

# **CABE**

# **Annual report**

# **2007/08**

**Financial statements  
and accounts**

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CABE, the Commission for Architecture and the Built Environment, is the government's advisor on architecture, urban design and public space. As a public body, we encourage policymakers to create places that work for people. We help local planners apply national design policy and advise developers and architects, persuading them to put people's needs first. We show public sector clients how to commission projects that meet the needs of their users. And we seek to inspire the public to demand more from their buildings and spaces. Advising, influencing and inspiring, we work to create well-designed, welcoming places.

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# Foreword by the chair of CABA

Welcome to CABA's annual report for 2007/08. This report, which contains our annual accounts as well as a record of our performance, is the formal document we lay before parliament as part of our work as an accountable public body.

CABA has a hugely positive remit from government: to influence and inspire well-designed places that improve people's quality of life. This is an ambitious agenda that we seek to deliver with real urgency.

In the past year, four specific areas of work have dominated CABA's agenda: education and learning, public space, housing and sustainable design. All of these address issues of central importance to society, and I am pleased to report that we met every one of the targets set for us by the government in 2007/08.

Our schools programme operates on two complementary levels: expert design advice to the people commissioning new school buildings, and educational programmes that help young people use the built environment to learn and achieve their goals. Over the last year, we have been championing good design in Building Schools for the Future, and advising the teams delivering the early years building programme. We have also reached the fantastic milestone of 12,000 pupil visits to inspiring places as part of our How Places Work initiative. These are excellent illustrations of our contribution to the new Children's Plan.

CABA Space continues to make possible the best design and management of public spaces. This team gives both strategic and site-based advice to local authorities, helping them create better spaces for their communities. As well as parks and other green spaces, this work focuses on streets and

squares. We have helped develop new government thinking on street design, and rolled out a hugely successful series of regional training sessions. These will ensure that, where cars once dominated, now people should come first; and that in turn will make for cleaner, safer, more civilised towns and cities.

The development of great homes and neighbourhoods is another big CABA priority. Our enablers advise on plans for housing market renewal in the north and midlands, and on housing growth in the south east. We now design review around 250 major housing-led schemes and masterplans each year, while the Building for Life awards, our partnership with the housebuilding industry, celebrates the best in housing design. Building for Life is moving into a new phase, where its 20 criteria are increasingly being used by local authorities across the country to assess the quality of new housing proposals. These are obviously tough times for the housing market, but in every debate CABA will be arguing the case for an equal focus on quality and volumes.

The climate change imperative has shaped our work significantly. We think the built environment represents perhaps the biggest and best opportunity to cut carbon emissions. Our design review and enabling services routinely provide expert advice helping public sector clients procure more sustainable places. As yet, we see very few schemes that are genuinely designed to be sustainable and through initiatives such as the climate change festival and our sustainable cities learning programme, we intend to ensure that sustainable design becomes the rule rather than the exception.

In total, CABA is a family of 120 staff and 400 design advisors. We are led by 16 commissioners who invest time and expertise in helping

CABA inform and inspire good design. Their dedication and commitment are appreciated and I thank them all for it.

In 2007/08, we said farewell to three commissioners – Dickon Robinson, Louisa Hutton and Brian Boylan. A fourth commissioner, Alan Barber, stepped down in April 2008 due to ill health. We owe all four our gratitude for the wisdom, support and encouragement they have given. In their place, we welcomed four new commissioners: architect Piers Gough, regeneration developer Nick Johnson, structural engineer Hanif Kara and writer and director of the Design Museum Deyan Sudjic.

CABA was set up in 1999, which means that next year, 2009, marks our 10th anniversary. We will be able to look back with pride on some extraordinary achievements. But we won't be dwelling on the past. We were pleased in October 2007 to have had confirmation from the government of funding for the next three years. We intend to use that investment to be a driving force behind the creation of high-quality places across the country, not least because we believe that good design is in the public interest.



**Sir John Sorrell CBE**  
Chair, CABA

# Chief executive's introduction

I am pleased to introduce the annual report of CABE, the Commission for Architecture and the Built Environment, for the year ended 31 March 2008.

CABE is a non-departmental public body (NDPB) sponsored by the Department for Culture, Media and Sport (DCMS). It receives core funding from DCMS and also from Communities and Local Government (CLG). DCMS acts as the principal sponsor department, and I am accountable to parliament through the permanent secretary at DCMS.

Every year, funding agreements between CABE and its funding departments set out targets that should be achieved in the year. These include both operational and outcome targets. I am delighted that we achieved all of our targets for the year 2007/08. Full details of the targets and performance against each is shown on page 5 of this report.

Our design review service, which seeks to improve new building proposals through a process of expert peer review, remains one of our core services. Over the year, we reviewed 367 schemes of strategic importance. In June 2007, we set up a dedicated design review panel to focus on secondary schools, and we have continued to run a design review service for proposals emerging for the London 2012 Olympics. Seven out of 10 decisions made by planners on schemes that CABE has seen take on board the feedback given by our design review panel.

Helping others to develop the knowledge and skills to deliver good design is a major part of what we do. We helped fund a network of 19 architecture and built environment centres (ABECs) across the country, ensuring that young people and local communities across the country can learn about and

demand good design. Meanwhile, How Places Work completed its initial two-year programme, providing over 12,000 pupils with a chance to visit and learn about inspiring buildings and public spaces. CABE itself delivered more than 6,000 training sessions during the year including the urban design summer school, the CABE Space leaders programme, and strategic skills development for those in a position to embed good design within the planning system.

Research and evidence informs all our campaigning on the quality and impact of the built environment. In 2007/08, we published separate research reports into the quality of street design; the attitudes of residents living in new housing; and the pitfalls of a 'risk-averse' approach to the design of public space.

We have also continued our work promoting the quality of homes, neighbourhoods and public spaces in the housing growth areas, especially the Thames Gateway. In this sub-region, we have been supporting the emergence of a coalition of organisations with a shared commitment to deliver well-designed places and a consistent approach to raising quality standards. In total, CABE provided expert advice to over 30 recipients of the government's growth areas fund on 43 different projects in 2007/08, and ran 35 workshops training housing association teams to use the Building for Life criteria.

CABE Space, our specialist team focused on parks and streets, gave site-based advice to 110 separate projects. The team is also leading a programme to help young people and local community groups play a central role in the design and management of parks and open spaces. A key part of this work involves a new toolkit called Spaceshaper. The public interest

has been fantastic and over the 12 months to March 2008 509 delegates attended training sessions in 17 towns and cities, so that we now have 180 facilitators trained up against a target of 50 for the year.

Perhaps above all, our work in 2007/08 focused on sustainability and the challenges presented by climate change. The built environment is a major contributor to climate change – so designing and managing cities more sustainably is essential. Last year, we began collaboration with eight English cities, helping them develop robust climate action strategies, grounded in strategic urban design. The initiative began with a two-day masterclass in Bristol and is now developing a new executive coaching programme. The end of 2007/08 saw CABE busily preparing for a high-profile climate change festival for delivery at the end of May 2008.

We have been delighted to welcome Diane Haigh to our senior management team as director of architecture and design review, replacing Selina Mason who moved on to the Olympic Delivery Authority. I wish them, and all associated with CABE, thanks and every success, and I look forward to another highly successful year to come.



**Dr Richard Simmons**  
Chief executive and  
accounting officer

# Performance against funding agreement targets 2007/08

In this section we report on the progress we made in the year against our targets agreed with our funders at the Department for Culture Media and Sport and at Communities and Local Government as part of our funding agreements. The targets provide indications of our success in meeting the objectives set out in our corporate strategy.

CABE wants people who make decisions about the design, management and maintenance of the built environment to recognise, prioritise and choose good design.

CABE wants to achieve:

**Great places for people**, built on excellent, creative architecture, landscape architecture and urban design. Places that are sustainable, inclusive, well managed and maintained. Places that improve health and wellbeing.

**Greater design knowledge and skills** amongst decision makers and professionals, developing and sharing CABE's knowledge and working with others to improve and develop built environment education, especially for young people.

What we said we would do	Performance	Achieved
Increase the number of members of the CABE education network to 2,000.	The number of network members has increased from 1,538 in 2006/07 to 2,089, demonstrating growing interest in built environment education amongst stakeholders. The network includes teachers, built environment education practitioners and built environment professionals and is used as an advocacy and communication tool.	Yes
Consolidate the architecture and built environment centre (ABEC) network at 19 centres and improve the quality and reach of activities by offering funding that prioritises the engagement of local communities and young people.	CABE supported 19 ABECs across England through its regional funding programme, which provided £960,000 for projects to inform and inspire public demand for good design.	Yes
Deliver 117,000 high-quality engagements by young people with buildings and spaces by 31 March 2008.	The number of engagements totals 122,464. This has been delivered through project funding for ABECs, CABE's educational grants programme and How Places Work initiative.	Yes
Increase in the use of design champions by public bodies to 75 per cent. Increase in the use of advisory panels by public bodies to 32 per cent.	75 per cent of local authorities have a design champion, up from 73.8 per cent in 2006/07. 32 per cent of local authorities have an advisory body – up from 30 per cent in 2006/07.	Yes
Increase the number of case studies in the digital library that champion high-quality architecture and urban design to 275.	Number of digital library case studies available on CABE's website rose from 259 to 289. The case study section of CABE's website is the most visited section, showing the interest in and demand for examples of well-designed buildings and spaces.	Yes
Entries to the Prime Minister's Better Public Building Awards. Target: 70 entries.	121 entries were received with 21 shortlisted for the Prime Minister's Awards.	Yes
Advise and assist the Olympic Delivery Authority and its shadow bodies in establishing its approach to design, and in delivering a superbly designed Olympic Games in 2012. 2007/08 targets: a) continue to run 2012 design review panel reviewing all major 2012 projects b) continue to work with others to progress a dedicated 2012 architecture and built environment centre (ABEC) to contribute to the Cultural Olympiad c) work with others in the built environment sector to contribute to the Cultural Olympiad.	CABE continued to support the Olympic Delivery Authority and others on the design and management of the 2012 Olympics and contribution to the Cultural Olympiad through: – reviewing all major projects through running the London 2012 design review panel with Design for London – continuing to work with others to progress o.space, an architecture and built environment centre, to engage the public in the 2012 Olympics – working with others to develop and progress ideas for built environment programmes that will contribute to the Cultural Olympiad – advising on the design management and maintenance of the Olympic Park.	Yes
Number of schemes submitted to design review. Target: 1,200.	1,203 schemes were submitted, demonstrating awareness of and desire for design review.	Yes
Design review at least 350 schemes of strategic importance with a minimum of 5 per cent from DCMS sectors.	367 schemes of strategic importance were reviewed, 7 per cent of which were from DCMS sectors.	Yes



What we said we would do	Performance	Achieved
Increase the average number of visits per week to the CABE website to 28,000.	Average number of visits to CABE's website per week: 39,057. This demonstrates an increase in use of the research, data, ideas and practical advice made available by CABE.	Yes
Increase the openness of design review through piloting opportunities for appropriate groups of people to observe design review.	CABE piloted a number of approaches to increasing the openness of design review including holding a public design review session in Yorkshire, holding specific design review sessions as part of key events and have had a number of key individuals observing design review.	Yes
Increase the average number of visits to the case study section of the CABE website per week. Target: 21,000	Average number of visits was 30,974, showing the interest in and demand for examples of well-designed buildings and spaces.	Yes
Requests for publications received via CABE website. Target: 240,000.	383,610 requests for publications were received, demonstrating the interest in and demand for CABE's guidance, research and best practice.	Yes
Ensure media coverage of at least 770 pieces of national and regional coverage and 760 pieces of trade coverage.	Media coverage included 883 pieces of national and regional coverage and 880 pieces of trade coverage.	Yes
Educate professionals and decision makers through a minimum of 2,600 training sessions provided across all target audiences at a minimum of 90 per cent satisfaction.	CABE delivered 6,167 training sessions with a 93 per cent satisfaction level including CABE's urban design summer school, CABE Space leaders programme and Manual for Streets training.	Yes
Inspire those responsible for creating and maintaining the built environment through evidence-based research projects related to areas of CLG policy. Target: Four completed and five commissioned projects.	We have delivered five completed and six commissioned research projects including: <i>A sense of place – research on the attitudes of residents living in new housing</i> ; <i>Paved with gold – the real value of street design</i> and <i>Living with risk – promoting better street design</i> .	Yes
A minimum of 20 local authorities (and other planning bodies) signed up to using Building for Life criteria in the assessment of planning applications.	Over 20 local authorities and other planning bodies have signed up to using Building for Life criteria in the assessment of planning applications.	Yes
Percentage of new CLG-funded projects in housing market renewal (HMR), housing growth areas and new growth points that CABE provides support for. Target: 86 per cent.	97 per cent of new CLG projects in HMR, housing growth areas and new growth points supported.	Yes
To give local authorities strategic and site-based project advice to help them deliver better spaces for their communities. Target: 105 projects supported.	110 projects were supported including those relating to the public realm, individual green spaces, areas of housing growth, housing market renewal and recipients of the safer stronger communities fund.	Yes
Devise and introduce a knowledge management framework to help CABE record and interpret its effectiveness.	A knowledge management framework has been introduced which has aided and simplified evaluation material gathered and improved CABE's understanding of effectiveness.	Yes

# Commissioners' report and management commentary

## Principal activity of the commission

The commission's principal activity, as set out in the Clean Neighbourhoods and Environment Act 2005, is the promotion of education and high standards in, and understanding and appreciation of architecture, and the design, management and maintenance of the built environment.

## Trends and factors affecting future performance

### Strategies

Over the next three years, in response to the challenges that the nation faces, CABE will concentrate on five priorities:

- Homes and neighbourhoods
- Schools
- Public space
- Significant development, including London 2012 and its legacy
- Innovation, creativity and learning, with an emphasis on tackling climate change.

As a nation we face challenges that are changing our towns and cities and the way we live in them. We need to:

- deliver the largest public building programme for over half a century. New schools, health buildings and the London 2012 Olympic and Paralympic Games all need to be built to the highest quality
- construct up to three million excellent new homes in attractive neighbourhoods by 2020
- adapt to the effects of climate change and substantially reduce the contribution that the built environment makes to it
- give people the skills to create a well-designed and managed built environment

- create inclusive and accessible places that foster social cohesion, equality, health and well-being
- encourage greater community involvement in creating high-quality buildings, spaces and places
- find new ways for creativity, knowledge and culture to be driving forces in an economy centred on internationally competitive city regions
- join these initiatives together so that the whole is greater than the sum of its parts
- do all this quickly, within tight public expenditure limits and difficult market conditions in the face of skills shortages.

Over the next three years the government will also make important changes in delivery. It will set up the Homes and Communities Agency, devolve more decisions to local and regional levels and look for stronger public-private partnerships.

### Accounts direction

The accounts have been produced in conformance with an accounts direction given by the secretary of state for culture, media and sport on 21 February 2002. The text of the direction is available from the commission.

## Development and performance during year ended 31 March 2008

### Financial performance

The accounts for the period ended 31 March 2008 show a deficit of expenditure over income of £11,856,639. This is financed by grant income of £11,590,001. Total assets less current liabilities at 31 March 2008 amounted to £1,067,961.

CABE received 85 per cent of its funding from two main government departments – £4,690,001 from

DCMS and £6,900,000 from CLG – to perform its role as government advisor. This amounts to total grant and grant-in-aid for the period to March 2008 of £11,590,001. In addition CABE secured other funding through service level agreements and bank interest, totalling £2,012,976.

The 2007 comprehensive spending review (CSR) has set spending plans for the next three financial years and thus established our grant-in-aid for those years. CABE's CSR settlement did not include any inflationary increases for the next three years from DCMS, and a small increase from CLG for the first two years. The lack of an inflationary increase in our grant funding will have an effect on the scale of our delivery over the years and may lead us to explore other avenues of funding.

Our total expenditure for the year amounted to £13,902,261. Of this £3,190,631 (23 per cent) was spent on Space issues, £1,248,508 (9 per cent) was spent on design review, £2,774,462 (20 per cent) was spent on enabling, £2,635,739 (19 per cent) was spent on regional work, £1,664,677 (12 per cent) was spent on communications and policy and £2,388,244 was spent on our other activities.

The financial position at the end of the year was that reserves at the end of March 2008 stand at £1,067,961 (March 2007 £1,357,301): a decrease of £289,340.

Cash balances increased by £343,719 in the year to March 2008. 97 per cent of suppliers' invoices were paid in accordance with the financial regulations. Credit control measures were effective in limiting exposure to the risk of bad debts.

### **Fixed asset management**

Fixed assets are regularly reviewed to ensure that they are fit for the purpose for which they are being used. Only those assets with a value of over £3,000 are classified as fixed assets.

Indices are applied only to those leasehold assets which it is judged are likely to fluctuate in value.

### **Equality policy and employee relations and communication**

The commission is firmly committed to equality of opportunity and has policies and procedures in place to ensure that employment and advancement are judged solely on the basis of ability, qualifications and suitability for the work.

The senior management team and other managers undertook equalities training and a rollout of some form of equalities training is planned for the rest of the staff group in the coming year.

A staff forum was established during the year as a means of consulting and communicating with staff on matters affecting the staff body. The forum, which is made up of representatives from the different directorates within CAGE, meets quarterly and is chaired by the chief executive.

In March 2008 the gender profile of the staff of CAGE was 47 male (38.5 per cent) and 75 female (61.5 per cent) with 93.5 per cent of the staff working full time and 6.5 per cent part time.

### **Creditor payment policy**

The commission observes The Confederation of British Industry's code of practice. The commission's policy is that all matured and properly authorised invoices must be paid in accordance with the terms of contracts, or within 30 days.

For the year ending 31 March 2008 the percentage of invoices paid within 30 days was 97 per cent.

### **Code of best practice on corporate governance**

The commission complies with all the relevant requirements of HM Treasury guidance relating to corporate governance.

### **Personal data related incidents**

CAGE did not have any loss of personal data which had to be reported to the information commissioner for the year to March 2008.

### **Open government**

Under the open government code, the commission does not charge fees for requested information, unless provision of the information will consume a significant amount of staff time and resources. No requests have been refused in the year ended 31 March 2008.

### **Future developments**

The planned development of CAGE's activities until the end of the financial year 2008/09 is set out in the published summary of its corporate strategy for 2006/07 to 2008/09.

### **Commission members**

Commissioners are all appointed by DCMS through a process of competitive recruitment. They are usually appointed for an initial period of four years, at the end of which they are eligible to be considered for a further four-year term.

The following were members of the commission as at 31 March 2008:

Sir John Sorrell CBE (Chair)  
Mr Paul Morrell (Deputy chair as of August 2007)  
Mr Alan Barber  
Ms Irena Bauman  
Ms Joyce Bridges CBE  
Ms Anthea Case CBE  
Mr Piers Gough CBE  
(as of August 2007)

Mr Nick Johnson  
(as of December 2007)  
Mr Hanif Kara  
(as of August 2007)  
Ms MJ Long  
Mr Robin Nicholson CBE  
Mr Ben Page  
Mr Jason Prior  
Dr Ken Shuttleworth  
Mr Deyan Sudjic OBE  
(as of August 2007)  
Ms Lorna Walker.

The following retired from the commission during 2007/08:

Mr Brian Boylan  
(retired December 2007)  
Mr Paul Finch OBE  
(retired July 2007)  
Ms Louisa Hutton  
(retired July 2007)  
Mr Dickon Robinson CBE  
(retired July 2007).

### **Chief executive**

The chief executive and accounting officer is Richard Simmons.

### **Members of the audit committee**

Ms Anthea Case CBE (Chair)  
Mr Paul Morrell  
Mr Ben Page  
Mr Nick Johnson.

### **Register of members' interests**

A register of members' interests is maintained by the commission and held at 1 Kemble Street, London WC2B 4AN. The register is available for inspection during named office hours or a copy may be requested by post, fax or email.

### **Political and charitable gifts**

The commission made no political or charitable gifts during the year.

### **Health and safety**

In accordance with the Health and Safety at Work etc. Act, it is the commission's policy to provide and maintain safe and healthy working conditions, equipment and systems of work for all its employees, and to provide such information, training and supervision as they need for

the safe conduct of operations. The commission also accepts its responsibility under the Act for the health and safety of others who may be affected by its activities.

Our health and safety performance continues to be good. We have introduced workplace assessments for all staff and have established training for all of our fire wardens.

We have negotiated an occupational health contract to provide a necessary service for staff. We have renewed our contract to provide an employee assistance programme and have also introduced a healthcare package through Benenden as part of benefits to staff.

#### **Environmental policy**

During the year we have continued to work towards our target of reducing our carbon emissions by 20 per cent. Our offices are leased and multi-occupied. This reduces the opportunities and ease with which we can make changes – for instance to the heating – that promote sustainability.

We have an internal group headed by two commissioners monitoring the work of the organisation on sustainability.

Our electricity use has been reduced and our electricity supplier has been changed to one which supplies energy from renewable sources. We have installed energy-efficient equipment within our offices and have increased the amount of recycling.

Sustainability is now included in staff inductions to make it part of the staff thinking and part of our training budget was this year designated for sustainability training to ensure staff were up to date with the latest best practice in this area.

Contractors are now required to submit their environmental policies

and where possible we try to use local suppliers to reduce transport miles. All CAGE publications are now printed using recycled paper.

#### **Auditors**

Since CAGE became a statutory body on 1 January 2006, the accounts have been audited by the National Audit Office. The audit fee for the year ended 31 March 2008 is £26,000.

#### **Disclosure of information to auditors**

As accounting officer, I confirm that there is no relevant audit information of which the National Audit Office is unaware. I have taken all of the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the National Audit Office are aware of that information.

The accounts were authorised for issue on 16 July 2008 by the accounting officer



**Dr Richard Simmons**  
Chief executive  
and accounting officer

# Remuneration report

## Remuneration policy

The remuneration of the chief executive and his terms and conditions of employment must be approved by DCMS. For all other directors, CABE determines their terms and conditions of employment subject to an agreed annual pay negotiating remit, which will be subject to the agreement of DCMS, and, where required, HM Treasury.

The remuneration committee comprises the chair, the deputy chair and one other member of the commission.

## Service contracts

CABE's rules require staff appointments to be made on merit on the basis of competition that is fair and open to all.

The annual review of the remuneration of the chief executive comprising salary and bonus is determined by the remuneration committee.

Salaries of the other staff, including directors, are determined by a performance management scheme. In addition, all staff, other than the chief executive, are eligible, funds permitting, for a team bonus based on an assessment of the team's performance against agreed targets. This assessment is made by the remuneration committee.

All of the directors covered by this report hold appointments, which are open-ended until they reach the normal retiring age of 65. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the civil service compensation scheme.

## Salaries and pension benefits (audited)

The chief executive officer (CEO) was the highest-paid employee. His total emoluments for the year to March 2008, were £126,471 (£122,830 in the year to March 2007) comprising salary of £109,975 (year to March 2007 £99,750), and a bonus of £16,496. The CEO's contract provides that a maximum of 5 per cent of his bonus may be consolidated. Of the bonus, £5,499 was consolidated (year to March 07 £1,153) and £10,997 was unconsolidated (year to March 07 £21,928).

The remuneration of the members of the senior management team fell within the ranges set out overleaf.

	Salary year to March 2008	Real increase in pension	Real increase in lump sum	Pension at 31/03/08	Lump sum at 31/03/08	CETV* at 31/03/07	CETV* at 31/03/08	Real increase in CETV* as funded by CABE
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Joanna Averley</b> Deputy chief executive and director of enabling	70-75	0-2.5	n/a	10-15	n/a	100	141	19
<b>Matthew Bell</b> Director of campaigns and education	70-75	0-2.5	n/a	5-10	n/a	45	69	13
<b>Jonathan Davis</b> Director of knowledge and skills	65-70	0-2.5	n/a	5-10	n/a	54	79	14
<b>Sarah Gaventa</b> Director of CABE Space	60-65	0-2.5	n/a	0-5	n/a	5	18	10
<b>Diane Haigh</b> Director of architecture and design review (started 1 October 2007)	30-35	0-2.5	n/a	0-5	n/a	0	5	4
<b>Paula Harris</b> Director of resources and corporate governance	75-80	0-2.5	n/a	0-5	n/a	39	69	21
<b>Mairi Johnson</b> Acting director of enabling (started 1 November 2007)	25-30	0-2.5	n/a	5-10	n/a	48	67	8
<b>Selina Mason</b> Director of architecture and design review (left July 2007)	20-25	0-2.5	0-2.5	0-5	10-15	55	55	6
<b>Richard Simmons</b> Chief executive officer	125-130	0-2.5	n/a	5-10	n/a	73	122	34

\* Cash equivalent transfer value



### Remuneration

'Remuneration' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. The report is based on payments made by CAGE and thus recorded in these accounts.

### Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Inland Revenue as a taxable emolument. There were no benefits in kind in the period.

### Pensions

Pension benefits are provided through the civil service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus). The schemes are unfunded with the cost of benefits met by monies voted by parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the retail prices index. New entrants after 1 October 2002 may choose between membership of premium or joining a good quality 'money purchase' stakeholder based arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5 per cent of pensionable earnings for classic and 3.5 per cent for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earning for each

year of service. Unlike classic, there is no automatic lump sum (but members may give up some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3 per cent and 12.5 per cent (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Further details about the principal civil service pension (PCSPS) arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk).

For the year to March 2008, employers' contributions of £802,112 were payable to the PCSPS at one of the four rates in the range of 17.1 to 25.5 per cent of pensionable pay based on salary bands.

Columns 6 and 7 of the table on page 12 show the cash equivalent transfer value (CETV) of the member's pension benefits accrued at 31 March 2007 and the end of the reporting period. A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total service, not just their current appointment. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Column 8 reflects the real increase in the value of the CETV. It takes account of the increase in accrued pension due to inflation and contributions paid by the employee and is calculated using common market valuation factors for the start and end of the period.

### Remuneration of commission and committee members (audited)

The total direct cost of external commission appointments in the year was £141,250 and wholly relates to basic fees in respect of their duties as commissioners and members of advisory committees and panels. No commissioner received any performance related fees. The emoluments of the chair, John Sorrell, the highest-paid commissioner were £44,330.

The emoluments of the other commissioners were as follows:

	Year to 31 March 2008 £'000	Year to 31 March 2007 £'000
Mr Paul Finch OBE (deputy chair) (left July 2007)	3	9
Mr Paul Morrell (Deputy chair as of August 2007)	6	6
Mr Alan Barber	6	6
Ms Irena Bauman	9	7
Mr Brian Boylan (left December 2007)	2	6
Ms Anthea Case CBE	6	6
Ms Louisa Hutton (left July 2007)	1	6
Mr Piers Gough CBE (as of August 2007)	4	0
Mr Robin Nicholson CBE	9	9
Mr Ben Page	6	6
Mr Nick Johnson (as of December 2007)	4	0
Mr Jason Prior	6	6
Mr Dickon Robinson CBE (left July 2007)	2	9
Mr Hanif Kara (as of August 2007)	4	0
Dr Ken Shuttleworth	6	6
Mr Deyan Sudjic OBE (as of August 2007)	4	0
Ms Joyce Bridges CBE	6	4
Ms Lorna Walker	9	6
Ms MJ Long	6	4

The commission reimburses travel and subsistence expenses necessarily incurred by commission members attending meetings or undertaking other tasks arising from their membership, in accordance with the conditions and at the rates applying to the commission's employees. Commission members do not become members of a pension scheme and there are no superannuation payments relating to the fees paid to them.



**Sir John Sorrell**  
Chair



**Dr Richard Simmons**  
Accounting officer



# Statement of the commission and accounting officer's responsibilities

Under the Clean Neighbourhoods and Environment Act 2005, the secretary of state for culture, media and sport, with the consent of HM Treasury has directed the Commission for Architecture and Built Environment to prepare for each financial year, a statement of accounts in the form and on the basis set out in the accounts direction. The accounts are prepared on an accruals basis and must show a true and fair view of the commission's state of affairs at the year-end and of its income, expenditure and cashflows for the financial year.

In preparing the accounts, the commission is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the accounts direction issued by the secretary of state for culture, media and sport, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis.

The accounting officer for the Department for Culture, Media and Sport has designated the chief executive as the accounting officer for the Commission for Architecture and the Built Environment. The responsibilities of an accounting officer, including responsibility for the propriety and regularity of the public finances for which the accounting officer is answerable, for keeping proper records and for safeguarding the Commission for Architecture and the Built Environment's assets, are set out in the *Accounting Officers' Memorandum*, issued by HM Treasury and published in *Managing Public Money*.



**Sir John Sorrell**  
Chair



**Dr Richard Simmons**  
Accounting officer

# Statement on internal control

## Scope of responsibility

As accounting officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of CABE's aims and objectives, whilst

- safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*, and
- ensuring compliance with the requirements of CABE's management statement and financial memorandum and the CABE-DCMS-CLG relationship protocol.

## The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve aims and objectives; it can therefore provide only reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of CABE's aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in CABE for the year ended 31 March 2008 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

## Capacity to handle risk

Overall responsibility for risk management rests with the chief executive, supported by the risk management committee. The risk management committee is formed by the senior management team. It meets twice a year to re-evaluate all risks on the risk register, assess CABE's risk appetite and to review CABE's management of risk. There is a risk management strategy that provides guidance to staff on identifying, evaluating, reporting and managing risks. Additionally, risk management training for managers has taken place.

## The risk and control framework

A risk register was created and adopted during 2002/03, and is revised annually. A comprehensive risk management strategy was developed in accordance with HM Treasury guidance and adopted by the audit committee. The key elements of the strategy are:

- the establishment of the risk management committee as the key

forum for risk identification, recording and management

- the risk management committee reports the revised risk register to the audit committee on a six-monthly basis.
- the annual internal audit work plan is focussed on testing the internal controls associated with the key risks identified in the risk register.
- in between risk management committee meetings, it is the responsibility of directors to notify the chief executive of significant new or changed risks, so that they can be evaluated, managed and recorded, pending confirmation by the risk management committee.

An internal audit service was provided to March 2008 by PKF, which operates to standards defined in the *Government Internal Audit Manual*. The auditor submits regular reports to the audit committee that includes its independent opinion on the adequacy and effectiveness of the commission's system of internal control together with recommendations for improvement. The audit committee met four times between April 2007 and March 2008.

The board receives periodic reports from the chair of the audit committee concerning internal control and we require regular reports from managers on the steps they are taking to manage risks in their areas of responsibility including progress reports on key projects.

## Review of effectiveness

As accounting officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within CABE who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the board and the audit committee and a plan to address weakness and ensure continuous improvement of the system is in place.

I also meet regularly with the director of resources, who has day-to-day responsibility for financial management

and control and receive updates on the internal controls.

## Audit committee

The audit committee is comprised of up to six commissioners. Additionally, representatives from CABE's internal and external auditors are invited to all meetings and receive copies of all audit committee papers.

## Internal audit

Internal audit functions were provided by PKF in the year to March 2008. They provide an independent and objective opinion on all aspects of CABE's work including its risk management and conflict of interest registers. They attend all meetings of the audit committee as well as providing an annual review of all the work covered in the year.

Their annual report on internal control concluded that the overall system of internal control is satisfactory in all significant respects. The governance arrangements were also found to be appropriate and operating well. In particular it was noted that the arrangements for avoiding conflicts of interest were strong and reflect best practice.

## Significant internal control problems in the year ended March 2008

I am not aware of any significant internal control problems that would prejudice my assurance for the period.



**Sir John Sorrell**  
Chair



**Dr Richard Simmons**  
Accounting officer

# The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Commission for Architecture and the Built Environment for the year ended 31 March 2008 under the Clean Neighbourhoods and Environment Act 2005. These comprise the income and expenditure statement, the balance sheet, the cashflow statement and statement of recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the remuneration report that is described in that report as having been audited.

## **Respective responsibilities of the Commission for Architecture and the Built Environment, accounting officer and auditor**

The Commission for Architecture and the Built Environment and chief executive as accounting officer are responsible for preparing the annual report, the remuneration report and the financial statements in accordance with the Clean Neighbourhoods and Environment Act 2005 and directions made thereunder by the secretary of state and for ensuring the regularity of financial transactions. These responsibilities are set out in the statement of commission and accounting officer's responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with the Clean Neighbourhoods and Environment Act 2005 and directions made thereunder by the secretary of state. I report to you whether, in my opinion, the information, which comprises the chief executive's introduction and management commentary, the commissioners' report and the remuneration report, included in the annual report is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Commission for Architecture and the Built Environment has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the statement on internal control reflects the Commission for Architecture and the Built Environment's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Commission for Architecture and the Built Environment's corporate governance procedures or its risk and control procedures.

I read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises the foreword by the chair of CAGE and performance against targets. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

## **Basis of audit opinion**

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the remuneration report to be audited. It also includes an assessment of the significant estimates and judgments made by the Commission for Architecture and the Built Environment and the chief executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Commission for Architecture and the Built Environment's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the remuneration report to be audited are

free from material misstatement, whether caused by fraud or error and that in all material respects the expenditure and income have been applied to the purposes intended by parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the remuneration report to be audited.

## **Opinions**

In my opinion:

- the financial statements give a true and fair view, in accordance with the Clean Neighbourhoods and Environment Act 2005 and directions made thereunder by the secretary of state, of the state of Commission for Architecture and the Built Environment's affairs as at 31 March 2008 and of its deficit for the year then ended
- the financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with the Clean Neighbourhoods and Environment Act 2005 and directions made thereunder by the secretary of state; and
- information, which comprises the chief executive's introduction and management commentary, the commissioners' report and the remuneration report, included in the annual report, is consistent with the financial statements.

## **Opinion on regularity**

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.

## **TJ Burr**

Comptroller and Auditor General  
National Audit Office  
151 Buckingham Palace Road  
Victoria, London SW1W 9SS  
Date: 16 July 2008

# Income and expenditure statement for the year ended 31 March 2008

	Notes	Year to March 2008 £	Year to March 2007 £
<b>Income</b>			
Other operating income	3	1,956,003	1,340,548
Interest receivable		48,980	20,492
Other income		7,993	4,229
Total income		2,012,976	1,365,269
<b>Expenditure</b>			
Staff costs	4	5,878,202	5,006,935
Other operating costs	5	8,024,059	6,896,791
Total expenditure		13,902,261	11,903,726
Operating (deficit) for the year		(11,889,285)	(10,538,457)
Reversal of notional cost of capital		42,442	39,400
Deficit for the year before taxation		(11,846,843)	(10,499,057)
Taxation	6	(9,796)	(4,098)
Deficit for the year after taxation		(11,856,639)	(10,503,155)

All activities are continuing.

## Total recognised losses for the year ended 31 March 2008

	Note	2008 £
Unrealised losses on the revaluation of leasehold buildings	7	22,702
Total		22,702

# Balance sheet for the year ended 31 March 2008

	Notes	Year to March 2008 £	Year to March 2007 £
Fixed assets	7	1,011,057	1,319,247
Current assets			
Debtors	8	1,475,679	1,131,098
Cash at bank and in hand		1,906,209	1,562,490
		3,381,888	2,693,588
Creditors			
Amount falling due in one year	9	(3,324,984)	(2,655,534)
Net current assets		56,904	38,054
Total assets less current liabilities		1,067,961	1,357,301
Reserves			
General reserves	11	748,958	1,015,596
Revaluation reserve	12	319,003	341,705
Total reserves		1,067,961	1,357,301

The notes starting on page 21 form part of these accounts.



**Dr Richard Simmons**  
Accounting officer

Date: 14 July 2008



**Sir John Sorrell**  
Chair

Date: 14 July 2008

# Cashflow statement for the year ended 31 March 2008

	Notes	Year to March 2008 £	Year to March 2007 £
Net cash inflow/(outflow) from operating activities	13	(11,187,396)	(10,551,454)
Returns on investment and servicing of finance			
Interest received		48,980	20,492
Taxation:			
Taxation paid		(9,796)	(8,776)
Capital expenditure:			
Payments to acquire tangible fixed assets	14	(98,070)	(14,512)
Financing:			
Grant-in-aid – revenue	2	11,491,931	10,076,490
Grant in-aid – capital		98,070	14,512
Increase/(decrease) in cash	15	343,719	(463,248)

The notes starting on page 21 form part of these accounts.

# Notes to the accounts

## 1 Accounting policies

### 1.1 Basis of accounting

The accounts have been prepared in accordance with a direction issued by the secretary of state for culture, media and sport with the approval of HM Treasury, in accordance with section 87(9) of the Clean Neighbourhoods and Environment Act 2005.

The accounts have been prepared under the historical cost convention, and take account of the *Financial Reporting Manual* and generally accepted accounting practice so far as considered appropriate or is modified by HM Treasury guidance.

The accounts are prepared on the going concern basis.

### 1.2 Fixed assets

Expenditure on fixed assets includes the purchase of office furniture and equipment and computer equipment costing over £3,000. Tangible fixed assets are included at current replacement cost less an allowance for depreciation. The valuation is revised annually by use of appropriate indices where such adjustment is material to the accounts.

Computer software is treated as an intangible item and expensed in the year of purchase.

Surpluses or deficits on revaluation are taken to the revaluation reserve, except for any impairment which is charged to the income and expenditure account when recognised.

### 1.3 Depreciation

Depreciation is charged on all tangible fixed assets at rates calculated to write down the valuation of each asset to its estimated residual value evenly over its expected useful life. Average estimated useful lives are as follows:

#### *Fixtures and fittings*

Three years

#### *Leasehold improvements*

Five years (or the length of the building lease if less)

#### *Office and IT equipment*

Three years

Fixed assets are depreciated in the year of acquisition, but not in the year of disposal.

### 1.4 Operating income

Operating income is shown gross of VAT as the commission is registered for VAT for non-business use only.

### 1.5 Pensions

Past and present employees are covered by the provisions of the civil service pension scheme which is described in the remuneration report. The defined benefit element of the scheme is unfunded and is non-contributory except in respect of dependents' benefits. The commission recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the principal civil service pension scheme (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the scheme, the commission recognises the contributions payable for the year.

### 1.6 Foreign currency

Transactions denominated in foreign currency are translated at the rate of exchange ruling on the date of the transaction unless covered by a forward contract. Assets and liabilities denominated in foreign currency are translated at the rate of exchange ruling at the balance sheet date.

Transaction and translation gains and losses are credited or charged to the income and expenditure account.

### 1.7 Capital charge

In line with HM Treasury requirements, a capital charge reflecting the cost of capital employed is calculated at 3.5 per cent of average net assets employed during the year and included in operating costs. In accordance with HM Treasury guidance, the notional charge is credited back to the income and expenditure account before taking the result for the year to the general reserve.

### 1.8 Grants paid

Grants paid are accounted for on an accruals basis.

### 1.9 Operating leases

Payments made under operating leases are charged to the Income and expenditure account on a straight-line basis over the term of the lease. CABE has no finance leases.



## 2 Grant-in-aid

Notes	Year to March 2008 £	Year to March 2007 £
Grant-in-aid received – revenue	11,491,931	10,076,490
Grant-in-aid received – capital	98,070	14,512
Total	11,590,001	10,091,002

Grant-in-aid for the year ended 31 March 2008 of £4,690,001 was made available by the Department for Culture, Media and Sport (DCMS) and £6,900,000 was made available by Communities and Local Government (CLG).

## 3 Other operating income

	Year to March 2008 £	Year to March 2007 £
Arts Council of England	28,083	35,378
Communities and Local Government	388,425	159,660
Department for Children, Schools and Families	640,807	380,764
Department for Culture, Media and Sport	10,000	32,586
Department of Health	22,725	27,275
English Heritage	48,464	21,934
English Nature	0	13,000
English Partnerships	25,000	25,000
Housing Corporation	71,376	61,270
National Audit Office	0	19,050
National Children's Bureau	71,226	0
National College for School Leadership	20,390	16,805
Olympic Delivery Authority	161,044	89,591
Play Council	0	23,299
Tees Valley	14,786	39,214
Other income	453,677	395,722
Total	1,956,003	1,340,548



#### 4 Staff costs

	Year to March 2008 £	Year to March 2007 £
Salaries and wages	4,454,873	3,876,358
Temporary staff costs	291,371	136,420
Social security costs	329,846	296,298
Superannuation	802,112	697,859
Total	5,878,202	5,006,935

#### Superannuation

As the PCSPS is an unfunded multi-employer defined benefit scheme, CABE is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was conducted as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: civil superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For the 12 months to 31 March 2008, employers' contributions of £802,112 were payable to the PCSPS at rates in the range of 17.1 to 25.5 per cent of pensionable pay, based on salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the government actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

#### Staff numbers

The commission counts the number of staff in post to include all permanent, fixed-term and temporary staff of all types who are paid as employees through the payroll. On this basis the average number of whole-time equivalent persons (including senior management) employed for the 12 months to March 2008 was 120. Of this number seven were part-time staff and 117 were full-time staff.

	Year to March 2008 no.	Year to March 2007 no.
Corporate	18	18
Knowledge and skills	21	14
Campaigns and education	23	28
Enabling	24	19
Design review	18	13
Space	16	10
Total	120	102

## 5 Other operating costs

	Year to March 2008 £	Year to March 2007 £
Programme costs	3,976,641	3,422,905
Grants	1,445,629	1,043,809
Administration expenses	746,279	661,288
Rent, rates and maintenance	1,014,445	824,869
Depreciation	383,558	433,202
Professional fees	90,121	150,627
Travel, subsistence and allowances	298,854	264,574
Auditors' remuneration	26,090	45,210
Non-audit fees	0	10,907
Notional cost of capital	42,442	39,400
Total	8,024,059	6,896,791

## 6 Taxation

	Year to March 2008 £	Year to March 2007 £
Corporation tax @ 20%	9,796	4,098

As a non-departmental public body, the commission is liable to pay corporation tax only on interest received.

## 7 Tangible fixed assets

	Office equipment £	Leasehold improvements £	Fixtures and fittings £	IT equipment £	Total £
As at 1 April 2007	12,275	1,765,474	328,108	400,726	2,506,583
Revaluations		(22,702)			(22,702)
Additions		84,756	0	13,314	98,070
Disposals					
As at 31 March 2008	12,275	1,827,528	328,108	414,040	2,581,951
Accumulated depreciation					
As at 1 April 2007	12,275	514,342	271,907	388,812	1,187,336
Charge for the period	0	337,533	37,597	8,428	383,558
Disposals					
As at 31 March 2008	12,275	851,875	309,504	397,240	1,570,894
Net book value					
As at 31 March 2008	0	975,653	18,604	16,800	1,011,057
As at 1 April 2007	0	1,251,132	56,201	11,914	1,319,247

There are no revaluations in the period for office equipment, fixtures and fittings and IT equipment as they are not material to the accounts.

## 8 Debtors

	Year to March 2008 £	Year to March 2007 £
Amounts falling due within one year		
Trade debtors	1,211,164	833,436
Prepayments	264,515	297,662
Total	1,475,679	1,131,098
Debtors include amounts owing from:		
Local authorities	234,327	109,618
Central government bodies	1,099,194	325,877
Others	142,158	695,603
Total	1,475,679	1,131,098

## 9 Creditors

	Year to March 2008 £	Year to March 2007 £
Amounts falling due within one year		
Taxation	9,796	4,098
Trade creditors	1,061,284	1,096,494
Other creditors	387,295	484,008
Accruals and deferred income	1,649,161	876,157
Income tax and social security	217,448	194,777
Total	3,324,984	2,655,534
Creditors include amounts owing to:		
Local authorities	64,717	22,421
Central government bodies	1,226,475	1,165,850
Others	2,033,792	1,467,263
Total	3,324,984	2,655,534

## 10 Operating leases

Operating lease commitments falling due during the next year are analysed in the following ranges in which the commitment expires.

Payments which we are committed to during the next year	Expires within 1 year £	Expires within 2-5 years £	Expires over 5 years £
Land and buildings	0	0	555
Other equipment	0	24	0
Total	0	24	555

## 11 General reserves

£

Balance brought forward as at 1 April 2007	1,015,596
Deficit for the year to 31 March 2008	(11,856,639)
Grant-in-aid for the year	11,590,001
Balance as at 31 March 2008	748,958

## 12 Revaluation reserve

Balance brought forward	341,705
Revaluation for year	(22,702)
Total	319,003

**13 Reconciliation of the operating surplus to net cashflow from operating activities**

	Year to March 2008 £	Year to March 2007 £
Operating deficit	(11,889,285)	(10,538,457)
(Increase) in debtors	(344,581)	(713,439)
Increase in creditors	669,450	248,332
Cost of capital charge	42,442	39,400
Interest received	(48,980)	(20,492)
Depreciation	383,558	433,202
Net cash inflow from operating activities	(11,187,396)	(10,551,454)

**14 Capital expenditure**

	Year to March 2008 £	Year to March 2007 £
Acquisition of fixed assets	98,070	14,512
Proceeds from disposal of fixed assets		0
Total	98,070	14,512

**15 Analysis of changes in cash during the year ended 31 March 2008**

	At 1 April 2007 £	Cash inflow £	At 31 March 2008 £
Cash at bank and in hand	1,562,490	343,719	1,906,209

## 16 Related party transactions and connected bodies

CABE is sponsored by the Department for Culture, Media and Sport (DCMS), which is regarded as a related party. The only material transactions with DCMS were in respect of grant-in-aid (note 2). In addition, CABE receives further funding from Communities and Local Government (CLG). The material transactions with CLG were in respect of grant-in-aid (note 2).

There were also material transactions with the following entities which are sponsored by DCMS:

- Arts Council England
- Big Lottery Fund
- English Heritage
- Olympic Delivery Authority.

There were also material transactions with the following entities which are sponsored by CLG:

- Community Development Foundation
- English Partnerships
- Housing Corporation.

During the year CABE had material transactions with the following government departments and central government bodies:

- Department for Children, Schools and Families.

During the year CABE had the following material transactions in which there was a related interest:

- Irena Bauman, a commissioner, is a director of Bauman Lyons Architects, which received £422 as payment in respect of enabling services.
- Paul Morrell, a commissioner, was a director of Davis Langdon LLP and now acts as a consultant to the firm, which received payment of £421.

- Jason Prior, a commissioner, is managing director of EDAW plc, which received payment of £16,744 in respect of providing enabler services.
- Lorna Walker, a commissioner, is a visiting professor at the University of Sheffield, which received fee payments of £7,177.
- Robin Nicholson, a commissioner, is involved with the Construction Industry Council in a voluntary capacity, which received contract fees of £18,192.
- Joyce Bridges, a commissioner, is a commissioner for English Heritage. Her son is an associate director of Arup's Economics and planning consultancy, and Ove Arup was paid £4,838 in fees.

All of the above were for the provision of services to CABE that were provided on contracts that had been awarded through CABE's normal procurement processes.

## 17 Post balance sheet events

There have been no events since the end of the year which would affect the understanding of the accounts.

## 18 Financial instruments

The commission is required to disclose the role financial instruments had during the period, in creating or changing the risks faced in undertaking its activities. The commission's activities and the way government bodies are financed, means that the commission is not exposed to the degree of financial risk faced by business entities. The commission has no powers to borrow or invest surplus funds, and financial assets and liabilities generated by day-to-day operational activities are not held to change the risks facing the

commission in undertaking its activities.

Liquidity risk: no significant exposure given the commission's net resource requirement is financed through grant-in-aid.

Interest rate risk: no exposure as the commission does not have any financial liabilities and financial assets are held in a variable rate bank deposit account.

Foreign currency risk: not significant as foreign currency income and expenditure is negligible.

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