



Surrey Hills Area of Outstanding Natural Beauty Board

1 September 2021

Governance and Finance Report

Purpose of the report:

To agree governance actions and the outturn report for 2020/21 and the estimates for the period 2022/23.

Recommendations:

The Board to:

1. Note the progress on taking forward the Glover recommendations and the adoption of National Landscape name for promotional purposes.
2. Note the Risk Register and agree the actions needed to mitigate the areas of high risk (See Annex 1 below).
3. Approve the outturn report for 2020/2021 (See Annex 2 below).
4. Agree the core estimates for 2022/2023 (See Annex 3 below).

1. Introduction:

- 1.1 **Review of Designated Landscapes.** The Glover Review was published on 21 September 2019 making 27 substantive recommendations for National Parks and AONBs. Defra has established an internal team and a task group to advise on the recommendations which and is expected to publish its response in the next month. The AONB Board considered the Glover proposals at a workshop on 24 October 2019, which it reported to Defra and which identified the following priorities for the Surrey Hills:
- A new financial model – more money, more secure, more enterprising
 - AONBs strengthened with new purposes, powers and resources, renamed as National Landscapes
 - National Landscapes should form the backbone of Nature Recovery Networks – joining things up within and beyond their boundaries
 - A central place for national landscapes in new Environmental Land Management Schemes
 - A new approach to coordinating public transport and new, more sustainable ways of accessing National Landscapes

- A ranger service in all our National Landscapes, part of a national family.

- 1.2. **National Landscapes.** With support from Defra, the National Association for AONBs has established a task group to look at the branding of AONBs and the renaming of AONBs to National Landscapes. This was a key recommendation of Glover that will not affect the legal basis of the AONB designation, but better reflect the national importance of AONBs to decision makers and the public. The Surrey Hills AONB Director is on the task group and work is underway on identifying the brand values for how National Landscapes are there to best serve the nation's natural heritage and wider society. At the 2020 AGM, the AONB Board noted progress on taking forward the Glover recommendations and the adoption of National Landscape name for promotional purposes.
- 1.3 **Constitution Review Working Group.** It has been some time since the AONB Constitution has been reviewed. The Constitution provides that a review should be undertaken every five years and some inconsistencies have recently been identified which suggested a review is timely. As a result, the AONB Board at its June meeting agreed a process for reviewing the AONB Board Constitution by appointing a Working Group consisting of Heather Kerswell, Geoff Duck, Rosemary Absalom, Susan Parker, Gordon Jackson, Simon Whalley, Kristina Kenworthy, Steve Rudd. The working group could include further members if needed. The Group met on Friday 20 August 2021 and a verbal update will be provided at the meeting.
- 1.4. **Risk Register.** The Risk Register is reviewed annually by the Members Advisory Group and reported to the AONB Board. It highlights what actions are undertaken to mitigate risks. Most of the scoring was Green which means that this should be subject to annual review but there are also areas (Amber) which need to be monitored by the AONB Director on a quarterly basis and reported to the Members Advisory Group, as appropriate. The Members Advisory Group reviewed the register at its meeting on 20 August 2021 and identified the following areas were high risk and that that further mitigation was required:
 - 1.4.1 **Reputation.** As reported in last year's Annual Review, the Surrey Hills website is now not fit for purpose. Particularly since lockdown the traffic to the site has increased to circa 700,000 views per annum and the content and functionality does not meet the user demands for people looking for Surrey Hills experiences and helping to manage visitors. There is also a lot of old content that makes the site clunky and unworkable. A brief for a new website was written and submitted and four tenders were received, of which two were shortlisted and one selected. Now awaiting funding to proceed for a spring 2022 launch. The new website will include a better visitor offering and community hub element. It is proposed that the AONB Board approach the respective local authorities for support and to use any savings achieved under business support in 2020/21 and 2021/22 to be put toward the commissioning of a new website.

1.4.2 Performance. The award of £438,000 for Farming in Protected Landscapes Fund to the Surrey Hills is putting a massive strain on staff resources to be able to allocate this money by the end of January 2022 and to spend by the end of March 2022. This matter was reported to the June AONB Board meeting. Although the award was welcomed by the Board and the national family of AONBs and National Parks, the late notice means there is particular pressure to get the staffing, promotion and support in place. The team is prioritising this area of work, along with the Boundary Review, and has secured the services of Sarah Thiele from within Surrey County Council on a full cost recovery basis. Sarah is experienced in land management and grant programmes, having worked on the Leader Programme. The mitigation is to ensure we liaise with our National Park and AONB colleagues who have knowledge and experience, and to advocate our collective positions to Defra.

1.5 Business Plan. Richard Clarke, the SE Regional Protected Landscapes Policy Manager, is developing a new Surrey Hills AONB Business Plan. This will advise on effective working arrangements for the team. There has been a recent Surrey County Council reorganisation of the Environment Directorate which has resulted in some team members from the Surrey Hills team being relocated into different teams. There is still an expectation that their focus is 100% on delivering the Surrey Hills work programme through matrix management. Team members would be expected to attend a reasonable number of team meetings, but always on behalf of the AONB and to ensure a joined-up approach.

2. Finance – Outturn and Estimates

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

2.2 Salaries are based on the employment of the Director (1 FTE), Business Support (1 FTE), Communications Lead (1 FTE), Planning Adviser (0.6 FTE), Project Assistant/Grants Administrator (0.4 FTE), and Surrey Hills Arts Officer (0.5 FTE). A 1.0 % inflation increase has been added, plus £3.5k for travel and subsistence and training for the whole unit. It is projected that a large proportion of the Business Support costs will be met out of the new Farming in Protected Landscapes Programme. This should create headroom in 21/22 and 22/23 to invest in a new website.

2.3 The estimates assume a full budget spend as the DEFRA grant is paid on expenditure so cannot be "banked". It is acknowledged that we are uncertain of what our budgets will be for the future because of severe pressure on DEFRA and local authorities' finances, particularly in light of the Covid19 pandemic. Budgets will therefore still need to be reviewed and agreed annually. A new DEFRA agreement will be negotiated nationally, subject to any changes resulting from the Glover Review.

RISK ASSESSMENT

	4 Very High	3 High	2 Medium	1 Low
4 DISASTER Significant service failure / total loss of public confidence / fatality / major financial crisis.	RED 16	RED 12	AMBER 8	GREEN 4
3 MAJOR Significant service disruption / serious public criticism / serious injury / large financial cost.	RED 12	RED 9	AMBER 6	GREEN 3
2 NOTICEABLE Some service delivery disruption / reduced public confidence / minor injury / unplanned financial cost.	AMBER 8	AMBER 6	GREEN 4	GREEN 2
1 MINIMAL Minor service delivery disruption / adverse public comment / no injury / low financial cost	GREEN 4	GREEN 3	GREEN 2	GREEN 1

Key

<u>Score</u>	<u>Colour</u>	<u>Action</u>
1 to 4	GREEN	: Monitor
5 to 8	AMBER	: Keep under review
9 to 16	RED	: Need further mitigation or contingency plan

Risk Register - Updated August 2021 – Members Advisory Group

No	Area	Description	Control Measures in place	Responsibility	Assessment – with controls in place			Further Control Measures	Responsibility	Assessment – WITH controls in place		
					Likelihood	Impact	Score			Likelihood	Impact	Score
1a	Reputation	Loss of ability to act independently in the interests of the Surrey Hills AONB	Members act in interests of AONB and in line with the Constitution Review activity against AONB Management Plan Policies and national guidance	AONB Chair AONB Director Constitution Review Working Group	2	3	6					
1b	Reputation	Loss of reputation due to impropriety.	Operating under SCC Standing Orders PR response	AONB Chair SCC Democratic Services Comms Lead	2	3	6					
1c	Reputation	Lack of control over Surrey Hills brand with conflict and confusion between the Surrey Hills AONB Board and the Surrey Hills family.	Monitoring activity against AONB Management Plan to AONB Board Regular liaison of Family Chairman Regulation through monitoring and renewal of Trademark Licence Agreement Regular meetings of the Communications Group	AONB Chair SCC Democratic Services AONB Chair AONB Director and AONB Comms Lead AONB Director and Comms Lead	3	2	6					
1d	Reputation	Website being a major interface with the public and stakeholders not being fit for purpose	AONB Comms updating content	AONB Comms Lead	3	3	8	Brief for new website to better represent AONB and Family Need to allocate funding and resource	AONB Comms Lead AONB Chair and Director	1	2	3
2a	Performance	Lack of focus on strategy/ AONB Management Plan	Business Plan. Production of 5 year Management Plan.	Chair AONB Director	2	3	6					

No	Area	Description	Control Measures in place	Responsibility	Assessment – with controls in place			Further Control Measures	Responsibility	Assessment – WITH controls in place		
					Likelihood	Impact	Score			Likelihood	Impact	Score
				AONB Director								
2b	Performance	Ineffective working relationship with the Family	Regular liaison of Family Chairman Regular monitoring at AONB Board against AONB Management Plan	AONB Chairman AONB Director	2	3	6					
2c	Performance	Failure to innovate or deliver best practice from other AONBs and National Parks	Regular liaison through NAAONB and regional Protected Landscapes	AONB Director	2	3	6					
2d	Performance	Inadequate staff capacity - turnover, lack of training, inability to recruit.	Appraisals. Team meetings. Training programmes	AONB Director	2	3	6					
2e	Performance	Major failure of IT Systems	Contract with IT maintenance engineer. Programme of Surrey County Council back up and replacement to keep hardware & software up to date.	Surrey County Council ICT Support Officer	2	4	8					
2f	Performance	Failure or dangerous malfunction of electrical equipment.	Annual check for all electrical equipment.	National Trust (as landlord)	2	2	4					
2g	Performance	Failure to ensure business continuity in the event of significant incident.	Surrey County Council Service Business Continuity Plan to be enacted, as appropriate	AONB Director Surrey CC Manager	1	4	4					
2h	Performance	Flexible office working	Flexible working from home and office Weekly time management working	AONB Director NT (as landlord)	2	3	6					
2i	Performance	Failure to deliver Farming in Protected Landscapes Programme in 21/22	Assessment and appraisal of applications Ability to generate suitable applications and spend	AONB Director FiPL Lead, Business support	3	3	9	Ensure AONB Team resources are prioritised on FiPL Ensure reporting through National Landscape colleagues and Defra	AONB Director AONB Board, Chair and Director	2	3	6

No	Area	Description	Control Measures in place	Responsibility	Assessment – with controls in place			Further Control Measures	Responsibility	Assessment – WITH controls in place		
					Likelihood	Impact	Score			Likelihood	Impact	Score
3a	Financial	Lack of resources due to reduced Defra grant allocations. Reductions in reserves.	Detailed scrutiny of planned spending. Seek longer term funding agreements with Defra and local authorities. Broaden range of funding sources / generate more independent income. Seek efficiency savings.	AONB Board Chair Board and AONB Director AONB Director	2	3	6					
3b	Financial	Lack of local authority funding and cost of SCC hosting	Detailed scrutiny of planned spending. Seek longer term funding agreements with Defra and local authorities. Broaden range of funding sources / generate more independent income. Seek efficiency savings.	AONB Board Chairman Board and AONB Director AONB Director	2	3	6					
3c	Financial	Poor planning, control and monitoring	Detailed scrutiny of proposed annual budget to match costs with resources. Review budget monitoring reports on a regular basis.	AONB Board AONB Director Business Support	1	3	3					
4a	Governance	Failure to comply with corporate governance requirements (eg legal obligations, diversity agenda, health and safety requirements).	Surrey County Council Standing Orders Regulations Codes of Conduct Training & advice	AONB Director SCC Business Support	1	3	3					

No	Area	Description	Control Measures in place	Responsibility	Assessment – with controls in place			Further Control Measures	Responsibility	Assessment – WITH controls in place		
					Likelihood	Impact	Score			Likelihood	Impact	Score
4b	Governance	Failure to provide adequate level of HR support to staff.	Reduce team and dependency on Surrey County Council HR support	AONB Director	1	2	2					
4c	Governance	Failure to combat financial mismanagement, fraud, theft.	Surrey County Council Standing Orders followed	AONB Director SCC Business Support	1	4	4					
4d	Governance	Failure to ensure public and staff safety at external events.	Risk assessment undertaken for all events, but these should be delivered through partners. Surrey County Council public liability insurance in place.	AONB Director	1	4	4					
4e	Governance	Loss of leadership through election of Chairs	Election of independent AONB Chair and annual election of Vice-Chairman	AONB Director	2	2	4					

OUTTURN REPORTS

**SURREY HILLS - AONB (CORE)
OUTTURN REPORT FOR 2020-2021**

	Estimate 2020/2021 £	Outturn 2020/2021 £
1) Core Staff Costs	220,605	219,878
2) Communications	5,008	4,846
3) Running Costs	24,144	13,148
4) Core Projects	0	18,769
5) Biodiversity	11,943	11,943
Total Core Costs	261,700	268,584
<i>Costs met by:</i>		
<u>5) Non-Defra Core Contributions (25%)</u>		
Surrey County Council	26,900	26,900
Guildford Borough Council	5,279	5,279
Mole Valley District Council	5,279	5,279
Waverley Borough Council	5,279	5,279
Reigate & Banstead Borough	2,640	2,640
Tandridge District Council	2,640	2,640
SCC Surrey Arts	21,464	21,464
Planning Advice	3,000	1,560
Other	0	8,302
6) DEFRA Core (75%)	189,219	189,219
Total Core Income	261,700	268,562
<u>Deficit</u> /Surplus current year	0	22
Deficit / <u>Surplus</u> previous year – Core	18,601	18,601
Balancing Deficit / <u>Surplus</u>	18,601	18,579

1) Core staff costs (Director, Business Support, Planning Adviser, Comms, WG Admin, Project Asst). Any savings of Business Support staff costs will be invested in website development

2) Communications.

3) Running costs including property rent & service charges, meeting costs, general office costs, Core projects

4) Biodiversity

5) 25% of budget pro-rata as per Constitution

6) 75% of budget as per Constitution

**SURREY HILLS - AONB (PROJECTS)
OUTTURN REPORT FOR 2020-2021**

	Estimate 2020/2021	Outturn 2020/2021
	£	£
SEEPL/NAAONB	56,000	56,168
North Downs Facilitation Fund	12,800	6,155
Greenscape Facilitation Fund	15,521	6,200
West Surrey Greensands Facilitation Fund	17,000	2,720
ELMS	36,138	35,038
Surrey Hills Arts	0	7,433
Inspiring Views	0	17,632
Other Expenditure	0	2,130
Total Project Costs	137,459	133,476
 <i>Costs met by:</i>		
SEEPL/NAAONB	56,000	56,168
Natural England -Facilitation Funds	45,321	15,075
DEFRA – ELMS	36,138	35,038
Various Surrey Hills Arts	0	1,104
Inspiring Views	0	17,632
Other Income	0	5,857
Total Project Income	137,459	130,874
<u>Deficit</u>/Surplus current year	0	2603
Deficit/ <u>Surplus</u> previous year (ringfenced Surrey Hills Arts)	12,441	12,441
Deficit / <u>Surplus</u> previous year SEEPL/NAAONB (ringfenced)	5,140	5,140
Deficit / <u>Surplus</u> previous year – Projects	8,248	8,248
 Balancing Deficit / <u>Surplus</u>	 25,829	 23,227

Estimates

ESTIMATES 2022/2023

TO BE AGREED BY SURREY HILLS BOARD ON 1st SEPTEMBER 2021

SURREY HILLS - CORE FUNDING	Revised		
	Estimate	Estimate	Estimate
	2021/2022	2022/23	2023/24
		£	£
1) Core Staff Costs	232,548	232,918	235,232
2) Communications	5,008	11,316	6,737
3) Running Costs	24,144	17,887	20,518
Total Core Costs	261,700	262,121	262,487
<i>Costs met by:</i>			
4) <u>Non-Defra Core Contributions (25%)</u>			
Surrey County Council	26,900	26,900	26,900
Guildford Borough Council	5,279	5,279	5,279
Mole Valley District Council	5,279	5,279	5,279
Waverley Borough Council	5,279	5,279	5,279
Reigate & Banstead Borough	2,640	2,640	2,640
Tandridge District Council	2,640	2,640	2,640
SCC Surrey Arts	21,464	21,885	22,251
Planning Advice	3,000	3,000	3,000
5) Defra Core (75%)	189,219	189,219	189,219
Total Core Income	261,700	262,121	262,487
Deficit/Surplus current year	0	0	0
Deficit / <u>Surplus</u> previous year - Core	18,579	18,579	18,579
<u>CORE</u> Balancing Deficit /<u>Surplus</u>	18,579	18,579	18,579

- 1) Core staff costs (Director, Business Support, Planning Adviser, Comms Lead, Project Asst). Any savings in Business Support staff costs will be invested in website development.
- 2) Communications
- 3) Running costs, including property service charges, meeting costs, general office costs.
- 4) 25% of budget pro-rata as per Constitution.
- 5) 75% of budget as per Constitution

Estimates

SURREY HILLS - PROJECT FUNDING	Revised		
	Estimate 2021/2022	Estimate 2022/2023	Estimate 2023/24
		£	£
1) SEEPL/NAAONB	28,000	0	0
2) North Downs Facilitation Fund	10,000	0	0
3) Greenscape Facilitation Fund	5,300	0	0
4) West Sy. Greensands Facilitation Fund	17,000	13,000	0
5) Inspiring Views -Experiences	25,500	0	0
6) Farming in Protected Landscapes (FiPL)	438,302	t.b.c.	t.b.c.
7) Other expenditure	0	0	0
Total Project Costs	542,102	13,300	0
<i>Costs met by:</i>			
1) SEEPL/NAAONB	28,000	0	0
2/3/4) Natural England – Facilitation Funds	32,300	13,000	0
5) Inspiring Views - Experiences	25,500	0	0
6) DEFRA - FiPL	438,302	t.b.c.	t.b.c.
7) Other	0	0	0
Total Project Income	524,102	13,300	0
Deficit/Surplus current year	0	0	0
Deficit / Surplus previous year - SEEPL/NAAONB (ringfenced)	5,140	5,140	5,140
Deficit/ Surplus previous year – Projects (HLF ringfenced)	11,976	11,976	11,976
Deficit / Surplus previous year – Sy Hills Arts (ringfenced)	6,111	6,111	6,111
PROJECTS Balancing Deficit / Surplus	23,227	23,227	23,227

- 1) South East & East Protected Landscape Coordinator secondment ended July 21
2,3,& 4) Natural England funded projects
5) Inspiring Views recovered from Interreg