partnership office at Craven Arms comprises four units in the Shropshire Council owned property Drovers House, which includes a small number of other rented

offices and retail units. The possibility has been discussed with the Council about a possible asset transfer involving Drovers House to an independent AONB organisation, as a means of providing it with some ongoing income as well as an asset and security of tenure. The Council does not wish to do this at present, but has not ruled it out as a possibility in the future.

## 12. Partners

The main stakeholders are:

- The two Councils – Shropshire and Telford & Wrekin.
- Funders – especially Defra, and to a lesser extent WREN.
- AONB Partnership members – The Partnership is the formal governance structure for the AONB and will remain so until a new structure replaces it.
- Delivery partner organisations – e.g. Natural England, National Trust, Shropshire Wildlife Trust. Most of these organisations would not be represented directly on the Conservation Board, so future relationships will be important. Natural England also have a national advisory role to government in relation to AONBs.
- The National Association for AONBs and the AONB family – the transition of structure is of interest to other AONBs as a potential model or example, and there is much that we can continue to learn from them, including the two existing Conservation Boards and two AONB trusts/charitable companies in Northern Ireland.
- AONB membership schemes – including the Friends of the Shropshire Hills AONB and the Shropshire Hills Sustainable Business Network.
- Local partnerships including at the Wrekin, Clun Catchment, Clee Hill and Stiperstones – Corndon.
- Local businesses that depend on the qualities of the AONB.
- Community organisations – including Parish and Town Councils and voluntary organisations.

### Engagement Plan and public consultation:

The existing AONB Partnership structures for both meetings (of various groups) and communications (publications, websites, e-newsletter and social media) will provide effective mechanisms to continue to engage with the relevant stakeholders. For more details of the work of the AONB Partnership visit <http://www.shropshirehillsaonb.co.uk/>.

The AONB Partnership processes are very broad in terms of membership and most information is made fully publicly available, so requirements for local public consultation are largely covered. There is considerable support for the proposal.

### 13. Timescales and resources

The expected timescale for the creation of a Conservation Board is 12-24 months from the formal request. Key milestones and indicative timescales are:

9 Aug 2016	First meeting of Transition Board
2 Sept 2016	Visioning workshop with Transition Board and team
8 Sept 2016	AONB Partnership meeting to support draft Business Case
13 Oct 2016	Business Case to Telford & Wrekin Council Cabinet
19 Oct 2016	Business Case to Shropshire Council Cabinet
Nov 2016	Formal request to Defra to initiate creation of Conservation Board
2017	Consultations and decision (by Defra)
2017-18	Drafting of legal orders (Defra)
2017-18	Agreement regarding premises and funding
2018-19	Confirmation of legal orders and appointments to Board (Defra)
2018-19	Establishment of banking and finance arrangements
2018-19	Transfer of staff and formal launch of Conservation Board

A Transition Board has been established including representatives of both Councils, as well as other members elected from the AONB Partnership, and the possibility of additional co-opted members.

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# Shropshire Hills AONB Partnership structure

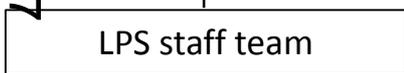
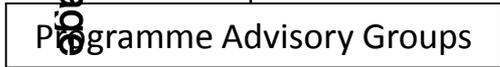


Stiperstones & Corndon Hill Country  
Landscape Partnership Scheme

HLF funded 5 year scheme, with the AONB Partnership as lead partner and Shropshire Council as accountable body



Governance structure for HLF project



Sub-unit of AONB staff team



Formal 'Joint Advisory Committee' to the two local authorities and AONB governance body



Delegated sub-group of the AONB Partnership providing scrutiny and support role to team



Team funded by Defra, local authorities and project funders, working on behalf of the AONB Partnership, with Shropshire Council as accountable body



Grant scheme, proposed as CIO charitable structure, with representation from AONB Partnership, and support from team



Core funder



Host authority and core funder



Core funder



Membership scheme run by AONB team



Membership scheme administered by AONB Team, subscriptions supporting Conservation Fund



Options Analysis – SHROPSHIRE HILLS AONB PARTNERSHIP

<input type="checkbox"/> Options		3. Retain current arrangement hosted by the Council as a semi-independent Partnership	4. Retain Council hosting but develop linked charitable structure to optimise broader income sources	5. Create a new independent body for the AONB such as a charity or company	6. AONB Conservation Board	7. Transfer hosting to a different organisation, if available
Implications for customers	Pros	People who are familiar with the structure understand how it works	Charity provides a more attractive vehicle for donations	Could open avenues for non- public sector funding  Freer to advocate for the AONB	Strong body acting solely for the AONB, and more free to advocate  Easy to understand	Could open avenues for non- public sector funding
	Cons	Subject to imposed changes from the council which may impact on the ability of the team to focus on the AONB  Lack of flexibility  Perception may be affected by people's views of the council  May be a disincentive for some people to volunteer or donate money	Associated structure and relationships could be confusing	Loss of support from the officers and support services within the council  Untested new model to deliver long term	Change from current known structure	Unknown relationship with Council, where statutory duty still lies  Potential confusion about responsibilities, and lack of overlap with role/ priorities of another host body
Implications for staff	Pros	Protection of T&Cs for staff	Protection of T&Cs for staff	New skills and networks, and support from trustees	Staff transferred on existing conditions  New skills and networks, and support from trustees	Potential useful synergies with other staff of host body
	Cons	Possible erosion of T&Cs as a result of further cuts  Vulnerability to restructuring  Limited opportunities for career progression	Possible erosion of T&Cs as a result of further cuts  Vulnerability to restructuring  Staff time involved in supporting charity as well as Partnership	Likely loss of T&Cs such as poorer pension (future staff)  Different competencies required of staff and training needs  Potential loss of staff and expertise due to savings required?	Not part of a larger organisation  Potential loss of staff and expertise due to savings required?	Uncertainty. Possible loss of T&Cs.

Options		3. Retain current arrangement hosted by the Council as a semi-independent Partnership	4. Retain Council hosting but develop linked charitable structure to optimise broader income sources	5. Create a new independent body for the AONB such as a charity or company	6. AONB Conservation Board	7. Transfer hosting to a different organisation, if available
Financial Implications	Pros	Council bankrolling Access to support services such as finance (especially cash flow) HR and legal	Council bankrolling Retain access to LA support such as finance, HR and legal	Could open avenues for non- public sector funding Enhanced ability to fund-raise	Defra funding paid in advance and may be increased Enhanced ability to fund-raise, working with linked charity	Could open avenues for non- public sector funding
	Cons	Council funding likely to decrease further and pressure to charge for support services	Uncertainty resulting from discretion of trustees of independent charity regarding spending	Support services would have to be bought in, raising costs New body may be unable to meet pension commitments Difficulty of maintaining Council funding	Some increased running costs (support services, VAT not reclaimable) Difficulty of maintaining Council funding	Upheavals of transfer Potentially less accountability for public funding Likely loss of Council funding
Scope for future business development	Pros	Council may be less keen to act as accountable body for large project bids in future	Additional skills from involvement of charity trustees	Potential to provide services and tender for commercial business, subject to charitable objects	Unequivocal focus on the needs of the AONB Access to skills and expertise through Board members with greater responsibility	Uncertain
	Cons	Sometimes restricted by Council procedures	Potential for lack of alignment/ competition	Need to establish track record as a delivery body for projects. Need to develop and sustain organisation may detract from delivery	Need to establish track record as a delivery body for projects. Need to develop and sustain organisation may detract from delivery	More exposure to external competition Potential for less focus on the AONB due to organisational pressures

Options		3. Retain current arrangement hosted by the Council as a semi-independent Partnership	4. Retain Council hosting but develop linked charitable structure to optimise broader income sources	5. Create a new independent body for the AONB such as a charity or company	6. AONB Conservation Board	7. Transfer hosting to a different organisation, if available
Implications for Council	Pros	<p>Council retains influence on service delivery</p> <p>Opportunity to extend/replicate aspects of AONB work to other areas of Shropshire</p> <p>Huge added value can be demonstrated from Council funding</p>	<p>Reduced draw on support services for some activities which may be moved out to charitable structure</p>	<p>Need to develop an effective agreement around local authority statutory duties for AONB Management Plan</p> <p>Demonstrable model of out-sourcing</p>	<p>Councils permanently transfer statutory AONB Management Plan duty to Board</p> <p>Reduced workload from hosting</p> <p>Strong provision for Council representation</p> <p>Demonstrable model of out-sourcing</p> <p>Council can still take some credit for work through association</p>	<p>Removal of responsibility</p>
	Cons	<p>Council retains redundancy and pension liabilities</p>	<p>Council retains contractual responsibilities</p>	<p>The council would lose some influence.</p>	<p>The council would lose some influence</p>	<p>Loss of association and kudos from link with AONB activity</p> <p>Councils retain statutory Management Plan duty, and potential lack of clarity over relationship with new host body</p>
Identified risks		<p>Continued loss of funding from the council</p> <p>Restructure proposals not in AONB interests</p>	<p>Change may be inadequate to meet Council's desire for new business models or financial cuts</p> <p>Effective links and close working relationship need to be established with charity</p>	<p>Need adequate financial reserves/assets for cash flow</p> <p>Need to attract trustees with sufficient capacity</p>	<p>Defra may not have capacity for establishment</p> <p>Lead-in time for establishment</p>	<p>No possible partner identified or likely to be available</p> <p>Potential host may not commit to longer term</p>

Options		3. Retain current arrangement hosted by the Council as a semi-independent Partnership	4. Retain Council hosting but develop linked charitable structure to optimise broader income sources	5. Create a new independent body for the AONB such as a charity or company	6. AONB Conservation Board	7. Transfer hosting to a different organisation, if available
Effect of changes to governance	Pros	No change	New opportunities for involvement and responsibility as trustees	More independence and more responsibility required of Board, Trustees etc	More independence, opportunities for people to take responsibility  Secure, high status structure, specifically for AONBs from an Act of Parliament, taking on statutory responsibilities  Can sit alongside charitable structure	Unknown, depends on organisation
	Cons	No change	Charitable structure and AONB Partnership/ Council relationships could cause tension	Need for formal relationship with Councils  Untested model in English & Welsh AONBs  Charity law may restrict activity	Need to establish effective working relationship with Councils, charity and Partnership	Lack of connection to LAs who hold statutory responsibility  Unknown, depends on organisation
Business Impact / Other	Pros	Hosting provides valuable links to a range of related services	Charity can fund-raise more effectively	Can fund-raise effectively and use directly without intermediary/ associated structure	Freer to comment on planning matters	Disruption during transfer period
	Cons	Risk of AONB benefits not being highest priority due to other pressure on services.  Ineligible for some funds e.g. charitable	Complexity of organisational relationships	Holding directly all risks and responsibilities		Possible different geographic focus of different host body

### Appendix 3 Risk Register – Shropshire Hills AONB transition to Conservation Board

	Risk	Probability	Impact	Impact specifics	Contingency actions
1	Non-agreement in principle by local authorities	L	H	Impossible to go ahead	Strong business case. Consider alternative model.
2	Failure to release reserves to new body	L	H	Insufficient working capital to cash flow and make project bids	Strong business case.
3	Insufficient financial support from LAs	M	M	Lack of funds and visible lack of commitment	Strong business case. Need to earn more income and/or make savings.
4	Non-agreement by Defra	L	H	Impossible to go ahead	Strong business case. NAAONB support. Need to consider alternative model?
5	Lack of capacity in Defra to do legal work	M/H	H	Delay or inability to progress	Support for legal work?? Allow more time. Consider alternative model.
6	Lack of capacity within Shropshire Council to support transition	M	H	Support needed from various departments	Progress essential work as soon as possible. Maintain political support.
7	Lack of trustee/board capacity	L	M	Delay or inability to progress	Build transition structures and opportunities to get involved.
8	Potentially unmanageable burden of pension liabilities	M	H	Especially re scheme shortfalls	Secure transfer within LGPS as 'fully funded' new employer re deficits.
9	Reduction in Defra financial support	M	M	Reduction to extent causing unviability very unlikely	Continue to broaden sources of other income.
10	Failure to secure additional income	L	L	Levels of income may determine scale of operation but unlikely to threaten viability	Staff resource and Board support focused on sound business plan, including pursuit of new projects, fee-earning work and fund-raising.
11	Reduced delivery capacity of AONB team during transition period	M	L	Time taken. Uncertainty may affect ability to make bids.	Careful work programming. Use of available support.

**Appendix 4 Supporting Financial Information**

AONB Forecast Income and Expenditure	Hosted by Shropshire Council		Independence	
	2016/17	2017/18	2018/19	2019/20
<b>Expenditure</b>				
<b>Staff Costs</b>	<b>£205,550</b>	<b>£204,660</b>	<b>£204,440</b>	<b>£207,130</b>
Salaries	£154,893	£154,274	£156,251	£158,260
N.I.	£14,752	£14,573	£14,846	£15,123
Pensions	£20,911	£20,827	£31,094	£31,494
Pension Lump Sum	£12,740	£12,740		
Travel and Subsistence	£1,500	£1,500	£1,500	£1,500
Training	£750	£750	£750	£750
<b>Premises Costs</b>	<b>£21,540</b>	<b>£16,890</b>	<b>£18,540</b>	<b>£18,690</b>
Rent and Service Charges	£14,390	£9,600	£11,100	£11,100
Rates	£6,100	£6,222	£6,346	£6,473
Electricity	£1,050	£1,071	£1,092	£1,114
<b>Supplies and Services</b>	<b>£20,470</b>	<b>£29,920</b>	<b>£23,290</b>	<b>£22,590</b>
Refuse Collection	£650	£650	£650	£650
Cleaning Materials	£200	£200	£200	£200
Office Equipment / Maintenance / Testing	£2,000	£2,000	£2,000	£2,000
Printing and Stationery	-£5,446	£1,000	£1,000	£1,000
Postage, Telecommunications and Broadband	£6,418	£6,418	£7,562	£6,862
Vehicle Lease/Fuel Costs	£4,800	£4,800	£5,760	£5,760
Website Development	£200	£200	£240	£240
Other Promotion	£1,500	£1,500	£1,500	£1,500
Friends of AONB Expenses	£150	£150	£180	£180
Partnership and Sub-Group Expenses	£1,000	£1,000	£1,200	£1,200
Subscriptions	£3,000	£3,000	£3,000	£3,000
Independent Body Set-Up Costs	£6,000	£9,000		
<b>Project Match Funding</b>	<b>£10,220</b>	<b>£10,140</b>	<b>£4,290</b>	<b>£0</b>
Rivers	£4,720	£5,140	£4,290	£0
Shuttles	£0	£0	£0	£0
Sustainable Business Network	£0	£0	£0	£0
Conservation Fund	£0	£0	£0	£0
Stiperstones & Corndon Hill Country Landscape Partnership Scheme	£5,000	£5,000	£0	£0
Upland Commons	£500			
<b>Appropriations to/(from) Reserve</b>	<b>-£6,000</b>	<b>-£9,000</b>	<b>£0</b>	<b>£0</b>
Planned Contribution from Reserve	-£6,000	-£9,000		
<b>Support Services</b>	<b>£31,290</b>	<b>£31,290</b>	<b>£17,500</b>	<b>£17,500</b>
Shropshire Council Services	£31,290	£31,290		
I.T.			£5,000	£5,000
Public Liability Insurance			£1,500	£1,500
H.R.			£3,000	£3,000
Finance			£4,000	£4,000
Payroll			£4,000	£4,000
<b>Total Expenditure</b>	<b>£283,070</b>	<b>£283,900</b>	<b>£268,060</b>	<b>£265,910</b>
<b>Income</b>	<b>-£282,660</b>	<b>-£256,070</b>	<b>-£239,100</b>	<b>-£234,200</b>
DEFRA AONB Single Pot	-£186,416	-£189,623	-£192,884	-£196,202
Shropshire Council Grant	-£40,830	-£40,830	-£25,000	-£25,000
Shropshire Council Additional Contribution to Office Costs	-£20,200	-£11,100	-£11,100	-£5,100
Telford and Wrekin Grant	-£2,942	-£2,694	-£2,694	-£2,694
Sale of Books	-£1,000	-£1,000	-£1,000	-£1,000
LEADER Contribution to Costs (January 2015 Onwards)	-£2,942			
External Fee-Earning Work	-£3,000	-£4,000	-£3,000	-£3,000
Promotions Officer Work for LPS	-£6,406	-£2,000		
Sustainable Business Officer Work for LPS	-£5,636			
Sustainable Business Network Management Fee	-£700	-£700	-£700	-£700
Shuttles Management Fee	-£1,057	-£1,500		
Rivers Management Fee	-£2,226	-£2,226	-£2,226	
Environment Agency Earned Income	-£9,000			
Meeting Room Hire	-£300	-£400	-£500	-£500
<b>(Surplus)/Deficit</b>	<b>£410</b>	<b>£27,830</b>	<b>£28,960</b>	<b>£31,710</b>

**Appendix 4 Supporting Financial Information**

<b>Plan A</b>				
<b>Potential Sources of Further Income Generation</b>	<b>-£2,500</b>	<b>-£27,000</b>	<b>-£39,860</b>	<b>-£35,080</b>
Potential Increase in DEFRA Funding following Independence			-£12,859	-£13,080
Upland Commons Project		-£20,000	-£20,000	-£20,000
Jean Jackson Trust			-£5,000	
Admin and Grant Work for Conservation Fund	-£500	-£2,000	-£2,000	-£2,000
Woodland Trust	-£2,000	-£5,000		
<b>Appropriations to/(from) Reserve</b>	<b>£2,090</b>	<b>-£830</b>	<b>£10,900</b>	<b>£3,370</b>
<b>(Surplus)/Deficit</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
<b>Plan B</b>				
<b>New Earned Income and New Projects</b>	<b>£0</b>	<b>-£20,000</b>	<b>-£30,000</b>	<b>-£30,000</b>
Increased Fee-Earning Work and Income from New Projects		-£20,000	-£30,000	-£30,000
<b>Appropriations to/(from) Reserve</b>	<b>-£410</b>	<b>-£7,830</b>	<b>£1,040</b>	<b>-£1,710</b>
<b>(Surplus)/Deficit</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>
<b>Plan C</b>				
<b>Reduction in Posts</b>		<b>-£35,190</b>	<b>-£35,480</b>	<b>-£35,520</b>
Deletion of One or More Posts		-£35,190	-£35,480	-£35,520
<b>Appropriations to/(from) Reserve</b>	<b>-£410</b>	<b>£7,360</b>	<b>£6,520</b>	<b>£3,810</b>
<b>(Surplus)/Deficit</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>	<b>£0</b>

AONB Cash flow projection for 2018-19		Annual total							
		2018/19	April	May	June	July	August	September	October
<b>Expenditure</b>									
<b>Staff Costs</b>		<b>£204,440</b>							
Salaries	£156,251	£13,021	£13,021	£13,021	£13,021	£13,021	£13,021	£13,021	£13,021
N.I.	£14,846	£1,237	£1,237	£1,237	£1,237	£1,237	£1,237	£1,237	£1,237
Pensions	£21,094	£1,758	£1,758	£1,758	£1,758	£1,758	£1,758	£1,758	£1,758
Pension Lump Sum	£10,000		£10,000						
Travel and Subsistence	£1,500	£125	£125	£125	£125	£125	£125	£125	£125
Training	£750		£100		£400				£100
<b>Premises Costs</b>		<b>£18,540</b>							
Rent and Service Charges	£11,100			£2,775				£2,775	
Rates	£6,346		£6,346						
Electricity	£1,092	£91	£91	£91	£91	£91	£91	£91	£91
<b>Supplies and Services</b>		<b>£23,290</b>							
Refuse Collection	£650	£54	£54	£54	£54	£54	£54	£54	£54
Cleaning Materials	£200	£17	£17	£17	£17	£17	£17	£17	£17
Office Equipment / Maintenance / Testing	£2,000	£167	£167	£167	£167	£167	£167	£167	£167
Printing and Stationery	£1,000	£83	£83	£83	£83	£83	£83	£83	£83
Postage, Telecommunications and Broadband	£7,562	£630	£630	£630	£630	£630	£630	£630	£630
Vehicle Lease/Fuel Costs	£5,760	£480	£480	£480	£480	£480	£480	£480	£480
Website Development	£240	£20	£20	£20	£20	£20	£20	£20	£20
Other Promotion	£1,500	£125	£125	£125	£125	£125	£125	£125	£125
Friends of AONB Expenses	£180	£15	£15	£15	£15	£15	£15	£15	£15
Partnership and Sub-Group Expenses	£1,200	£100	£100	£100	£100	£100	£100	£100	£100
Subscriptions	£3,000	£2,500				£150	£100	£100	£150
<b>Project expenditure</b>		<b>£82,160</b>							
Rivers staff	£21,600	£1,800	£1,800	£1,800	£1,800	£1,800	£1,800	£1,800	£1,800
Rivers other	£41,220				£10,305				£10,305
Shuttles expenditure	£18,090	£2,865	£2,865	£2,865	£2,865	£2,865	£2,865	£2,865	£2,865
Sustainable Business Network expenditure	£1,250		£200	£200				£200	£200
<b>Support Services</b>		<b>£17,500</b>							
I.T.	£5,000	£417	£417	£417	£417	£417	£417	£417	£417
Public Liability Insurance	£1,500	£125	£125	£125	£125	£125	£125	£125	£125
H.R.	£3,000	£250	£250	£250	£250	£250	£250	£250	£250
Finance	£4,000	£333	£333	£333	£333	£333	£333	£333	£333
Payroll	£4,000	£333	£333	£333	£333	£333	£333	£333	£333
<b>Below the line costs</b>									
FRS17 Pension Costs	£12,200								
<b>Total Expenditure</b>	<b>£358,130</b>	<b>£26,546</b>	<b>£40,692</b>	<b>£27,021</b>	<b>£34,751</b>	<b>£24,196</b>	<b>£27,121</b>	<b>£31,936</b>	
<b>Income</b>		<b>-£316,970</b>	<b>-£48,450</b>	<b>-£44,523</b>	<b>-£1,696</b>	<b>-£62,549</b>	<b>-£1,654</b>	<b>-£2,238</b>	<b>-£62,049</b>
DEFRA AONB Single Pot	-£192,884	-£48,221			-£48,221				-£48,221
Shropshire Council Grant	-£25,000		-£25,000						
Shropshire Council Additional Contribution to Office Costs	-£11,100		-£11,100						
Telford and Wrekin Grant	-£2,694		-£2,694						
Sale of Books	-£1,000	-£83	-£83	-£83	-£83	-£83	-£83	-£83	-£83
External Fee-Earning Work	-£3,000		-£500		-£500		-£500		
Sustainable Business Network Management Fee	-£700								
Shuttles Management Fee									
Rivers Management Fee	-£2,226								
Meeting Room Hire	-£500	-£42	-£42	-£42	-£42		-£84	-£42	
Rivers income	-£58,530		-£5,000		-£12,133				-£12,133
Shuttles income	-£18,090			-£1,467	-£1,467	-£1,467	-£1,467	-£1,467	-£1,467
Sustainable Business Network income	-£1,250	-£104	-£104	-£104	-£104	-£104	-£104	-£104	-£104
<b>(Surplus)/Deficit</b>	<b>£41,160</b>	<b>-£21,904</b>	<b>-£3,831</b>	<b>£25,325</b>	<b>-£27,798</b>	<b>£22,542</b>	<b>£24,883</b>	<b>-£30,113</b>	
<b>Cumulative balance</b>		<b>-£21,904</b>	<b>-£25,735</b>	<b>-£409</b>	<b>-£28,208</b>	<b>-£5,665</b>	<b>£19,218</b>	<b>-£10,895</b>	
<b>Example modelling of additional earned income/savings required</b>		<b>-£41,160</b>	<b>-£1,763</b>	<b>-£1,763</b>	<b>-£1,763</b>	<b>-£3,763</b>	<b>-£1,763</b>	<b>-£4,763</b>	<b>-£1,763</b>
Even profiled element (e.g. regular income or savings)	-£21,160	-£1,763	-£1,763	-£1,763	-£1,763	-£1,763	-£1,763	-£1,763	-£1,763
Backloaded' element (e.g. fee earning work)	-£20,000				-£2,000			-£3,000	
<b>Projected monthly balance</b>		<b>-£23,667</b>	<b>-£5,594</b>	<b>£23,562</b>	<b>-£31,561</b>	<b>£20,779</b>	<b>£20,120</b>	<b>-£31,876</b>	
<b>Cumulative balance</b>		<b>-£23,667</b>	<b>-£29,262</b>	<b>-£5,699</b>	<b>-£37,261</b>	<b>-£16,482</b>	<b>£3,638</b>	<b>-£28,239</b>	

November	December	January	February	March	Month 13	Check total
£13,021	£13,021	£13,021	£13,021	£13,021	£0	£156,251
£1,237	£1,237	£1,237	£1,237	£1,237		£14,846
£1,758	£1,758	£1,758	£1,758	£1,758		£21,094
						£10,000
£125	£125	£125	£125	£125		£1,500
		£150				£750
	£2,775			£2,775		£11,100
						£6,346
£91	£91	£91	£91	£91		£1,092
£54	£54	£54	£54	£54		£650
£17	£17	£17	£17	£17		£200
£167	£167	£167	£167	£167		£2,000
£83	£83	£83	£83	£83		£1,000
£630	£630	£630	£630	£630		£7,562
£480	£480	£480	£480	£480		£5,760
£20	£20	£20	£20	£20		£240
£125	£125	£125	£125	£125		£1,500
£15	£15	£15	£15	£15		£180
£100	£100	£100	£100	£100		£1,200
		£100				£3,000
£1,800	£1,800	£1,800	£1,800	£1,800		£21,600
		£10,305		£10,305		£41,220
				£900		£18,090
£200			£250			£1,250
£417	£417	£417	£417	£417		£5,000
£125	£125	£125	£125	£125		£1,500
£250	£250	£250	£250	£250		£3,000
£333	£333	£333	£333	£333		£4,000
£333	£333	£333	£333	£333		£4,000
				£12,200		£12,200
<b>£21,381</b>	<b>£23,956</b>	<b>£31,736</b>	<b>£21,431</b>	<b>£47,361</b>	<b>£0</b>	<b>£358,131</b>
<b>-£7,196</b>	<b>-£229</b>	<b>-£66,083</b>	<b>-£229</b>	<b>-£7,945</b>	<b>-£12,133</b>	<b>-£316,975</b>
		-£48,221				-£192,884
						-£25,000
						-£11,100
						-£2,694
-£83	-£83	-£83	-£83	-£83		-£1,000
-£500		-£500		-£500		-£3,000
				-£700		-£700
				-£2,226		-£2,226
-£42	-£42	-£42	-£42	-£42		-£501
-£5,000		-£12,133			-£12,133	-£58,530
-£1,467		-£5,000		-£4,290		-£18,090
-£104	-£104	-£104	-£104	-£104		-£1,250
<b>£14,185</b>	<b>£23,727</b>	<b>-£34,346</b>	<b>£21,202</b>	<b>£39,416</b>	<b>-£12,133</b>	<b>£41,156</b>
<b>£3,290</b>	<b>£27,017</b>	<b>-£7,329</b>	<b>£13,873</b>	<b>£53,289</b>	<b>£41,156</b>	

<b>-£1,763</b>	<b>-£1,763</b>	<b>-£6,763</b>	<b>-£1,763</b>	<b>-£1,763</b>	<b>-£10,000</b>	
<b>-£1,763</b>	<b>-£1,763</b>	<b>-£1,763</b>	<b>-£1,763</b>	<b>-£1,763</b>		<b>-£21,160</b>
		<b>-£5,000</b>			<b>-£10,000</b>	<b>-£20,000</b>

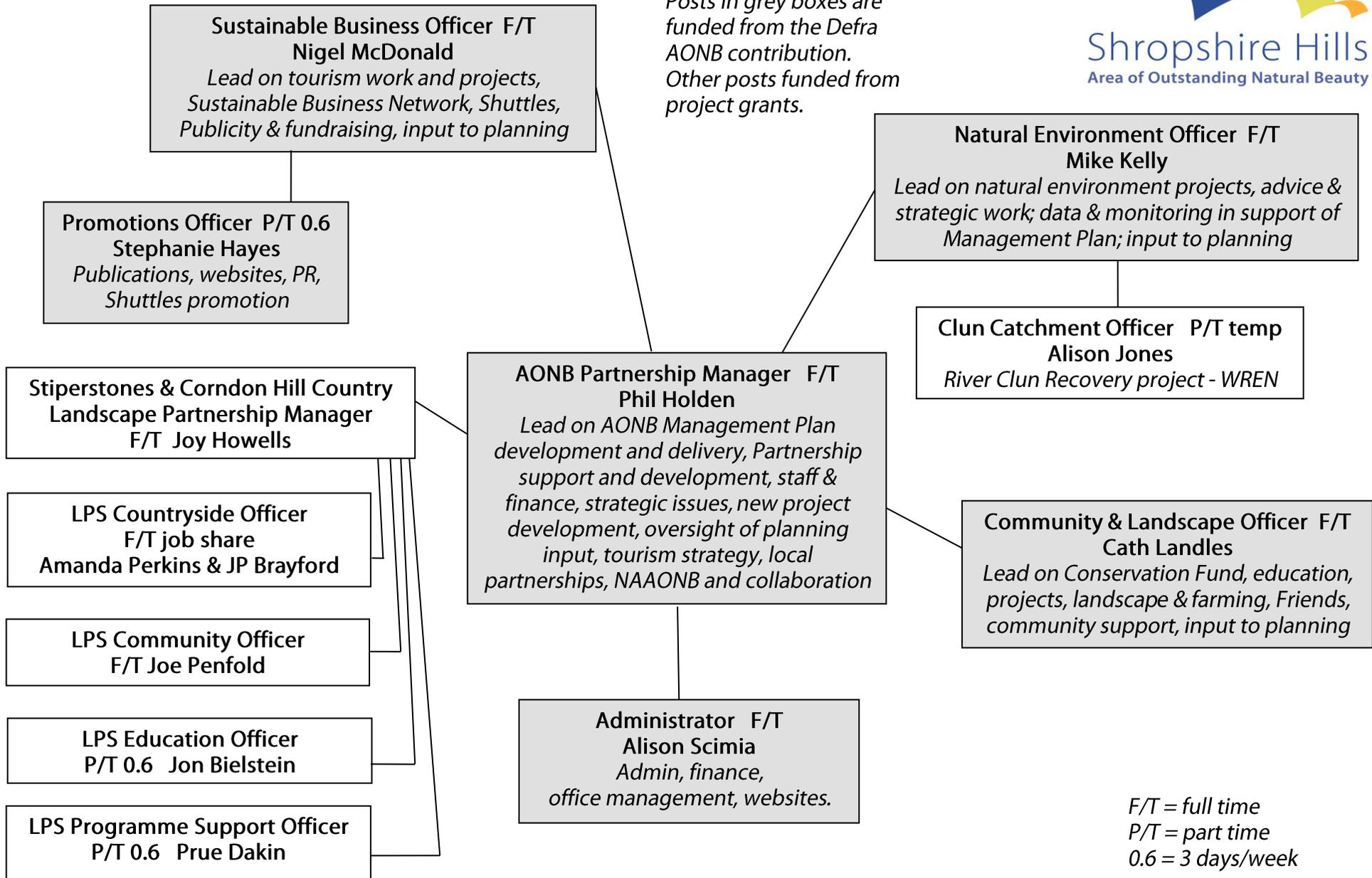
<b>£12,422</b>	<b>£21,964</b>	<b>-£41,110</b>	<b>£19,439</b>	<b>£37,653</b>	<b>-£22,133</b>	
<b>-£15,817</b>	<b>£6,147</b>	<b>-£34,963</b>	<b>-£15,524</b>	<b>£22,129</b>	<b>-£4</b>	

balance to zero except for rounding error

# Shropshire Hills AONB Partnership staff team (structure at Jan 2016)



Posts in grey boxes are funded from the Defra AONB contribution. Other posts funded from project grants.



F/T = full time  
P/T = part time  
0.6 = 3 days/week

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