



Shropshire Hills AONB Partnership proposal for transferring out of Shropshire Council hosting and forming a 'Conservation Board'

BUSINESS CASE

07.10.16

Contents

	Page
1. Introduction and background	2
2. Executive Summary	2
3. Legal basis and functions of the AONB organisation	3
4. The changing operating environment	4
5. Outcome requirements for the AONB organisation.....	6
6. Options Appraisal and confirmation of approach.....	6
7. The Vision.....	6
8. The case for a Conservation Board.....	8
9. Risk Assessment.....	9
10. Summary of projected budget position.....	9
11. Legal considerations	12
12. Staff and other contractual implications	14
13. Partners	15
14. Timescale and resources.....	16

Appendix 1 - Proposed AONB structure

Appendix 2 - Options Appraisal

Appendix 3 - Risk Register

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

1. Introduction and background

This document sets out a business case for the creation of an independent 'Conservation Board' as the future governance and operating structure of the Shropshire Hills Area of Outstanding Natural Beauty (AONB).

Alternative options for governance and operating structures were first considered in detail by the AONB Partnership in 2012, resulting in work towards the establishment of a linked charity, and agreement to remain under Shropshire Council hosting arrangements. However, 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 the host local authority 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**. Our Vision for a Conservation Board is:

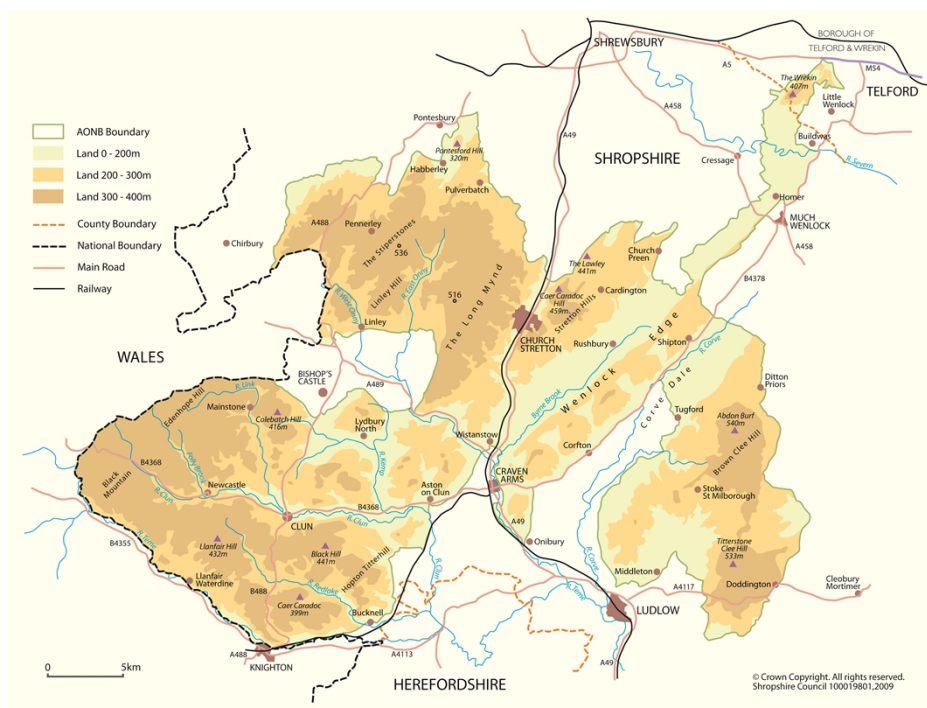
An independent partnership

- **Involving and inspiring people**
- **Working for our special landscapes**
- **Enhancing their natural and cultural assets**

Delivering better outcomes for the AONB

Since the AONB Partnership is now paying Shropshire Council for 'support services' previously provided without charge, moving to an independent Conservation Board will actually **reduce overall costs**. The Board structure also has the significant 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.

A diagram of the proposed AONB structure is shown at **Appendix 1**.



Map of
Shropshire
Hills



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 power to take action to conserve and enhance the natural beauty in the AONB.

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 Management Plan is currently formally approved by both relevant local authorities.

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 works to support their effectiveness. AONBs in Wales come under the same legislation but a

different management arrangement through the Welsh Government, while those in Northern Ireland have a different, and 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 staff 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 seeks 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.

In July 2016 following several years of research and development work by the AONB Partnership, 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 it 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 the Trust's charitable objects.

4. The changing 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 high levels of ministerial support. The typical model of local authority hosting has, however, come increasingly under strain in a number of AONBs as Councils have had to adopt more radical budget savings and restructuring. In Shropshire a high proportion of a relatively large AONB sits within the area of one unitary authority, Shropshire Council, making the AONB structure potentially more vulnerable to decisions taken by one Council.

Shropshire Council has pursued radical change in service delivery in recent years along with significant budget cuts, including commissioning of services to various external bodies. The details of the hosting arrangement of the AONB Partnership have varied over time with several different departments. While there are very valuable synergies for the AONB team with a broad range of Council departments, 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 and funding reductions have become a potential source of future instability for the AONB Partnership.

The Shropshire Hills AONB Partnership is acknowledged nationally as a successful AONB organisation, among the top league in terms of gearing up of Defra and the Councils' 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 both 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, held 'ring-fenced' within Shropshire Council finances.

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.

All of the factors described above help to create a platform and a critical mass for the AONB organisation as it contemplates becoming an independent organisation in the future.

5. Outcome requirements for the AONB organisation

The following was agreed by the AONB Partnership Management Board on 11th 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. Options Appraisal and Confirmation of Approach

A detailed options appraisal was first carried out in 2012, following earlier exploratory 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>).

A simplified appraisal in table format of the main options for the future structure of the AONB is provided within **Appendix 2**. The options considered are:

1. Retain hosting arrangement with Shropshire Council but develop linked charity structure to optimise broader sources of income (this is the status quo)

2. Creation of an independent body for the AONB using a 'generic' model in the form of a Trust, charity or company
3. Creation of an AONB Conservation Board
4. Transfer hosting to a different organisation

This work concluded that the creation of a new **Conservation Board** was the preferred model. Subsequently the AONB Partnership Board at its meeting on the 14th June 2016 endorsed the 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, subject to confirmation of a business case.

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 unproven for AONB governance in England and likely to be more difficult in relation to arrangements for the statutory duty for the AONB Management Plan, which would remain with the local authorities. 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 'concurrently' (see section 10 below).

7. The Vision

The following vision for a new progressive Shropshire Hills AONB Conservation Board was developed in a workshop between the Transition Board and the AONB team, and through further discussion by the AONB Partnership on 8th September 2016:

An independent partnership

- **Involving and inspiring people**
- **Working for our special landscapes**
- **Enhancing their natural and cultural assets**

Delivering better outcomes for the AONB

Alongside the development of a new vision the most important areas of work currently undertaken by the AONB Partnership for the Conservation Board to build upon as have been identified as:

- 'Enabling' role – providing support and coordination, delivering in partnership
- Acting as a 'focus' for the area, and a champion for the Shropshire Hills AONB
- Education, engagement and understanding through the landscape and the work undertaken

- Work in support of 'why nature matters to people' (i.e. ecosystem services)

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**, strongly 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.
- **Reduce costs overall**, through the ability to procure support services more cheaply outside the Council.
- 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 a host authority especially regarding involvement in planning consultations.

As with any independent structure, support functions such as HR and payroll, IT, etc would have to be bought in. However, since Shropshire Council is now charging in full for these functions, an independent body is likely to be able to achieve an overall cost saving by procuring these services more economically. Conservation Boards do have to pay VAT on relevant expenditure, though this is a small proportion of the overall budget and does not prevent an overall net saving. The overall lead in time for the establishment of a Conservation Board is considerable, and may be under additional pressure given the additional current work for government following the referendum vote to leave the EU. In relation to the significant long term benefits however, this should not be a deciding factor.

9. Risk Assessment

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

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

10. Summary of projected budget position

Detailed projections of AONB income and expenditure, cash flow and reserve balances for 2016-17 through to 2019-20 are included within **Appendix 4**, and are accompanied by the notes below.

a) Background

The Income and Expenditure forecast shows the financial position for the AONB for 2016-17 and 2017-18 operating as hosted within Shropshire Council, and 2018-19 and 2019-20 as an independent body. The Income and Expenditure forecast includes the costs and income relating to all AONB activities, including the project activity that is carried out, as described below.

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.

The DEFRA grant part funds core operations of the AONB (The Defra grant is a single pot, which can be used for projects, but currently is required to fund the core costs), whereas the HLF and WREN grants fund the Stiperstones and Corndon Hill Landscape Partnership Scheme (expenditure of approximately £600k per annum) and River Clun Recovery Project (expenditure of approximately £80k per annum) respectively. Although the full income and expenditure of these projects is included within the forecast Income and Expenditure statement within **appendix 4**, these projects operate with more or less stand-alone budgets, with their own funders and project timescales.

Other minor projects include Shuttle Buses (expenditure of approximately £22k per annum), and the Sustainable Business Network (expenditure of approximately £1k per annum).

Some of the hosted projects require (minimal) cash match from the core AONB budget, while others make a small contribution towards core funds.

b) Current Staff Numbers & Costs

The current costs of staff are:

Main AONB team (6.4 FTE) £204k

Stiperstones and Corndon LPS and River Clun Recovery Project (5 FTE) £185k

Total £389k

c) Councils' funding

Both Shropshire and Telford & Wrekin Councils have reduced their budget contributions since 2009. Currently Shropshire Council's annual base budget contribution to the AONB's budget is currently £40,830. 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. Telford & Wrekin Council contributes £2,694 annually.

d) 4 Year Income and Expenditure

The projected budget assumes that Conservation Board status will be achieved at April 2018.

Projected levels of income and expenditure are similar in 2017-18 to those in 2016-17; however, there is a forecast reduction of more than £100k in both income and expenditure in 2017/18 as the Stiperstones and Corndon Hill LPS Project reaches its conclusion. The closure of this project reduces projected turnover from the current level of approximately £1m to £310k in 2018/19 and the closure of the Rivers Project reduces it further to £249k in 2019/2020. This will increase if new projects come on stream as expected.

Forecast expenditure allows for annual 1% inflationary increases on salaries. Known assumptions for reducing staff hours in two cases are included. Budgets allow for the new independent body to cover costs of support services procured from April 2018 costed at £17,500 pa. The cost of the Conservation Board buying in support services externally is considerably lower than the amount currently paid to Shropshire Council for support services, resulting in **a net saving to the core budget, and therefore enabling a higher proportion of Defra and Council funding to be spent on delivery.**

Planned and known income and expenditure results in a forecast budget deficit in all financial years. To mitigate against this, plans A, B and C have been developed in order to balance the budget and are shown at the bottom of the Income and Expenditure Statement. 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, and as required in order to balance the budget as per plan C, if further income generation (plans A and B) becomes unachievable. It should be noted that the team has an established track record in securing additional income, so the team are confident in delivering additional income as described in plans A and B.

In all modelled scenarios, the budget relies upon fairly significant contributions from reserves (£20k-£40k per annum) in 2016/17 and 2017/18 in order to obtain a balanced position as new income is established or savings are made, and as one-off set up costs for the independent body are incurred. The contribution required from reserves will, however, be less if plans are achieved as is expected. From 2018/19 forecast contributions to/from reserves are minimal (less than £10k per annum) as income and expenditure become more sustainable.

Achieving a sustainable budget in the medium term that does not rely on a contribution from reserves is crucial for the independent body to remain viable, and therefore decisions to reduce expenditure will be taken as soon as required, should further income fail to materialise as assumed.

e) Cash Flow and use of reserves

The projected cash flow forecasts assume that Conservation Board status will be achieved at April 2018. Any change to this would result in re-profiling of the cash flow.

Failing to achieve Conservation Board status would risk the viability of the independent body, as the cash flow of the organisation will be heavily reliant on the DEFRA grant being

paid quarterly in advance (as per standard practice with Conservation Boards) rather than being claimed and paid significantly in arrears as it is at the moment.

The cash flow modelling exercise has been carried out based on actual spend within 2015-16, as well as assumptions on future payments and receipts following independence. The cash flow has been modelled based on scenarios A, B and C, as above. A maximum temporary cash flow deficit of approximately £50k is predicted in the first year of independence, which would need to be covered by working capital from the AONB reserves. As the independent body becomes more established, the cash flow position is projected to improve, with minimal deficits (£5k) forecast during the second year of independence.

The transfer of reserves earned over recent years by the AONB Partnership and currently held by Shropshire Council (currently £177,174) is required in order for the independent body to be viable. 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 at Summer 2016, although the liability will reduce by 2018/19 as the pension strain liability reduces
- As a source of match funding for new project bids, which will remain a crucial part of the business model.

f) Commercial Opportunities

There are a number of commercial opportunities which have been used to some extent to date, and which the team is in a good position to develop 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 services such as pre-application planning advice, but this has not been done so far due to capacity issues.

11. 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. The two Councils would however still be closely involved in the preparation of the Plan and should be consulted by the AONB Board during the preparation of the plan.

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). For example, the consideration of the AONB in planning decisions by the Councils as a material consideration in planning applications where appropriate. 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.

A Conservation Board, while retaining the main purpose to conserve and enhance natural beauty, takes on a second statutory purpose to increase the understanding and enjoyment by the public of the AONB's special qualities. In pursuing its purposes, a Board is also required to seek to foster the economic and social wellbeing of the AONB's local communities. In so doing, a Board should co-operate with constituent local authorities and public bodies whose functions include the promotion of economic or social development within the AONB.

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). The Establishment Orders for the two existing Conservation Boards included a range of powers from various countryside-related legislation to become 'concurrent functions', i.e. exercisable by the local authorities and by the Board. Any functions delegated to the Board or run concurrently between the local authorities and the Board will be consulted on both informally and formally following the formal notification in writing to Defra. Both local authorities will have the opportunity to submit responses to Defra and provide views on the functions that could either be delegated or run concurrently with the Conservation Board. This could also include views on the financial implications of the Board taking over or delivering these functions concurrently. Although both local authorities are not obliged to provide funding towards these statutory functions both local authorities have a duty of care towards their constituents and therefore it could be expected that local authorities may contribute appropriate levels of funding for these functions to be delivered following discussions with the Board.

However, the decision as to whether any functions would be delegated or delivered concurrently would rest with Defra following consultation with the relevant local authorities and other bodies. Both local authorities would have the opportunity to comment on the final terms of the Establishment Order at the formal consultation stage once Defra have had the opportunity to consider the responses received at the informal consultation stage.

The Conservation Board is a completely independent body so the Councils would bear no responsibility for any debts should the Board have to be wound up.

A memorandum of agreement covering all appropriate considerations should be drawn up between the relevant local authorities and the Board covering funding arrangements.

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, through the AONB Partnership if they wish, to request the government to initiate the creation of a Conservation Board. Informal consultations carried out by the AONB Partnership to date on the formation of a Conservation Board have received support. Subject to Cabinet approval both local authorities are willing to request Defra to start the process for establishing the Conservation Board on the basis of the business case provided to date.

The process for creating a Conservation Board as set out in Defra guidance of 2008 requires informal and formal consultation. The first consultation undertaken by Defra will be an informal consultation encompassing a wider range of stakeholders including Natural England, the constituent local authorities, parishes, and any interested parties such as the National Farmers Union, the Country Land and Business Association, local wildlife trusts and relevant community groups, depending on circumstances. Following the informal consultation Defra will consider these responses and use them to decide whether to proceed with drafting an Establishment Order. Following consideration by Defra and before the establishment order is confirmed a formal consultation will be carried out with Natural England and both local authorities only.

c) Equalities considerations

The proposals are not considered to have any negative implications with respect to the Councils' statutory duties under the Equality Act 2010 and section 149 of the Public Sector Equality Duty. An Equality and Social Inclusion Impact Assessment will be prepared as part of subsequent due diligence work.

d) Legal obligations with contracts

In relation to the Defra AONB funding contract details on the funding to be provided by Defra up to 2019 – 20 are detailed in section 10 of this business case.

The HLF Landscape Partnership Scheme contract is due to end in March 2018 before the Conservation Board would come into existence.

Currently, and working on the basis of an April 2018 start date, only the River Clun Recovery Project will require to be novated or transferred to the Conservation Board. Any new externally funded projects that are developed and confirmed in the future.

12. Staff and other contractual implications

a) Staff

The staff team currently comprises 13 people (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 the development of the proposal. Formal TUPE consultations with staff will follow once detailed proposals are confirmed.

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. The transfer of staff to the Conservation Board as a new employer within the Shropshire Pension Scheme would be undertaken as 'fully funded', so that the Board bears no burden for past pension deficits.

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.

Intellectual property rights in the AONB logos will also be transferred to the Conservation Board, along with all digital data and paper files relating to the AONB currently held by the AONB team.

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.

13. 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 much information has been made publicly available. Further local public consultation will be carried out. So far it is apparent that there is considerable support for the proposal.

14. 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:

13 Oct 2016	Business Case to Telford & Wrekin Council Cabinet
19 Oct 2016	Business Case to Shropshire Council Cabinet
Oct/Nov 2016	Stakeholder engagement by AONB Partnership
November 2016	Joint formal request by Councils with the AONB Partnership to Defra to initiate creation of Conservation Board
2017	Informal consultation and decision by Defra whether to proceed
2017/18	Drafting of legal order by Defra and formal consultation with local authorities and agencies
2017/18	Due Diligence, e.g. regarding staff, funding, etc.
2017	Report to Shropshire Council Cabinet on detailed proposals
2018	Establishment Order undergoes parliamentary process including passage through Houses of Commons and Lords
2018	Confirmation of Establishment Order by Secretary of State and appointments to Board (Defra)

2018	Establishment of banking and finance arrangements
2018 (to be confirmed)	'Establishment Day' of Conservation Board and 'Operative Day' for completion of all transfer arrangements

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.