

Cotswolds Conservation Board

Statement of Accounts 2016/2017

For Submission to the Board on 29 June 2017

Cotswolds Conservation Board
Fosse Way
Northleach
Gloucestershire
GL54 3JH
Tel: 01451 862000
Fax: 01451 862001
www.cotswoldsaonb.org.uk

Explanatory Foreword

The Cotswolds Conservation Board was established as a result of the Countryside and Rights of Way Act 2000. The Board's Establishment Order (SI 1777/2004) was agreed by Parliament in July 2004. The Board's statutory purposes are to conserve and enhance the natural beauty of the Cotswolds Area of Outstanding Natural Beauty (AONB), and to increase the understanding and enjoyment by the public of the special qualities of the AONB. In fulfilling these purposes the Board seeks to foster the economic and social well-being of people living in the AONB.

The Board's Business Plan sets out a wide ranging programme of activity associated with the delivery of its purposes. The Board operates to a budget based on the agreed grant aid from the Department for Environment, Food and Rural Affairs, Natural England and local authorities. Additionally, the Board either takes the lead role or actively participates in a range of partnership schemes to secure external funding for additional project work.

The current Cotswolds AONB Management Plan 2013-2018 articulates the Board's vision, objectives and policies for the current and future management of the AONB. A review of the current plan and drafting of the 2018-23 plan commenced in 2016/17.

The Board will shortly be coming to the end of the fourth year of the Agency Operational Agreement with the Friends of the Cotswolds. The Agreement devolves to the Board the responsibility of managing the whole Cotswolds Discovery Centre site including the visitor attractions and a café which opened in November 2013. The long-term agreement provides for the Board to recover set-up costs from future profits. There are also ongoing arrangements for profit sharing.

This Statement of Accounts records the Board's activities for the period 1 April 2016 to 31 March 2017. The Accounts and Audit Regulations 2011 reduced the reporting requirements for smaller relevant bodies i.e. those with a gross income or expenditure below £6.5 million. The Statements included in these accounts are:

Financial Review*Income and Expenditure Account (Page 6)*

This statement shows the costs of providing services across the various activities and projects that the Board has supported during the year and how these projects were supported from grants and income. Gross revenue expenditure for the year was £1,164,313 (2015/16 £1,077,659) and gross income was £1,102,911 (2015/16 £1,006,431). Taken together, these items show a net deficit for the year of £61,402 (2015/16 deficit of £71,228) mainly as a result of the Board's operation of the Cotswolds Discovery Centre.

Balance Sheet (Page 7)

This statement details the Board's financial position as at 31 March 2017 listing the value of assets and liabilities.

Statement of Movement on General Fund Balance (Page 7)

This statement sets out the movements during the year for the reserves held by the Board.

A net reduction of £3,602 was made to earmarked reserves (2015/16 £37,294). The general reserve decreased by £7,860 (2015/16 an increase of £13,592). A deficit for the year of £49,940 was recorded for the Agency Operational Agreement (2015/16 £47,527).

Financial Review (Continued)

The Board publishes an Annual Review by the end of July each year describing its activity in the previous year and setting out its performance against its Business Plan. This is available on line at www.cotswoldsaonb.org.uk

Accounting Concepts

The following accounting concepts are adopted to ensure that the accounts present fairly:

Relevance

The Statement of Accounts provides information about the financial performance and position of the Board that is useful for assessing the stewardship of public funds and for making economic decisions.

Reliability

The Statement of Accounts is intended to represent faithfully the financial position and transactions of the Board. This is achieved by complying, in all material respects, with proper accounting practices. Where there is uncertainty these accounts have been prudently prepared, that is, a degree of caution has been applied in exercising judgement and making any necessary estimates. This statement has been prepared to reflect the reality or substance of the transactions and other events that have taken place.

Comparability

Consistent policies are applied both within the accounts for the year and between years. Discretionary changes in accounting policy will only be made on the grounds that the new policy is preferable to the one replaced because it will give a fairer presentation of the transactions and the financial position of the Board. The impact of future changes to accounting policies will, where material, be highlighted.

Understandability

The accounts require a reasonable knowledge of accounting if they are to be properly understood. However, all reasonable efforts have been made to make the accounts as easy to understand as possible.

Materiality

Strict compliance with proper practice is not necessary where the amounts involved are not material to the fair presentation of the financial position of the Board and to the understanding of the Statement of Accounts by a reader. Materiality will depend upon the size and nature of the item in question.

Accruals

These financial statements, other than cash flow information, are prepared on an accruals basis. This means that income and expenditure is matched to the services provided during the accounting period.

Going Concern

The accounts are prepared on the assumption that the Board will continue in operational existence for the foreseeable future. This means that income and expenditure accounts and balance sheet assume no intention to curtail significantly the scale of operation.

Accounting Concepts (Continued)*Primacy of Legislative Requirements*

The Board derives its powers from statute. It is a fundamental principle of accounting that, where specific legislative requirements and accounting principles conflict, legislative requirements will apply.

Accounting Policies

The Board is classed as a smaller relevant body for financial reporting purposes. The Board must apply proper practice as set out in the Joint Practitioners Advisory Group's publication: *Governance and Accountability for Smaller Authorities in England – A Practitioners' Guide to Proper Practices to be applied in the preparation of statutory annual accounts and governance statements (March 2016)*. This guidance is specifically written for local councils and does not apply to the Board in its entirety. Where the guidance does not apply or applies differently, the Board has taken a judgement on the treatment of these issues. The accounting policies are kept under review and are updated as required. The accounts are compiled using the historic cost convention.

Fixed Assets

The Board has a policy that only assets with a value of more than £10,000 will be treated as fixed assets in the accounts.

Overheads

A proportion of costs of corporate management and administration have been allocated to the other cost heads within the accounts. The Board has adopted the National Park Authority model for the Income and Expenditure Account to enable comparability.

Grants

Revenue grants and other contributions are accounted for on an accruals basis and recognised in the financial statements when the conditions for their receipt have been complied with and there is a reasonable assurance that the grant or contribution will be received.

Debtors and Creditors

The revenue accounts are prepared on an income and expenditure basis. Provision is therefore made for goods and services supplied to or by the Board, but not paid at 31 March 2017. Debtors and creditors are risk-assessed at the year end and provision made where appropriate.

Partnership/Group Accounts

There were no companies or other organisations for which partnership or group accounts were required.

Capital Financing

The Board finances capital expenditure (grants to outside organisations for projects such as dry stone walling) from revenue within the year and, therefore, does not require a capital financing policy.

Reserves and Provisions

It is the Board's policy to hold reserves sufficient to provide:

- a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing;
- a contingency to cushion the impact of unexpected events or emergencies;
- a means of building up or holding funds, as earmarked reserves, to meet known or predicted liabilities.

A full list of reserves held by the board is shown under Note 12 to the Accounts.

Related Party Transactions (Note 7)

The Board discloses material transactions with related parties – bodies or individuals that have the potential to control or influence the Board, or to be controlled or influenced by the Board. The policy for the purpose of reporting these transactions within the financial statements is that all related party transactions are declared. The accounting policy of the Board takes into account the fact that all grants are made with proper consideration of declaration of interest.

Retirement Benefits and Pensions (Note 5)

Pension contributions are accounted for within the Income and Expenditure Account on cash payment basis.

Treasury Management Policy

The Board has a treasury management policy to assist with management of cash flows and banking, the effective control of the risks associated with these activities, and the pursuit of optimum performance consistent with these risks.

Surplus funds can be held in a call account or placed on treasury deposit with the Board's bankers or other low risk investment providers.

The Board uses two linked accounts at the same bank, one a current account, earning no interest and the other a call account, earning interest. At the close of business each day, an automatic transfer is made between the two accounts to ensure the current account retains a small balance and the call account retains the larger proportion of the Board's money to maximise interest yield. Both accounts are treated as cash at bank.

Value Added Tax

The Board was not registered for Value Added Tax in 2016/17.

Income and Expenditure Account for the Year Ended 31 March 2017

2015/16			2016/17	
Total		Expenditure	Income	Balance
£		£	£	£
<i>Net Expenditure</i>				
119,732	Conservation of Natural Environment	252,262	(131,467)	120,795
1,327	Conservation of Cultural Heritage	38,568	(27,022)	11,546
112,565	Recreation Management and Transport	202,060	(89,643)	112,417
112,671	Promoting Understanding: Information Interpretation and Education	169,477	(46,379)	123,098
104,575	Volunteers	108,149	(18,146)	90,003
(8,192)	Forward Planning	59,174	(82,076)	(22,902)
157,387	Corporate Management and Administration	157,908	(8,361)	149,547
-----		-----	-----	-----
600,065	Net Cost of Services	987,598	(403,094)	584,504
47,527	Agency Operational Agreement	176,715	(126,775)	49,940
(2,684)	Interest Receivable		(1,507)	(1,507)
-----			-----	-----
644,908	Net Operating Expenditure			632,937
=====				=====
<i>Income</i>				
(425,600)	DEFRA Contribution		(432,920)	(432,920)
(140,885)	Local Authority/Parish Contribution		(138,615)	(138,615)
(7,195)	Other		-	-
-----			-----	-----
(573,680)	Total Financing			(571,535)
=====				=====
71,228	Deficit for the Year			61,402
=====				=====

Balance Sheet

31 March 2016		Note	31 March 2017
£			£
88,160	Debtors and Prepayments	8	155,361
250,000	Short Term Investments	10	175,000
8,247	Stock		11,685
86,440	Cash and Cash Equivalents		75,662
-----			-----
432,847	Current Assets		417,708
-----			-----
(188,651)	Creditors and Accruals	9	(245,998)
(16,500)	Receipts in Advance		(5,416)
-----			-----
(205,151)	Current Liabilities		(251,414)
-----			-----
227,696	Net Current Assets		166,294
-----			-----
227,696	Total Net Assets		166,294
=====			=====
	Financed by:		
211,106	General Fund Balance	12	203,246
156,775	Other Reserves	12	153,173
	Less: Accumulated Deficit on Agency		
(140,185)	Operational Agreement	3	(190,125)
-----			-----
227,696	Total Reserves		166,294
=====			=====

Statement of Movement on General Fund Balance

£		£
71,228	Deficit for the Year	61,402
(37,294)	Net Transfer from earmarked reserves (Note 12)	(3,602)
	Net Transfer from Agency Operational Agreement	
(47,527)	(Note 3)	(49,940)
-----		-----
(13,593)	(Increase)/Decrease in General Fund Balance	7,860
(197,513)	General Fund Balance Brought Forward	(211,106)
-----		-----
(211,106)	General Fund Balance Carried Forward	(203,246)
=====		=====

Notes to the Accounts

1. Income

The Board received income from the following main sources (excluding income from the Agency Area):

	2015/16	2016/17
	£	£
DEFRA Grant	425,600	432,920
Natural England Grant	76,143	80,269
Rural Payments Agency	68,781	79,445
Local Authority/Parish Contributions	140,885	138,615
Heritage Lottery Funding	65,925	87,307
Other grants and earned income	88,066	157,580
	-----	-----
	865,400	976,136
	=====	=====

2. Employee Remuneration

The table below shows contracted staff numbers and their respective total remuneration in bandings of £5,000 at the financial year end. Total remuneration includes basic salary, transport allowances and employer's pension contributions.

Banding	2015/16	2016/17
£10,000 - £15,000	1	2
£15,000 - £20,000	4	3
£20,000 - £25,000	-	3
£25,000 - £30,000	1	-
£30,000 - £35,000	2	1
£35,000 - £40,000	5	2
£40,000 - £45,000	-	2
£45,000 - £50,000	2	2
£65,000 - £70,000	1	-
£75,000 - £80,000	-	1
Total	16	16

3. Agency Operational Agreement

Under an Agency Operational Agreement between the Board and the Friends of the Cotswolds (a registered charity), the Board manages the site and the visitor attractions on behalf of the Friends. The Cotswold Lion Café opened in November 2013. The agreement is not limited by date and provides for the Board to recover set-up costs from future profits. Income and expenditure on the Agency Operational Agreement is shown in the Income and Expenditure Account. The net deficit on the third year of operation has been treated as an accumulated deficit on the Balance Sheet and is shown as a negative balance in the table of reserves at Note 12 to the Accounts. Stock held in the shop and café is valued at historical cost.

4. Audit Costs

Grant Thornton UK LLP was the Board's external auditor for 2016/17 at a cost of £2,400 including VAT (2015/16 £2,400).

Notes to the Accounts (Continued)

5. Retirement Benefits and Pensions

The Board is a member of the Local Government Pension Scheme (LGPS) administered by Gloucestershire County Council (GCC). The Scheme is a defined benefit scheme, meaning that the retirement benefits are determined independently of the investments in the scheme and employers are obliged to make additional contributions where assets are insufficient to meet retirement benefits.

Name of Fund: Gloucestershire County Council Pension Fund

Name of Fund: Defined Benefit

Participating Authority: Cotswolds Conservation Board

The Local Government Pension Scheme is administered in accordance with the Local Government Pension Scheme Regulations. The Board made contributions to the fund of 19.5% of salary costs in 2016/17 (2015/16 19.5%) in addition to a £5,000 per annum deficit reduction payment (2015/16 £5,000 per annum).

Formal Valuation of the Gloucestershire County Council Pension Scheme (GCCPS)

Under the Local Government Pension Scheme Regulations the pension fund is subject to an independent triennial actuarial valuation to determine each employer's contribution rate. A triennial valuation of the GCCPS fund was carried out as at 31 March 2016 when the actuary valued the Board's share of the fund at £2,135,000, with a surplus against expected liabilities of £153,000.

6. Members Allowances

Board members are paid allowances and reimbursed expenses in accordance with a Members Allowances Scheme reviewed annually and published in the Board's Constitution. The total amount of allowances and expenses paid to Board members during 2016/17 was £25,412 (2015/16 £26,334). The amount of expenses paid varied according to the duties and activities of individual members, the frequency of meetings attended and the distance travelled. A list of allowances and expenses by Board Member grouping is set out below.

Table of Members Allowances and Expenses

	2015/16		2016/17	
	Allowance	Expenses	Allowance	Expenses
Board Chair/Vice Chair	4,090	1,999	4,090	1,585
Executive/Sub-Committee Members	15,275	3,954	15,660	2,569
Ordinary Members	999	17	1,355	153

7. Related Party Transactions

The principal issue in determining whether or not a person or an organisation is a related party is the degree of control exerted by one party over the other. This can arise during a financial period where:

- one party has direct or indirect control of the other party;
- one party has influence over the financial and operational policies of the other party; or
- the parties are subject to common control or influence from the same source.

7. Related Party Transactions (Continued)

The Government

The Government has influence over the general operations of the Board. It is responsible for providing the statutory framework within which the Board operates. The Secretary of State appoints fourteen members of the Board under arrangements set out in the Board's Establishment Order. The Government provides a large proportion of the Board's funding in the form of grants channelled through the Department for the Environment, Food and Rural Affairs (DEFRA) and Natural England. Other government departments and agencies such as the Rural Payments Agency also fund the Board's activities.

DEFRA

DEFRA is responsible for determining the general level of Government funding that the Board receives by approving and agreeing to support the Board's Annual Business Plan. Total funding is shown in Note 1.

Natural England

Natural England determined the general level of Government funding that the Board receives to support the Cotswold Way National Trail by approving and agreeing to support the Cotswold Way National Trail Business Plan. Total funding is shown in Note 1.

Rural Payments Agency

The Rural Payments Agency reimburses the Board's eligible expenditure incurred for the development and running of the LEADER Grants Programme. Total income is shown in Note 1.

Local Authorities

The fifteen local authorities covered by the Cotswolds area each appoint a Board member under the terms of the Board's Establishment Order. The local authorities provide a significant source of income to the Board. Total contributions are shown in Note 1.

Parish Councils, Town Councils and Parish Meetings

Parish Councils, Town Councils and Parish Meetings appoint eight members of the Board in accordance with the arrangements set out in the Establishment Order and provided direct grant support to the Board of £50 in 2016/17 (2015/16 £50).

Friends of the Cotswolds

The Friends of the Cotswolds act as the Board's landlord and share an Agency Operational Agreement with the Board for the management of the Cotswolds Discovery Centre at the Old Prison. In addition to this, the Friends have been joint signatories to grant bids and four Board Members sit on the Partnership Board for the site influencing decisions. Transactions with the Friends during the year related to payments totalling £17,636 of VAT collected on the Friends behalf arising from the trading activities of the Cotswold Lion Café.

7. Related Party Transactions (Continued)*Members and Officers*

The Board approved Codes of Conduct for members and officers as part of its Constitution. The Codes include requirements to disclose and record interests where they may have, or appear to have, an influence on the decisions of the Board and are circulated to members and officers. The Board's procedural rules impose quorums on meetings to ensure decisions are not taken in isolation and require members to disclose interests at each meeting before the matter in which they have an interest is discussed. A public register of these interests is maintained by the Board's Monitoring Officer. In addition to the above, Board members and officers sign and return related party transaction declaration forms each year. There were no related party transactions that required disclosure during the year.

8. Debtors and Prepayments

	2015/16	2016/17
	£	£
Rural Payments Agency	40,447	39,582
Natural England	19,036	35,801
Miscellaneous	12,701	34,841
Heritage Lottery Fund	15,951	29,406
Local Authority Contribution	-	15,731
Prepayments	25	-
	-----	-----
	88,160	155,361
	=====	=====

A review of debtors was carried out and the Board expects to receive all debts in full.

9. Creditors

	2015/16	2016/17
	£	£
Local Authorities and other Public Bodies	147,754	126,683
Miscellaneous	40,897	63,726
Net wages	-	49,497
Sustainable Development Fund and Climate Change	-	6,092
Receipts in Advance	16,500	5,416
	-----	-----
	205,151	251,414
	=====	=====

A review of creditors was carried out and the Board has sufficient funds to pay all accounts when due.

Notes to the Accounts (Continued)

10. Short Term Investments

At the year end, the Board held a short term investment totalling £175,000 with the Clydesdale Bank.

11. Post Balance Sheet Events

There were no post balance sheet events that required disclosure.

12. Reserves

Fund	Opening Balance 1 April 2016	Expenditure and Transfers to Other Reserves	Income or Transfer from Other Reserves	Carried Forward 31 March 2017
General Fund	(211,106)	857,777	(849,917)	(203,246)
Countryside Fund	(31,715)	13,920	(25,515)	(43,310)
Voluntary Wardens	(5,808)	16,042	(22,415)	(12,181)
Caring for the Cotswolds	(18,814)	-	-	(18,814)
Legacies and Donations	(2,135)	-	-	(2,135)
Asset Acquisition	(14,838)	-	-	(14,838)
Sustainable Development	(48,949)	49,969	(36,020)	(35,000)
Student Placement	(5,500)	-	-	(5,500)
Management Plan	(6,249)	-	-	(6,249)
AONB 50 th Anniversary	(5,197)	8,795	(3,598)	-
Cotswold Way	(8,151)	82,460	(81,995)	(7,686)
Visitor Giving Scheme Fund	(9,419)	3,684	(1,725)	(7,460)
Accumulated Deficit on Agency Operational Agreement	140,185	176,715	(126,775)	190,125
	-----	-----	-----	-----
Total Reserves	(227,696)	1,209,362	(1,147,960)	(166,294)
	=====	=====	=====	=====

The total movement on all reserves is a decrease of £61,402 (2015/16 £71,228)

Movement on Earmarked Reserves in the year was a decrease of £3,602 (2015/16 £37,294).

Movement on Accumulated Deficit in the year was an increase of £49,940 (2015/16 £47,527)

Movement on General Fund in the year was a decrease of £7,860 (2014/15 an increase of £13,593)

The former Finance Officer, Temporary Accountant and Director consider General Fund and Earmarked Reserves to be adequate to the efficient operation of the Board.

A description of the purposes of each fund is set out on Pages 13 and 14.

Notes to the Accounts (Continued)

12. Reserves (Continued)*General Fund*

The working balance of unused funds not earmarked for specific purposes.

Countryside Fund

Contains income generated by the Board's Voluntary Wardens to help fund their activities or other activity which they wish to support.

Voluntary Wardens Fund

Contains money held by North and Central Voluntary Wardens to fund social and other activities.

Caring for the Cotswolds Fund

Contains the balance of funds generated as part of the Caring for the Cotswolds Scheme to be used to support future lottery bids and programmes.

Legacies and Donations Fund

Contains money received from donors for use by the Board on the purposes set out by the donor, if indicated.

Asset Acquisition Fund

Contains money set aside to provide for replacement of vehicles, IT and equipment.

Sustainable Development Fund

Contains money to fund projects through the sustainable development grant fund in the Cotswolds.

Student Placement Fund

Contains money to enable the Board to fund the appointment of a student placement in advance of grant funding agreements.

Management Plan Fund

Sets aside money to fund the statutory five-yearly revision of the Management Plan for the Cotswolds Area of Outstanding Natural Beauty.

AONB 50th Anniversary Fund

Contains money set aside to fund the celebration of the 50th anniversary of the establishment of the Area of Outstanding Natural Beauty in 2016 and its legacy. This fund will close with effect from the end of 2016/17.

Cotswold Way Fund

The balance of unused funds provided for maintenance of the Cotswold Way National Trail that has not been earmarked for specific Cotswold Way projects.

Visitor Giving Scheme Fund (now promoted as Caring for the Cotswolds)

Money received from the scheme that has not yet been distributed as a grant.

Notes to the Accounts (Continued)

12. Reserves (Continued)*Accumulated Deficit on Agency Operational Agreement*

Represents the cost of establishing, equipping and staffing the Cotswold Lion Café under the Agency Operational Agreement with the Friends of the Cotswolds. The Agreement provides for recovery of these costs from future profits.