

**Commission for Architecture
and the Built Environment**

**Annual report
and accounts**

2010/11

HC 1177

London: The Stationery Office

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Presented to Parliament pursuant to schedule 2,
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CABE, the Commission for Architecture and the Built Environment, was the government's advisor on architecture, urban design and public space. As a public body, it encouraged policymakers to create places that work for people. It helped local planners apply national design policy and advised developers and architects, persuading them to put people's needs first. It showed public sector clients how to commission projects that meet the needs of their users. And it sought to inspire the public to demand more from their buildings and spaces. Advising, influencing and inspiring, it worked to create well designed, welcoming places.

CABE's programmes ceased on 31 March 2011, with certain of its functions being continued by the Design Council. The Government intends, subject to Parliamentary approval, to dissolve CABE under the powers set out in the Clean Neighbourhoods and Environment Act 2005

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Introduction by the chair of CAFE

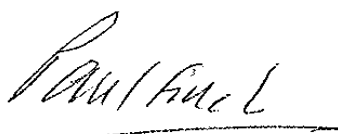
This foreword is written for the final full year of the Commission for Architecture and the Built Environment (CAFE) as an operational body. Subject to Parliamentary approval CAFE will be dissolved in the Autumn of 2011. This is a matter of profound regret for me and for all past commissioners.

Given the country's economic circumstances, and the 2010 government review of public bodies, it was no surprise that we had been asked to reduce our size. Prior to the formal announcements of the Comprehensive Spending Review that process had started, and revised budgets for 2010-11 were agreed with our two funding departments. The ultimate decision to withdraw CAFE's funding in its entirety was a shock, not least because there was no criticism of our role or the way we had carried it out over a period of eleven years.

CAFE's partial reincarnation as Design Council CAFE in April this year, and the fact that it required the support of three departments to make it happen, suggests that government understands the importance of architecture and the built environment to our country in a general sense, and that of course is welcome.

I would like to thank commissioners and staff for their work since 1999, and in particular the contribution of our chief executive Richard Simmons in ensuring both an orderly transition of CAFE in its old form, and that the merger of part of CAFE with the Design Council took place successfully.

CAFE staff carried out the tasks generated by this transition with great professionalism; the quantity of material requested by (and prepared for) the National Archive is a tribute to the usefulness of the Commission and its work.

A handwritten signature in black ink, reading "Paul Finch", with a horizontal line underneath.

Paul Finch
Executive Chair
8 June 2011

Management commentary

This 2010/11 report records the last full year of activity carried out by the Commission for Architecture and the Built Environment (CABE) as an operational non-departmental public body. Subject to parliamentary consent CABE will be formally closed in the autumn of 2011. The report contains CABE's accounts as well as a record of performance, and is the formal document laid before Parliament on its behalf by its sponsor government department, the Department for Culture, Media and Sport (DCMS).

CABE emerged from the Government's Public Bodies Review in October 2010, which assessed retaining its statutory purpose, as an organization that Government valued. However, in the light of the Comprehensive Spending Review settlement DCMS, CABE's sponsor Department, decided to cease its funding for CABE with effect from 31 March 2012. In the light of DCMS's decision DCLG indicated that its funding would also cease after 31 March 2011. In the circumstances CABE was unable to continue as a stand-alone organisation and a controlled closure is being implemented. The majority of CABE's operations ceased with effect from 31 March 2011 with a planned final closure in late Autumn 2011.

It is testimony to the commitment of the people involved with CABE that efforts immediately began to ensure that its work would continue. In February 2011 it was announced that from April 2011, Design Council CABE would provide advice on architecture and the built environment in addition to design in business innovation. Nineteen CABE staff have transferred over to the new Design Council CABE, principally to deliver design review and planning advice, with a clear focus on the principles of localism.

In this report, performance is measured against targets and objectives agreed by CABE's funders DCMS and DCLG. Organising closure in such a short timeframe and managing the termination of employment on such a scale (83 people of whom 76 were entitled to redundancy settlements) inevitably had an impact on work programmes.

Looking back, CABE's most valuable role has always been to support decision makers and give them the confidence to stand up for quality, whether they are councillors, communities, developers, designers or local authority officers. This involves strengthening capacity and sharing expertise. In 2010, for instance, we conducted research into the value of a programme of workshops we had run for over 100 local authorities across England on their Local Development Framework core strategies. This research identified a noticeable improvement in core strategies and the way in which design quality was embedded.

During CABE's 11 years as the Government's adviser on Architecture and the Built Environment, 85 percent of all local authorities have chosen to make use of its independent expert design review of proposed building schemes, and demand for this service remained high in 2010/11: 522 schemes were submitted during the first six months. CABE exceeded its target of 250, and schemes reviewed ranged from the London cable car across the Thames to a new faculty for the Manchester

Metropolitan University. Specialist national panels reviewed the design of new Crossrail stations, eco towns and infrastructure projects.

Since September 2010, CABI has explored how design review can support local community groups to bring forward projects that really meet their needs. This has involved working closely with affiliated panels across the country in pilot projects which have seen panel members travel to reviews held in Cumbria, Yorkshire and Cornwall.

Following the Government's decision to end the Building Schools for the Future programme, CABI's schools design panel was wound up in the summer of 2010. CABI did however continue to promote learning through built environment education, including the Engaging places programme. Green day, CABI's pioneering initiative that inspires pupils and teachers to learn about climate change and the built environment, expanded further in its third year to involve 250,000 pupils across more than 1,000 schools. Green day will continue through the Landscape Institute and CABI is currently in negotiations for the transfer of Engaging places to a third party organisation.

CABI's audiences have always had a strong appetite for learning: over 300,000 CABI publications have been downloaded annually and 89% of readers report that they change what they do as a result. Telemarketing research showed that over a quarter of the 193 local authorities linked to the CABI website 'Sustainable Places' had used it to develop a specific policy or strategy to address climate change and/or sustainable development.

During 2010/11, practical guidance was published online for local councillors, planners and public sector clients on creating excellent buildings and successful masterplans, and on large-scale urban design. All CABI publications remain accessible online through the archived website.

www.cabi.org.uk

Since 2001, CABI has promoted Building for Life, the national standard for well-designed homes and neighbourhoods, in conjunction with the Home Builders Federation. In 2010, ten exceptional new housing schemes won a Building for Life Award, selected from a record number of entries (50 per cent more than the year before). The winners included a small self build community and a 1,200 home multi-developer scheme but what they had in common was the creation of the kind of housing that local people welcome as a genuine asset for their neighbourhood. CABI provided thought leadership during the year on how to secure this quality of housing design everywhere, drawing on expertise from across the industry.

CABI continued to promote excellence in the public sector in 2010/11, from new hospitals to neglected space on the doorstep. The winner of the Prime Minister's Better Public Building Award was Glasgow's striking New Stobhill Hospital; and CABI worked with the National Housing Federation and 30 social landlords on an action plan to make public space on housing estates more attractive, sociable and productive.

CABE Space published ground breaking research into the connections between public space and inequality, and produced guidance with the Asset Transfer Unit on community management of public space.

CABE managed a £45 million government grant programme, Sea change, which has now contributed to cultural vibrancy in 34 seaside towns. CABE provided advice and support to ensure each investment also secured a stronger local economy. At the end of the financial year the remaining two active schemes were in the process of completion and DCMS agreed to take responsibility for them during 2011-12.

CABE staff have always valued their extended family – the design advisors working for review panels and as enablers. In February 2011 they mourned the loss of Alan Barber, a committed campaigner for investment in high-quality green spaces. He was one of the founders of CABE Space and a former commissioner, and until the very end of his life, staff benefited from his wisdom on green space skills issues.

The commission has been impressed by the professionalism of CABE staff who have worked tirelessly under such difficult circumstances over the past year, and impressed by what it reflects. First, a practical understanding of the power of architecture, urban design and public space to shape our society. And second, a determination to ensure that local people have the help they need to shape the look and feel of the places where they live.

Finance review

The statement of comprehensive net expenditure for the period ended 31 March 2011 shows a deficit for the year after taxation of £25,025,476. The total expenditure of £26,675,362 is lower than last year. This is partly due to Sea change, which is a local authority capital grants programme, where the total expenditure incurred by CABE was £11,609,448 (2009/10:£15,000,000). This is included in other operating costs. It is also because DCMS and DCLG both reduced their funding for CABE during the year as part of the Government's wider deficit reduction measures.

The statement of financial position as at 31 March 2011, which has been compiled on a non-going concern basis reflecting no continuity of funding beyond 2011/12, reflects the fact that effectively CABE ceased operations on 31 March 2011 and is expected, subject to Parliamentary approval, to be wound up as an Executive Non-Departmental Public Body by Autumn 2011. The transfer of 19 staff to the Design Council is not considered to be a Machinery of Government change as the Council ceased to be a public body from 1st April 2011. The statement shows that the non current assets plus net current assets amount to a deficit of £2,335,656 compared to a surplus of £2,077,168 in 2009/10. This reflects the impairment of CABE's non current assets. The cash and cash equivalents have decreased from last year.

The statement of cash flows analyses the net cash flow from operating activities, identifies how much CAGE has spent on capital and shows the net overall movements in CAGE's cash and bank balances over the year. CAGE has generated a decrease in cash of £1,448,979.

CAGE received its funding from two main government departments to perform its role as the Government's advisor. At the start of the year our core grant-in-aid, excluding Sea change, was £4,620,000 from DCMS and a grant of £6,690,000 from DCLG. As part of the cross government review of 2010/11 expenditure, CAGE's DCMS core grant-in-aid was cut by 3% to £4,481,400 and its DCLG grant was cut by 20% to £5,352,000. £12,338 of our funding from DCMS was capitalised in non-current assets (2009/10: £868,531, from DCMS funding). CAGE secured other funding through service level agreements, bank interest and other income, totalling £1,644,877 (compared with £3,003,426 for 2009/10).

Non current asset management

Impairment of non-current assets has arisen because, apart from activities in relation to closure and short term continuing activity in relation to Engaging Places, there is no substantial continuing operational activity for which these assets can be used. Only those assets with a cost of over £3,000 were classified as non-current assets in general and the accounting policy note 1 in the annual accounts sets out the details of how the impairment has been recognised in the accounts.

Equality policy and employee relations and communication

During the year CAGE continued to work on the action plan which had been developed as part of the equality scheme first published in November 2008. The aim of the scheme was to set out how CAGE would provide clear leadership on equality and inclusion, and use its influencing role to promote these issues in its work on the built environment.

CAGE operated a sickness absence policy with provisions similar to those offered in the civil service. Employees who were absent owing to sickness were (subject to a limited number of exceptions) paid for a defined period provided they had complied with CAGE's sickness reporting and notification rules. For the year ending 31 March 2011 there were no long-term sickness absence cases within CAGE. There was an average sickness of 2 days (based on 243 days in total for an average head count of 107 people).

CAGE operated a number of employee communication and consultation arrangements. These included a formal staff forum attended by staff representatives from each directorate and chaired by the chief executive. The forum discussed matters affecting the staff body including pay and reward. The forum was subsequently consulted as part of the collective redundancy consultations prior to the implementation of the closure of CAGE programme.

Creditor payment policy

The commission observes the Confederation of British Industry's code of practice. The commission's policy is that all valid and properly authorised invoices must be paid in accordance with the terms of contracts, or within 10 working days. For the year ending 31 March 2011 20% of invoices were paid within 10 working days and the percentage of invoices paid within 30 days was 38%; the 30 days figure compares with 81% in the last financial year. This reduction in performance is due to significant staff changes in the finance team during the year and a redirection of resource within the team to deal with issues arising initially from a decision to outsource the finance function and then with the closure of CABE.

Personal data related incidents

CABE did not have any loss of personal data that had to be reported to the Information Commissioner for the year to March 2011.

Open government

Under the open government code the commission did not charge fees for requested information, unless provision of the information consumed a significant amount of staff time and resources. CABE ceased to be a fully-staffed operational body on 31 March 2011 and requests for information should therefore be referred to DCMS in the first instance and then to The National Archives.

Future developments

On 20 October 2010 DCMS announced that it would not be able to fund CABE in the future. In the light of this DCLG also indicated that its funding would also cease after 31 March 2011. Steps were taken to close CABE as cost effectively as possible. CABE ceased operating on 31 March 2011. A small team has remained at CABE to deliver an orderly close down and it is expected that CABE will be formally wound up by autumn 2011.

Some of CABE's activities will be carried out by Design Council CABE funded initially under a grant agreement with DCLG. As a result of this, 19 staff were transferred to the Design Council under Transfer of Undertakings (Protection of Employment) (TUPE) legislation.

Commission members

Commissioners were appointed by DCMS through a process of competitive recruitment, usually for an initial period of four years.

The following were members of the commission as at 31 March 2011:

- Paul Finch OBE (Chair, as of December 2009)
- Joyce Bridges CBE (Deputy chair)
- Rab Bennetts OBE (since September 2010)
- Anthea Case CBE
- Richard Cass
- Piers Gough CBE
- Nick Johnson
- Hanif Kara
- MJ Long
- Ben Page
- Elizabeth Peace CBE
- Jason Prior
- Ken Shuttleworth
- Deyan Sudjic OBE
- Lorna Walker
- Sarah Wigglesworth MBE (since September 2010)

Rab Bennetts, Piers Gough, Hanif Kara, Ben Page, Jason Prior, Ken Shuttleworth, Deyan Sudjic and Sarah Wigglesworth stood down from the commission on 31 March 2011. No commissioners retired from the commission during the course of 2010/11.

Commission Committees

During the year ending March 2011, the following commission committees oversaw and made decisions and recommendations affecting the work of the commission:

- Operations committee
- Audit committee
- CABE planning advisory committee
- Design review committee
- Inclusion by design group
- Placemaking committee
- Human resources committee
- Sustainable design committee
- Research reference group

Chief executive

The chief executive and accounting officer during 2010/11 was Richard Simmons. From 1 April 2011 the role of the chief executive and accounting officer was split between Paul Finch as executive chair, and Joyce Bridges as accounting officer to provide continuity of governance during the closure period.

Members of the audit committee

The following were members of the audit committee in 2010/11:

- Anthea Case (chair)
- Emir Feisal (independent member)
- Ben Page
- Hanif Kara
- Nick Johnson
- Liz Peace

Emir Feisal was not a commissioner. He was co-opted on to the audit committee as a qualified accountant with significant relevant and recent experience of public sector accounting. Emir Feisal, Ben Page and Hanif Kara stood down from the committee on 31 March 2011.

Register of members' interests

A register of members' interests is maintained by the commission and held for public inspection during office hours at CABE's offices. Copies were also available on request by post or email. Following the dissolution of CABE requests for information about the register should be referred to DCMS in the first instance and then to the National Archive.

Political and charitable gifts

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

Health and safety

In line with the requirements of the Health and Safety at Work Act, CABE had measures in place to provide a safe and healthy working environment for staff and others coming into contact with CABE. As part of its duty of care CABE implemented programmes of training for staff including its fire wardens and first aiders. CABE carried out workplace assessments for everyone joining the organisation and where necessary engaged the services of specialist advisors and occupational health professionals to ensure the continued welfare of staff. Staff were also eligible to access membership of Benenden Healthcare which is a mutual healthcare organisation, providing personal healthcare services to employees.

Environmental policy and performance

As a public body, CAFE took its responsibilities towards the environment seriously. As well as promoting sustainability in the built environment, it sought to minimise the environmental impact of its own operations by adopting the best possible environmental practices in:

- reducing energy consumption in CAFE's offices, for example by installing energy efficient appliances and removing unnecessary lighting
- reducing resource consumption, reducing waste and increasing recycling
- preventing pollution and minimising use of hazardous materials
- reducing energy consumption from business and commuter travel, in particular by dramatically cutting down air travel and travelling by train instead
- promoting environmental awareness among suppliers, ensuring that the goods and services we received met minimum environmental criteria
- raising staff awareness of CAFE's environmental performance and involving staff in measures to improving its performance.

CAFE's management team was responsible for the organisation's environmental policy and for ensuring that environmental issues were considered in planning and day-to-day work. A sustainable development group headed by two commissioners monitored CAFE's work in this area.

The main measures of CAFE's environmental impact were its carbon footprint, showing the organisation's greenhouse gas emissions (in tonnes of carbon dioxide equivalent [CO₂e] per year), and our ecological footprint, showing the amount of biologically productive land and sea area needed to regenerate the resources we use (in global hectares or gha). CAFE was committed to becoming carbon neutral by 2012 and was aiming to achieve this by reducing carbon emissions and offsetting our emissions where appropriate.

During 2010 CAFE joined the Camden Climate Change Alliance. Staff from the Alliance visited CAFE's office and calculated the organisation's carbon footprint. The Alliance benchmarked CAFE's energy efficiency performance against similar types of office and showed that CAFE was performing very closely to good practice. In recognition of its efforts, CAFE received the 'Going Green' Award from the Alliance.

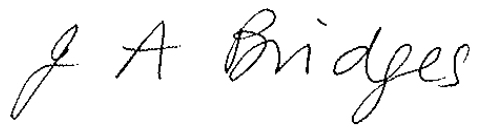
Auditor

Since CAFE became a statutory body on 1 January 2006, the accounts have been audited by the National Audit Office on behalf of the Comptroller and Auditor General. The audit fee for the year ended 31 March 2011 is £33,000 (£29,500 for 2009/10).

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 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 is aware of that information.

The accounts were authorised for issue by the accounting officer on the C&AG certification date.

A handwritten signature in black ink that reads "J A Bridges". The signature is written in a cursive style with a large initial 'J' and 'B'.

Joyce Bridges

Accounting officer

8 June 2011

Performance against targets and objectives

CABE met the objectives set by DCMS and by DCLG in its funding agreements with both departments. Funding agreements were amended in-year to reflect funding reductions from both departments and the additional requirements of managing CABE's transition/closure in the last quarter of the year. CABE's performance is summarised in the following table.

What we said we'd do	Performance
Work with councillors, officers and communities to support localism in the design and planning of the built environment	As well as ongoing support to local planning authorities, 50 local authority officers benefited from intensive CABE support on localism
Support community clients achieve good design on housing projects	Enabling project set up and a further 10 projects prepared but overtaken by CSR 2011.
Pilot projects working with local authorities on the new planning system (including neighbourhood plans and Local Development Frameworks (LDF)) and policy support work with DCLG.	CABE continued to provide a programme of LDF workshops for local authorities. In total since 2007, 37 workshops, 105 LPAs, 98 Core strategies have been supported.
Work with a national network of Social Landlords to engage with communities, build skills, make the best use of funding, and improve the quality public space in social housing developments.	CABE has provided support and advice to registered social landlords (RSLs) and 30 RSLs have signed up to the Action Plan.
Skills training for green space professionals in community engagement, fundraising and marketing and sustainability.	As a result of CABE's work here 50 local authorities have green space managers with improved skills in community engagement, managing sites for sustainability and marketing and promoting sites.
Public space asset transfer guidance and dissemination and adaption of our knowledge to emerging sectors.	CABE's "Community led spaces" guide has provided high quality guidance to well over the 30 target organisations.
Public space local authority and community enabling	CABE continued to provide enabling support to local authorities and communities and supported 8 public space demonstration projects.
Advice for local authorities to structure community-focused green space services	CABE produced and disseminated a web-based package provided to support local authorities' work here.
Improvements and refocus of Sustainable Places web content on adapting the built environment to climate change, focus on community users and broaden content on health and well-being.	The website was significantly re-edited over the summer to include new and revised content for a community audience. The pitch and offer of the resource was recast as sustainable places rather than sustainable cities. The two new focus pieces were in development by November when work was stopped. The knowledge and scoping work on adaptation was passed to UKCIP for their further use. The initial on local energy networks was passed onto others in DECC, TCPA and other partners to help clarify policy issues in this area.

What we said we'd do	Performance
Ensuring CABE delivers its Equality Scheme commitments in embedding the inclusion and equality agenda across CABE's activities.	CABE has met its public duties under the Equalities Act 2008 and further embedded inclusion and equality into its work programmes.
Establishing CABE as an open source organisation through the development of networks and interactive technology to reach wider audiences including local communities.	'Open source' working was adopted as a guiding principle to the development of CABE's 2011-12 business plan which was overtaken by the CSR 2011 funding settlement in October. Interactive technology capacity was incorporated into CABE's website, which operated as a live website until December 2010. The 15 Case studies are online. Online client guides <i>Creating Successful Masterplans</i> and <i>Large scale urban design</i> were launched as online publications.
Providing expert advice on the design of significant schemes across England through CABE's design review panel	During 2010-2011, 710 schemes were submitted to CABE. CABE conducted 275 reviews relating to 207 different schemes. 96 review letters were issued, following full panel reviews at which the schemes were presented by the architect and developer teams; a further 179 reviews took place where schemes were reviewed internally. 116 of the schemes reviewed during the year were returning to CABE following a previous review and of these schemes 71% had improved or were of a high quality when they were first reviewed (against shared DCMS and DCLG target of 70%).
Support and development of the affiliated design review network	Several special panels were conducted: 21 reviews relating to Crossrail schemes were undertaken by the Crossrail panel (reviews by the Crossrail panel are additional to the figures quoted above because the panel is funded by a SLA); two eco-town schemes (Northwest Bicester and St Austell) received five reviews in total by the Eco-towns panel; 11 reviews related to eight schemes for the London 2012 Olympic Games; ten reviews relating to Infrastructure Planning Commission schemes which were conducted by the Infrastructure panel. In addition, two workshops were devoted to the Nine Elms master plan in London; nine schemes received extra review time during panel review meetings; and a special meeting of the design review panel took place in Manchester to review two substantial schemes in the city. 242 reviews of planning applications were published online during the year.
To work in a focused and strategic way with other key government departments and agencies to advance Better Public Building (including PM's Award for Better Public Building, World Class Places) and promoting high quality design in their	CABE continued to support the design review network made up of eight regional panels, and to run the weekly allocation of schemes across the network. Design review network meetings also continue, the most recent meetings took place on 28 January 2011 and 9 March 2011 to develop a strategy for the design review network and its ongoing operation. Six pilot projects were undertaken to explore how design review can work directly in support of local communities.
To work in a focused and strategic way with other key government departments and agencies to advance Better Public Building (including PM's Award for Better Public Building, World Class Places) and promoting high quality design in their	These include working with Defra on design quality in Waste facilities and on place-based approaches to climate change adaptation and mitigation; advising the Department of Health on active design guidelines; working with the Department for Education and Skills on Building schools for the future (to August 2010). CABE has also contributed to

What we said we'd do	Performance
<p>wider programmes. To developed and sustain constructive working relationships between CABE and other government departments including providing support for design Championship at Ministerial and Official level.</p>	<p>the Department for Education Capital Review, and worked with the New Schools Network; providing ongoing advice and support to the Ministry of Justice, and to the National Offender Management Service on prison design; supporting the Home office on its design review programme and managing Home Office research project examining the crime experiences of recently built housing schemes; providing advice to BIS on Client leadership.</p> <p>CABE, in partnership with OGC and BIS has continued to promote and exemplify better Public building through the Prime Minister's award for better public building.</p>
<p>To increase public understanding of the built environment and the value of good design with every school in the country to have access to high quality, curriculum linked, educational resources which support teaching and learning through the built environment</p>	<p>CABE continued to run its highly regarded Green Day events promoting sustainability in schools and, in partnership with English Heritage, hosted the Engaging Places programme (including "Unforgettable Lessons" and associated exhibitions). CABE published its specialist educational magazine received by over 5000 schools and other organisations and available online, and supported educational programmes carried out by 18 architecture and built environment centres across the country.</p>
<p>To embed design quality in the thinking and actions of local and regional public bodies and organisations. Demonstrably enhanced capacity to work effectively at a local and regional level.</p>	<p>CABE carried out a wide range of partnership working with local partners to co-ordinate and disseminate CABE's work. Additionally, CABE has delivered complimentary projects, such as Strategic Urban Design (StrUD) and local planning Framework workshops. CABE supported networks in each region comprising enablers, Building for Life assessors, locally embedded staff, affiliated design review panels and architecture and built environment centres.</p>
<p>To develop CABE's evidence base and communication thereof in order to remain a persuasive champion for high standards of architectural design. To develop a refined and systematic evidence base, and learning and dissemination strategy. To embed further inclusion and sustainable development in CABE thinking and activities.</p>	<p>CABE consolidated and developed its evidence base and formatively evaluated its programmes. Major projects included: Making the case (a major value-for-money evidence submission to DCMS demonstrating CABE's major contributions to quality of place, health, sustainability, and redistribution; an assessment of CABE's economic impact and contribution to public value; a robust and convincing case to the Public Bodies Bill review for CABE's retention; a new web resource which brings together a collection of the latest research on housing standards.</p> <p>Work to embed CABE's policies on inclusive and sustainable design continue and included case study development and dissemination and sustainable design online resources.</p>

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 and their remuneration is part of the annual pay remit process, which will be subject to the agreement of DCMS, and, where required, HM Treasury.

In July 2010 the commission approved the setting up of a human resources committee which superseded the former remuneration committee. The human resources committee comprises:

- Paul Finch (chair)
- Anthea Case
- Joyce Bridges
- Richard Simmons (except for discussions relating to his pay and performance)

Service contracts

CABE's operational framework required staff appointments to be made on merit and on the basis of fair and open competition.

The annual review of the remuneration of the chief executive and deputy chief executive were determined by the remuneration committee.

Salaries of the other staff, including directors, were determined by a performance management scheme.

CABE's performance management system was based on an annual appraisal of performance against objectives set at the start of the year. The performance year ran from 1 April to 31 March. Performance was assessed on a scale of 1 to 5, where 1 was outstandingly successful performance throughout the appraisal period and 5 is unacceptable performance.

The appraisal marking was used to determine the individual pay award. The percentage increase attributable to each appraisal mark was determined annually by the remuneration committee. In addition, all staff, other than the chief executive, were eligible for a team performance payment based on an assessment of the team's performance against agreed targets. This assessment was made by the remuneration committee.

All of the directors covered by this report held appointments, which were open-ended until the normal retiring age of 65. Early termination, other than through inefficiency or ill health, 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 was the highest-paid employee. His total emoluments for the year to March 2011 were £124,978 (£128,175 in the year to 31 March 2010).

The remuneration of the members of the senior management team fell within the ranges set out in the following table

		Salary	Bonus	Real increase in pension	Real increase in lump sum	Pension at 31/3/11	Lump sum* at 31/3/11	CETV** at 31/3/10	CETV** at 31/3/11	Real increase in CETV as funded by CABE
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Richard Simmons Chief executive (left 31 March 2011)	2010/11 2009/10	120-125 125-130	-	0-2.5	n/a	10-15	n/a	198	244	27
Joanna Averley Deputy chief executive and director of enabling (left 14 January 2011)	2010/11 2009/10	85-90 (100-105 full year equivalent) 95-100	-	0-2.5	n/a	15-20	n/a	158	185	3
Mathew Bell Director of campaigns and education (left 21 January 2011)	2010/11 2009/10	70-75 (75-80 full year equivalent) 75-80	-	0-2.5	n/a	5-10	n/a	84	100	7
Charlotte Cane Director of resources (left 31 March 2011)	2010/11 2009/10	70-75 (70-75 full year equivalent) 55-60	-	2.5-5	10-15	25-30	75-80	357	450	27
Sarah Gaventa Director of CABE space (left 24 March 2011)	2010/11 2009/10	65-70 (65-70 full year equivalent) 70-75	-	0-2.5	n/a	5-10	n/a	48	65	10
Diane Haigh Director of architecture and design review (transferred to Design Council 31 March 2011)	2010/11 2009/10	65-70 70-75	-	0-2.5	n/a	5-10	n/a	68	110	27

* This is an estimate at 31 March 2011 of the amount that would have been payable at the date of normal retirement if the officer had remained as an employee and scheme member until that date.

**cash equivalent transfer value

The actuarial factors used to calculate CETVs were changed in 2010/11. The CETVs at 31/3/10 and 31/3/11 have both been calculated using the new factors, for consistency. The CETV at 31/3/10 therefore differs from the corresponding figure in last year's report which was calculated using the previous factors.

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 HMRC as a taxable emolument. There were no benefits in kind in the period.

Pensions

Pension benefits to staff are provided through the principal civil service pension scheme (PCSPS) and also by partnership pension accounts – which are stakeholder pension schemes with an employer contribution. The notes to these financial statements provide further detail about the schemes made available to staff and also disclose the employer contributions made to them by CAGE.

The cash equivalent transfer value (CETV)

The table on page 15 shows the cash equivalent transfer value (CETV) of the member pension benefits accrued at 31 March 2010 and the end of the reporting period so far as they relate to CAGE senior staff. 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 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in the value of the CETV

The real increase in the value of the CETV excludes increases due to inflation and contributions paid by CAGE senior staff. It is calculated using common market valuation factors for the start and end of the period.

Compensation for loss of office (audited)

Five members of the senior management team, including the chief executive, left during the year and received compensation for loss of office in accordance with the provisions of the Civil Service Compensation Scheme.

Richard Simmons left under compulsory early retirement terms on 31 March 2011. The capitalised cost of the package he received was £93,580.

Charlotte Cane left under compulsory early retirement terms on 31 March 2011. The capitalised cost of the package she received was £224,902.

Matthew Bell left under compulsory early severance terms on 31 March 2011. He received a compensation payment of £111,000.

The compensation for loss of office to Joanna Averley and Sarah Gaventa has been omitted following representation under S.10 Data Protection Act.

The cost of the compensation to CABE as employer may not be exactly the same as that paid out to the senior staff member.

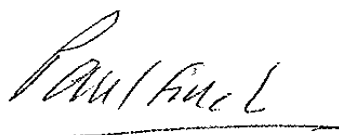
Remuneration of commission and committee members (audited)

The total direct cost of external commission appointments in the year was £136,116.75 (including employer's national insurance) 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.

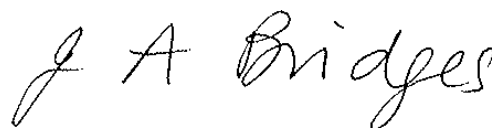
The emolument of the chair was £42,000 (2009-10 total - £44,783). The chair is the highest paid commissioner. The emoluments of the other commissioners were as follows:

	Year to 31 March 2011	Year to 31 March 2010
	£'000	£'000
Irena Bauman (left 14 March 2010)	-	9
Robin Nicholson (left 10 March 2010)	-	9
Joyce Bridges	9	6
Lorna Walker	7	9
Anthea Case	6	6
Ben Page	6	6
Deyan Sudjic	6	6
Hanif Kara	6	6
Jason Prior	6	6
Ken Shuttleworth	6	6
MJ Long	6	6
Nick Johnson	6	6
Piers Gough	6	6
Richard Cass	6	6
Liz Peace	6	6
Rab Bennetts (joined 1 September 2010)	3	-
Sarah Wigglesworth (joined 1 September 2010)	3	-

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.



Paul Finch
Executive chair
8 June 2011



Joyce Bridges
Accounting officer
8 June 2011

Statement of the commission and accounting officer's responsibilities

Under the Clean Neighbourhoods and Environment Act 2005, the Secretary of State for Culture, Olympics, 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, Olympics, Media and Sport, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis

- make judgments 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.

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 in 2010/11, and the Deputy Chair of CABI as the accounting officer from 1 April 2011 to the formal closure of CABI. 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*.

Statement on internal control

Scope of responsibility

As the accounting officer, following the departure of the former accounting officer, Richard Simmons, on 31 March 2011 I have responsibility during the closure period for maintaining a sound system of internal control that supports the achievement of CAFE's policies, aims and objectives related to the closure, while safeguarding the public funds and CAFE's assets for which I am personally responsible, and ensuring compliance with the requirements of CAFE's financial memorandum and the funding agreement from the sponsor department, the Department for Culture, Media and Sport (DCMS), in accordance with the responsibilities assigned to me in *Managing Public Money*. In addition to the sponsorship by DCMS, in 2010/11 CAFE received grant funding from the Department for Communities and Local Government (DCLG), and the targets associated with it are set out in the funding agreement, agreed annually between CAFE and DCLG.

For all of the year ending 31 March 2011 Richard Simmons was the accounting officer. I have received from him a signed assurance confirming that he maintained a sound system of internal control and ensured compliance with:

- the requirements of CAFE's financial memorandum;
- the funding agreements from the sponsor department, DCMS, and grant agreement with DCLG;
- and the additional controls detailed below which resulted from the decisions to reduce in-year funding and to cease funding CAFE after the 2011/12 financial year.

Accountability and reporting within CAFE was exercised through a governing body, the Commission, as set out in CAFE's operational framework document from DCMS. The Commission was led by the chair and he was supported by a deputy chair. During the year CAFE had sixteen commissioners, all of whom were appointed by the Secretary of State for Culture, Olympics, Media and Sport. CAFE's commissioners played a critical role, setting the organisation's strategic direction, overseeing its work and advising and monitoring so that it achieved its objectives. At the commission meeting held on 31 March 2011 the number of Commissioners was reduced to eight for the period from 1 April 2011 until final dissolution of the organisation.

- The board of commissioners met formally seven times this year but commissioners were involved in CAFE's work in many other ways, on a daily basis. Commissioners performed a range of roles, from advising programme directors to chairing committees and working groups and representing CAFE across the country at meetings and events. The commission maintained corporate committees to oversee and make decisions and recommendations affecting CAFE as a whole. These committees remained in place throughout the year.

At the commission meeting held on 31 March 2011 the number of committees was reduced to reflect the Governance needs during the closure period and only the following committees will continue in 2011/12.

- Audit committee (monthly meeting)
- Human resources committee (meeting only when circumstances dictate)

The audit committee is an advisory body with no executive authority. The committee advises the accounting officer and the commissioners on the adequacy of CAGE's risk management and internal control arrangements.

The audit committee met six times during the year, having moved to monthly meetings from January 2011 to consider the adequacy of risk management and internal controls during the closure of CAGE.

During 2010/11, in discharging his overall day-to-day duties, the chief executive was supported by the senior management team (SMT). The SMT meetings, which he chaired, were held every week. The deputy chief executive and directors were personally accountable to him for management of operational risks within their directorate and, collectively, for corporate strategic risks. The delegated authorities from the chief executive to each director were set out in the finance manual. From January 2011 the SMT was reduced from four other directors, the deputy chief executive (who was also director of design and planning advice) and the chief executive, who was also the accounting officer, to three other directors and the chief executive. At 31 March 2011 all of SMT, including the chief executive ceased to be employed by CAGE.

The commission's objective during 2011/12 is to achieve an orderly and cost effective closure of CAGE affairs and disposal of its assets. On 1 April 2011 following the departure of the former chief executive and accounting officer with the agreement of the DCMS Paul Finch's role was augmented to executive chair and I was appointed as accounting officer to oversee the work of the closure team. As a commissioner (since August 2006), and having acted as CAGE's deputy chair and chair of its operations committee, I have a good knowledge of the organisation which enables me to provide due assurances on controls during the closure period. The audit committee continues to meet monthly to review progress on closure, archiving and to review the risk register and financial position of the organisation. DCMS is continuing its requirement to agree significant closure costs before commitment as set out in its letter to Richard Simmons dated 4 December 2010 and DCMS officials are having regular contact and discussions with the closure project lead.

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 policies, aims and objectives; it can therefore only provide 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 departmental policies, 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 CAGE for the year ending 31 March 2011, and up to the date of approval of the annual report and accounts, accords with HM Treasury guidance.

Capacity to handle risk

During 2010/11 the overall responsibility, as set out in the operational framework document for effective management of risk throughout CAGE, rested with the chief executive. He had assurances from the directors, who in turn, assigned day-to-day responsibility for managing risks to managers and staff within their directorates, that risk was effectively managed. During the financial year, the SMT reviewed CAGE's strategic risk register and operational risk registers regularly.

CAGE faced a risk to its independence through perceived conflicts of interest for staff, commissioners or panel members. CAGE had a strong policy to prevent conflicts of interest occurring, with directors ensuring that all staff, commissioners and panel members were aware of the policy and compliant with it.

There was significant change during the year to the risk environment in which CAGE operated. At the start of 2010/11 it became clear that there was a risk to CAGE's income through in-year cuts to its grant-in-aid and through uncertainties around funding for service level agreements. As a small organisation, a large proportion of CAGE's costs were fixed so any fall in income would have a disproportionate effect on its ability to deliver programmes. These risks materialised with cuts to grant-in-aid and cancellation of service level agreements, culminating in the announcement on 20 October 2010 that DCMS would no longer fund CAGE from March 2012. As each reduction in income became clear, SMT took action to ensure programme delivery could continue until it was agreed with DCMS and DCLG that programme work would reduce and CAGE would put in place the mechanisms for ceasing operations by 31 March 2011 and formal closure by autumn 2011.

After 31 March 2011 the capacity to manage risk has changed significantly, however with the exception of Engaging places where a transfer to a third party is being sought, no further operational work is being undertaken by CAGE. Progress on the closure project and associated risks are being monitored both by myself and the audit committee and regular review meetings are being held with the DCMS.

The risk and control framework

The risk framework

CAGE's risk management strategy complied with HM Treasury (Orange Book). The key features of CAGE's risk management strategy were as follows:

- A strategic risk register and supporting operational risk registers for each directorate provided information on significant risks, their management control arrangements and scoring of risks within CAGE's risk appetite matrix.

- Risk monitoring and reporting was carried out regularly through the SMT. The responsibility for day-to-day management of the risks (operational or relevant strategic) and supporting and training staff rested with the directors.
- The strategic risk register was reviewed by the audit committee. The audit committee reviewed the operational risk registers by rotation. During this year the committee reviewed the operational risk register for design review.
- The risk management strategy was published on CAFE's intranet.
- CAFE was committed to establishing risk management as an integral part of strategic and operational management.
- The risk register continues to be treated as a 'live' document and is reviewed regularly by myself and by the audit committee.

PKF continues to provide an independent internal audit service during 2011/12 and I am meeting regularly with the closure project lead to review progress on all aspects of the closure project and associated risks and issues. The audit committee is also meeting monthly to review project progress and corporate governance matters.

The control framework

CAFE is directed and controlled in line with corporate governance arrangements as set out in *HM Treasury guidance: corporate governance in central government: code of good practice*. CAFE has a framework of procedures covering all aspects of the conduct of business. Finance procedures are set out in the finance manual.

Other key controls

The key elements of other high-level controls within CAFE are underpinned by:

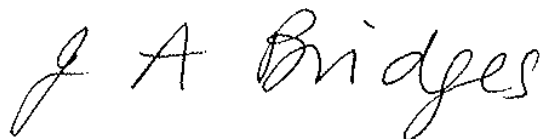
- management statement and financial memorandum from DCMS.
- a three-year corporate strategy for the financial years 2008/09 to 2010/2011, which was published in January 2009.
- an annual business plan and supporting budget for the financial year 2010/11 approved by the commission in February 2010.
- monthly budget monitoring and reporting regularly to the SMT and the commission up to March 2011 and monthly monitoring and reporting to the audit committee post March 2011.
- regular reporting of finances and performance against funding agreement objectives and targets to funders (DCMS and DCLG to March 2011; DCMS post March 2011).
- in December additional controls over expenditure were required by the DCMS during the closure period which remain in place during 2011/12.
- from January 2011 the Audit Committee has met monthly.

Review of effectiveness

As accounting officer for the period from 1 April 2011, I have responsibility for reviewing the effectiveness of the system of internal control during the period covered by this report. Up until 31 March 2011 my predecessor's review of the effectiveness of the system of internal control was informed by the work of the internal auditors, the SMT and managers within CAGE who had responsibility for the development and maintenance of the internal control framework. In addition, my review of the effectiveness of the system of internal control was informed by comments made by external auditors in their management letter, other reports, and by:

- an annual assurance report gained from an annual programme of internal audit reviews and advice which was agreed with the chief executive, the SMT and the audit committee
- the internal audit service, provided by PKF, which operates to the government internal audit standards
- the data security arrangements which have been reviewed against Cabinet Office information security guidelines and I believe that the security arrangements CAGE has in place are proportionate to the risks that CAGE face. To the best of CAGE's knowledge, no breaches of data security have taken place
- the assurances provided to me by the former chief executive and provided to him by the SMT, who had responsibility for the operational development and maintenance of internal controls and risk management framework and individual accountability on budget and financial management and post 31 March by the closure project lead
- the head of internal audit's opinion concluded that there were no significant control issues that required disclosure in the Statement on Internal Control.
- assurances gained from the work of specific committees across CAGE, in particular the audit committee which since January 2011 has met monthly in response to the significant change in the risk environment over the course of the year.

I am satisfied from the results of our review of the effectiveness of the system of internal control, and from assurances received from the former accounting officer, that systems are in place to give me reasonable assurance of their effectiveness. There are no significant internal control issues to report. Members of the commission support this statement.



Joyce Bridges

Accounting officer

8 June 2011

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 2011 under the Clean Neighbourhoods and Environment Act 2005. These comprise the Statement of Comprehensive Net Expenditure, the Statement of Financial Position, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity 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.

As explained more fully in the Statement of the Commission and Accounting Officer's Responsibilities, the Commission and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Clean Neighbourhoods and Environment Act 2005. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Commission for Architecture and the Built Environment's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Commission for Architecture and the Built Environment; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Commission for Architecture and the Built Environment's affairs as at 31 March 2011 and of its net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Clean Neighbourhoods and Environment Act 2005 and directions issued thereunder by the Secretary of State for Culture, Olympics, Media and Sport.

Emphasis of Matter – Financial Statements not Prepared on a Going Concern Basis

Without qualifying my opinion, I draw attention to note 1.2 to the financial statements. The Department for Culture Media and Sport, the sponsoring body for the Commission for Architecture and the Built Environment, announced on 20 October 2010 that funding to the Commission would be reduced for 2011-12 and cease thereafter. As a result, the commissioners decided to cease activity to deliver programmes on 31 March 2011. The commissioners and the Accounting Officer do not consider the Commission for Architecture and the Built Environment to be a going concern and the

financial statements have not been prepared on a going concern basis. Details of the effect of this on the financial statements have been disclosed in note 24 to the financial statements.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with directions issued by the Secretary of State for Culture, Olympics, Media and Sport under the Clean Neighbourhoods and Environment Act 2005; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
9 June 2011

Statement of comprehensive net expenditure for the year ended 31 March 2011

		2010/11	2009/10 (Restated)
	Note	£	£
Expenditure			
Staff costs	4	8,471,730	6,905,436
Depreciation and amortisation	10,11	555,049	287,545
Impairment	10,11	558,245	-
Other Expenditure	5	17,090,338	21,998,114
Total expenditure		<u>26,675,362</u>	<u>29,191,095</u>
Income			
Operating income	8	1,644,877	2,997,170
Total Income		<u>1,644,877</u>	<u>2,997,170</u>
Net expenditure		(25,030,485)	(26,193,925)
Interest receivable		6,340	6,256
Taxation	9	(1,331)	(1,314)
Deficit for the year to 31 March 2011	2	<u>(25,025,476)</u>	<u>(26,188,983)</u>

Other comprehensive expenditure

	Note	20010/11	2009/10
		£	£
Net gain/(loss) on revaluation of Property Plant and equipment		-	17.121
Total comprehensive expenditure for the year ended 31 March 2011		(25,025,476)	(26,171.862)

All activities, other than those relating to closure, were discontinued on 31 March 2011.(Note 3 refers)

Figures for 2009-10 have been re-stated in line with the Financial Reporting Manual (FReM) 2010-11

The notes on pages 32 to 56 form part of these accounts

Statement of financial position as at 31 March 2011

		31 March 2011	31 March 2010
	Note	£	£
Non-Current Assets:			
Property, Plant and equipment	10	-	821,882
Intangible Assets	11	-	364,316
Total Non-current assets		-	1,186,198
Current assets:			
Trade and other receivables	13	260,653	481,890
Cash and cash equivalents	14	1,351,716	2,800,695
Total current assets		1,612,369	3,282,585
Total assets		1,612,369	4,468,783
Current liabilities			
Trade and other payables due within 1 year	15	(2,255,783)	(2,391,615)
Provisions due within 1 year	16	(1,692,242)	-
Non-current assets plus net current liabilities		(2,335,656)	2,077,168
Non-current liabilities			
Trade and other payables due after 1 year	15	-	(149,317)
Provisions due after 1 year	16	(422,160)	(745,679)
		(422,160)	(894,996)
Assets less liabilities		(2,757,816)	1,182,172
Represented By:			
General reserve		(2,757,816)	1,096,930
Revaluation reserve		-	85,242
Total taxpayers equity		(2,757,816)	1,182,172

The financial statements on pages 27 to 56 were approved by the Board and were signed on its behalf by:

J A Bridges

Joyce Bridges
Accounting officer

Date: 8 June 2011

Paul Finch

Paul Finch
Executive chair

Date: 8 June 2011

The notes on pages 32 to 56 form part of these accounts

Statement of cash flows for the year ended 31 March 2011

	2010/11	2009/10
Note	£	£
Cash flows from operating activities		
Deficit for the year	(25,025,476)	(26,188,983)
Depreciation	10 405,238	225,871
Amortisation	11 149,811	61,674
Impairment	10,11,12 558,245	-
Loss on disposal of non-current assets	-	-
(Increase) / decrease in receivables	13 221,237	747,602
Increase / (decrease) in payables	15 (285,149)	(6,045,285)
Movements in provisions	16 1,368,723	270,567
Net cash outflow from operating activities	(22,607,371)	(30,928,554)
Cash flows from investing activities		
Purchase of property, plant & equipment	10 -	(71,968)
Purchase of Intangible assets	11 (12,338)	(321,451)
Net Cash flows from investing activities	(12,338)	(393,419)
Cash flows from financing activities		
Grant-in-aid - revenue	7 9,735,120	11,630,000
Grant-in-aid - Sea change	7 11,435,610	8,772,811
Sea change grant brought forward from 2008/09	-	6,227,189
Net Cash flows from financing activities	21,170,730	26,630,000
Net (decrease) / increase in cash and cash equivalents in the period	(1,448,979)	(4,691,973)
Cash and cash equivalent at the beginning of the period	14 2,800,695	7,492,668
Cash and cash equivalent at the end of the period	14 1,351,716	2,800,695

The notes on pages 32 to 56 form part of these accounts

Statement of changes in taxpayers' equity for the year ended 31 March 2011

	Note	Revaluation Reserves £	General Reserve £	Total £
Balance as at 1 April 2009		68,121	655,913	724,034
Changes in taxpayers' equity for 2009-10				
Deficit for the year to 31 March 2010		-	(26,188,983)	(26,188,983)
Gain on revaluation of Non-current assets	10	17,121	-	17,121
Total recognised Income & Expenditure for 2009-10		17,121	(26,188,983)	(26,171,862)
Grant from parent and funding bodies	7	-	26,630,000	26,630,000
Balance as at 31 March 2010		85,242	1,096,930	1,182,172
Changes in taxpayers' equity for 2010-11				
Deficit for the year to 31 March 2011		-	(25,025,476)	(25,025,476)
Loss on impairment of Non-current assets	10	(85,242)	-	(85,242)
Total recognised Income & Expenditure for 2010-11		(85,242)	(25,025,476)	(25,110,718)
Grant from parent and funding bodies	7	-	21,170,730	21,170,730
Balance as at 31 March 2011		-	(2,757,816)	(2,757,816)

The notes on pages 32 to 56 form part of these accounts

Notes to the accounts

1 Statement of accounting policies

These financial statements have been prepared in accordance with a direction issued by the Secretary of State for Culture, Olympics, Media and Sport with the approval of HM Treasury, in accordance with section 87 and paragraph 9 of schedule 2 of the Clean Neighbourhoods and Environment Act 2005.

1.1 Accounting conventions

These financial statements have been prepared in accordance with the 2010 -11 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be the most appropriate to the particular circumstances of CAFE for the purpose of giving a true and fair view has been selected. The particular policies adopted by CAFE are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.2 Non Going concern

The Department for Culture, Media and Sport (DCMS), the sponsoring body for CAFE, announced on 20 October 2010 that funding to CAFE would be reduced for 2011/12 and cease thereafter. DCLG had also reduced CAFE's funding for 2010/11 and in the light of the DCMS decision indicated that its funding would also cease after 31 March 2011. In view of this the Commission considered that CAFE was no longer a going concern and that closure of CAFE as a Non Departmental Public Body (NDPB) was the only outcome. These accounts have been prepared on a break up basis that CAFE is no longer a going concern due to lack of funding and that an alternative host organisation will be found for the two Engaging places staff who remain in post. Activity between 1 April 2011 and 31 October 2011 will be limited to that related to closure; activity to deliver programmes ceased on 31 March 2011. 19 staff transferred to Design Council CAFE, however as the Design Council ceases to be a public body from 1 April 2011 the provisions of Changes in the Machinery of Government do not apply as no functions of substance will continue within the Government sector. The affect of preparing the accounts on this basis is shown in note 24.

1.3 Grant-in-aid

All grant-in-aid has been recorded as financing as it is a contribution from CAFE's controlling parties giving rise to a financial interest. It is recorded as financing in the statement of cashflows and credited to the general reserve.

1.4 Operating income

Operating income comprises fees and charges for services provided to other government departments, agencies, non - departmental public bodies and other public sector bodies. This is recorded net of value added tax.

1.5 Grant payable

Grant payable to individuals or third parties by CABE (capital or resource) in accordance with its statutory powers and duties is accounted for when the grant recipient carries out the specific activities that forms the basis of entitlement. Where grant agreements do not stipulate such conditions, grant payable is recognised on an accrual basis when the grant agreement is signed.

Sea change capital grant offers made, but yet to become payable, are quantified in the commitment note 17 and the commitment in relation to the final payments due in 2011-12 for two projects has transferred to DCMS.

1.6 Tangible non-current assets

Non-current assets include leasehold improvements, purchases of office furniture and equipment and also information technology equipment. The minimum level for recognition of non-current assets in prior years was £3,000. On recognition, assets were measured at cost, including any costs that were directly attributable to bringing the asset into working condition for its intended use.

For the purpose of calculating the current value in prior years, revaluation was applied using CPI indices prepared by the Office of National Statistics to the closing carrying value of material assets only (e.g. leasehold improvements) at the year ending 31 March. Revaluation losses at that date were written off against the proportion of the credit balance on the revaluation reserve. Any remaining losses were charged to the net expenditure account. Revaluation gains were credited to the revaluation reserve.

CABE is no longer a going concern and all non-current tangible assets have been impaired to the net realisable value which is the higher of value in use and proceeds, less cost to sale. The impairment has been charged first to the available balance for the relevant asset on the revaluation reserve and the balance to the statement of comprehensive net expenditure.

1.7 Intangible assets

Initial cost of software and licences in the prior year were recognised and amortised over the useful life of the software; annual licenses to use software or ensure continuous updates are charged to the net expenditure account as they are incurred. The minimum level for recognition of an intangible fixed asset was £3,000. On initial recognition, assets were measured at cost, including any installation cost

necessary to bring the asset into working condition for its intended use, and directly attributable labour costs – including national insurance and pension cost where applicable.

CABE is no longer a going concern and all intangible non-current assets, including the CABE information system (CIS), have been fully impaired and charged to the statement of comprehensive net expenditure.

1.8 Depreciation

Depreciation was charged on all non – current assets at rates calculated to write down the valuation of each asset to its estimated residual value evenly over its expected useful life. The asset lives estimated for each class of assets were:

Fixtures and fittings	Three years
Leasehold improvement	Until the break clause date 24 March 2012 (In prior year until the end of the lease in December 2019)
Office and IT equipment	Three years
Intangible assets including software and licenses	Three years

CABE is no longer a going concern and therefore all non operational non-current assets, including the CABE information system (CIS), have been fully impaired and charged to the statement of comprehensive net expenditure.

1.9 Leases

Operating leases and rentals were charged to the net expenditure statement on a straight-line basis over the lease term, so as to reflect the consumption of the economic benefit.

CABE has no finance leases.

1.10 Taxation

As a non-departmental public body, corporation tax is paid on interest received only.

1.11 Value Added Tax

CABE is VAT registered for non core business activities. Where VAT is not recoverable, expenditure is shown gross of VAT.

1.12 Cost of Capital charge

In accordance with HM Treasury requirement for prior years, a notional charge reflecting the cost of capital recognised by CABE was included in the expenditure account. The requirement to apply this charge was removed for 2010/11 and for the purpose of comparison the 2009/10 accounts have been restated accordingly (see note 2).

1.13 Pensions

Past and present employees are covered by the provisions of the principal civil service pension scheme (PCSPS). The defined benefit schemes are unfunded. The agency 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 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 schemes, CABE recognises the contributions payable for the year.

1.14 Staff costs

In accordance with IAS19 Employee Benefits, CABE recognises the expected costs of short-term employee benefits in the form of compensated absences as follows:

(a) in the case of accumulating compensated absences, when the employee renders service that increases their entitlement to future compensated absences: and

(b) in the case of non – accumulating compensated absences, when the absences occur.

1.15 Segmental reporting

CABE's operating segments are represented by the different activities that are evaluated regularly by the accounting officer and chief decision maker in deciding how to allocate resources and in assessing performance. Segment results are reported for expenditure only as income, assets and liabilities are not evaluated in this way. Each segment is managed by a member of the executive team. The reporting structure of CABE during the year was as follows:

- Sea change
- Closure of CABE
- Other operating activities

An analysis of closure of CABE expenditure is set out in note 3.2.

All operations are carried out in the UK.

1.16 Impact of new International Financial Reporting Standards

Earlier application of IFRS

There are no IFRS that have been adopted early.

IFRSs not yet effective

There are no standards and interpretations in issue but not yet adopted that CABE anticipate will have a material effect on the reported income or net assets of CABE.

1.17 Provisions

In accordance with IAS 37, CABE recognises a provision when it has a present obligation, legal or constructive, and it is probable that a transfer of economic benefits will be required to settle it and a reliable estimate can be made of its amount.

1.18 Use of estimates

The preparation of financial statements requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent liabilities at 31 March each year. Actual outcomes could differ from those estimates. However the valuation guidelines applied are considered to be the best estimate of fair value and estimates have been made in the following cases:

Dilapidation provision

This provision is based on the estimated cost at today's prices that would be required to reinstate CABE's leased property to the standard as specified by the lease at the break clause date, 24 March 2012 (see note 16).

VAT provision

An estimate has been made of additional irrecoverable VAT cost which may be incurred by CABE on non-core business activities. This follows consultation with CABE's tax advisers and stakeholders and is based on an analysis of past income received. A provisional ruling has been received from HMRC but further discussions are taking place to finalise and quantify the extent of the liability, for more details see note 21 on contingent liabilities.

Onerous Contracts provision

An estimate has been made of the liabilities arising from contracts which extend beyond 30 September 2011, which is the date on which all activity in relation to those contracts will have ceased.

Redundancies and early retirement provision

An estimate has been made in today's prices of the costs of meeting redundancies not paid at 31 March 2011 and early retirement costs through to normal retirement age.

2 Changes in accounting policy arising from changes to the FReM for 2010-11

As stated in note 1.12 above the statement of comprehensive net expenditure for the year ended 31 March 2010 has, for the purpose of comparison, been restated following the removal of the charge for the cost of capital. The restatement is set out in the tables below:

Statement of comprehensive net expenditure for the year ended 31 March 2010	
	£
Other expenditure under FReM 2009-10	22,031,473
Adjustments for:	
Notional Cost of Capital	(33,359)
Other expenditure under FReM 2010-11	21,998,114

Total expenditure under FReM 2009-10	29,224,454
Adjustments for:	
Notional Cost of Capital	(33,359)
Total expenditure under FReM 2010-11	29,191,095

Net Expenditure for the year under FReM 2009-10	(26,227,284)
Adjustments for:	
Notional Cost of Capital	33,359
Net Expenditure for the Year under FReM 2010-11	(26,193,925)

Net Expenditure after interest and tax for the year under FReM 2009-10	(26,222,342)
Adjustments for:	
Notional Cost of Capital	33,359
Net Expenditure after interest and tax for the Year under FReM 2010-11	(26,188,983)

The deficit for the year is unchanged as the cost of capital charge is reversed on the face of the statement of comprehensive net expenditure. There is no impact on the statement of financial position.

3.1 Segment analysis for 2010-11

	Notes	Sea change	Closure	Other operating activity	Total
		£	£	£	£
Financing					
Grant In Aid		11,435,610	-	9,735,120	21,170,730

	Notes	Sea change	Closure	Other operating activity	Total
		£	£	£	£
Net Expenditure					
Income				(1,644,877)	(1,644,877)
Expenditure - Sea change grants paid	5	11,435,610	-	-	11,435,610
Expenditure - Sea change administration		173,838	-	-	173,838
Expenditure - Other Expenditure		-	4,582,498	10,483,416	15,065,914
Net Expenditure		11,609,448	4,582,498	8,838,539	25,030,485

3.2 Closure analysis

An analysis of the closure cost included in note 3.1 is set out below:

	£
Redundancy Costs	2,329,050
Legal Fees	4,841
Professional Fees	35,967
Grants	102,300
Agency Staff (Temps)	5,130
Training -Individual	56,456
Archiving	36,074
Impairment	643,487
Early retirement	350,612
Onerous contracts	993,746
Constructive losses	24,308
Sundries	527
Total	4,582,498

3.3 Segment analysis for 2009-10

	Notes	Sea change	Closure	Other operating activity	TOTAL
Financing		£	£	£	£
Grant In Aid		15,000,000	-	11,630,000	26,630,000

	Notes	Sea change	Closure	Other operating activity	Total
Net Expenditure		£	£	£	£
Income				(2,997,170)	(2,997,170)
Expenditure – Sea change grants paid	5	14,694,057	-	-	14,694,057
Expenditure - Sea change administration		305,943	-	-	305,943
Expenditure - Other Expenditure		-	-	14,191,095	14,191,095
Net Expenditure		15,000,000	-	11,193,925	26,193,925

4 Staff numbers and related costs

4.1 Staff costs and commissioner costs comprise:

	2010/11	2009/10
	£	£
Commissioner costs	136,117	149,430
Staff	2010/11	2009/10
	£	£
Salaries and wages	3,876,802	4,600,432
Temporary staff costs	778,090	729,667
Social security costs	316,770	363,248
Superannuation	668,940	816,915
Early Retirement Provision	350,612	159,567
Redundancy costs	2,351,142	141,675
	8,342,356	6,811,504
Less recoveries in respect of outward secondments	(6,743)	(55,498)
	8,335,613	6,756,007
Capitalised staff costs	-	171,637

Salaries and wages include permanent and fixed term contract staff paid through the payroll.

Superannuation

As the principal civil service pension scheme (PCSPS) is an unfunded multi-employer defined benefit scheme, CAGE is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: civil superannuation (www.civilservice-pensions.gov.uk).

For the 12 months to 31 March 2011, employers' contributions were payable of £682,221 to the PCSPS (2009-10 £816,086) at one of four rates in the range of 16.7% to 24.3% of pensionable pay, based on salary bands. Employer contributions are usually reviewed every four years following a full scheme valuation by the government actuary. The contribution rates are set to meet the cost of the benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer contributions of £4,102 were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £414, 0.8% of pensionable pay were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees. Contributions due to the partnership pension providers at the balance sheet date were £350.

4.2 Average number of persons employed

The average number of whole - time equivalent persons employed during the year was as follows:

	2010/11	2009/10
Permanent and Fixed Term staff	107	122
Other	9	15
	116	137
Staff engaged on capital projects (included above)	-	3

The actual number of permanent and fixed term staff employed at 31 March 2011 was 31.

4.3 Reporting of Civil Service and other compensation schemes - exit packages

Comparative data for 2009-10 shown in brackets

Exit Package Cost Band	Number of compulsory redundancies	Number of other departures agreed	Total number of packages by cost band
<£10,000	23	-	23
£10,000 - <£25,000	23 (1)	-	23(1)
£25,000 – < £50,000	12	-	12
£50,000 – < £100,000	14 (2)	-	14 (2)
£100,000 – < £150,000	1	-	1
£150,000 - < £200,000	1	-	1
Total number of exit packages by type	76 (3)	-	76 (3)
Total resource cost - £	£2.7 million (£0.14 million)	-	£2.7 million (£0.14 million)

To comply with S.10 Data Protection Act the analysis in the table does not sum to the total. 2 people have been omitted from the analysis but included in the totals.

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the commission has agreed early retirements, the additional costs are met by the commission and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

5 Other Expenditure

	2010/11	2009/10
	£	£
Programme costs	1,805,460	3,836,362
Grants	1,084,377	1,271,015
Capital Grants – Sea change	11,435,610	14,694,057
Administration expenses	366,370	710,410
Rent, rates and maintenance	1,084,755	1,021,175
Professional fees	177,740	135,814
Travel, subsistence and allowances	107,780	184,281
Statutory accounts audit ¹	34,500	28,000
Other Audit work (IFRS)	-	6,000
VAT provision	-	111,000
Onerous Contracts Provision	993,746	-
	17,090,338	21,998,114
Lease payments included above	635,180	575,969

¹ The 2010/11 figure includes £1,500 which relates to 2009/10

6 Capital Grant Payments – Sea change

	2010/11	2009/10	2008/09	Total
	£	£		£
Arun District Council	120,000	330,000	31,000	481,000
Barrow Borough Council	87,486	100,000	-	187,486
Berwick-upon-Tweed Borough Council	100,000	400,000	500,000	1,000,000
Blackpool Council	385,535	1,600,000	2,000,000	3,985,535
Bournemouth Borough Council	-	45,500	409,500	455,000
Cornwall Council	600,000	300,000	-	900,000
Devon County Council	37,668	150,670	188,338	376,676
East Riding of Yorkshire Council	289,151	1,203,000	1,527,000	3,019,151
Essex County Council	-	30,000	-	30,000
Great Yarmouth Borough Council	2,168,634	750,000	-	2,918,634
Hastings Borough Council	996,384	-	1,000,000	1,996,384
Kent County Council	256,622	1,567,000	1,925,000	3,748,622
North Devon Council	-	3,000	27,000	30,000
North Norfolk District Council	-	25,000	-	25,000

	2010/11	2009/10	2008/09	Total
North Somerset Council	95,000	656,447	100,000	851,447
North Tyneside Council	1,445,756	503,000	26,525	1,975,281
Penwith District Council	-	30,000	-	30,000
Rother District Council	100,000	400,000	500,000	1,000,000
Sefton Metropolitan Borough Council	800,000	2,000,000	-	2,800,000
South Tyneside Council	100,000	900,000	-	1,000,000
Sunderland Council	700,000	300,000	-	1,000,000
Swale Borough Council	-	24,000	-	24,000
Teignbridge District Council	-	26,500	-	26,500
Thanet District Council	1,300,000	753,000	27,000	2,080,000
Torbay Council (Berry Head)	-	547,674	157,327	705,001
Torbay Council (Cockington Court)	743,374	771,266	-	1,514,640
Torrige District Council	-	50,000	50,000	100,000
Wansbeck District Council	500,000	500,000	-	1,000,000
Worthing District Council	50,000	450,000	-	500,000
Wyre Borough Council	560,000	278,000	27,000	865,000
	11,435,610	14,694,057	8,495,690	34,625,357

7 Grant In Aid

	2010/11	2009/10
	£	£
DCMS Grant-in-aid received - revenue	4,690,905	4,690,000
DCLG Grant received - revenue	5,044,215	6,940,000
DCMS Grant-in-aid – Sea change	11,435,610	8,772,811
Deferred Grant brought forward from 2009/10	-	6,227,189
Total Grant In Aid	21,170,730	26,630,000

8 Operating Income

	2010/11	2009/10
	£	£
Big Lottery Fund	79,615	-
Department of Communities and Local Government	-	132,835
Crossrail Ltd	75,000	151,390
DCMS	-	99,607
Department of Food and Rural Affairs	339,500	-
Department of Health	10,700	121,810
Dialight	25,000	-
English Heritage	83,386	77,967
Home Office	119,146	51,263
Homes & Communities Agency	475,366	300,477
Olympic Delivery Authority	-	271,970
Partnership for Schools (DCFS/DFE)	326,424	1,455,055
Other Income	110,740	334,796
TOTAL	1,644,877	2,997,170

9 Taxation

	2010/11	2009/10
	£	£
Corporation tax at 21% (2009/10 - 21%)	1,331	1,314

As a non-departmental public body, corporation tax is paid only on interest received.

10 Property, plant and equipment

	Leasehold Improvements at Valuation	Office Equipment	Fixtures & Fittings	Information Technology	Asset Under Construction	Total I
	£	£	£	£	£	£
Cost or Valuation As at 1 April 2009	1,576,646	12,078	225,405	100,221	29,590	1,943,940
Revaluations	17,121	-	-	-	-	17,121
Additions	496,229	21,800	-	29,051	-	547,080
Transfers	-	-	-	29,590	(29,590)	--
Disposals	-	-	-	(39,291)	-	(39,291)
As at 31 March 2010	2,089,996	33,878	225,405	119,571	-	2,468,850
Depreciation						
As at 1 April 2010	1,141,759	6,491	223,273	88,865	-	1,460,388
Charge for the period	203,390	5,059	2,132	15,290	-	225,971
Disposals	-	-	-	(39,291)	-	(39,291)
As at 31 March 2010	1,345,149	11,550	225,405	64,864	-	1,646,968
Net Book Value						
As at 31 March 2010	744,847	22,328	-	54,707	-	821,882
Cost or Valuation as at 1 April 2010	2,089,996	33,878	225,405	119,571	-	2,468,850
Revaluations	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Disposals	-	-	-	(8,078)	-	(8,078)
Impairment	(372,424)	(13,029)	-	(31,191)	-	(416,644)
As at 31 March 2011	1,717,572	20,849	225,405	80,302	-	2,044,128
Depreciation						
As at 1 April 2010	1,345,149	11,550	225,405	64,864	-	1,646,968
Charge for the period	372,423	9,299	-	23,516	-	405,238
Disposals	-	-	-	(8,078)	-	(8,078)
As at 31st March 2011	1,717,572	20,849	225,405	80,302	-	2,044,128
Net book value						
As at 31 March 2011	-	-	-	-	-	-
As at 1 April 2010	744,847	22,328	-	54,707	-	821,882

Leasehold improvements in the prior year were revalued in accordance with the accounting policy in note 1. There were no revaluations of office equipment, fixtures & fittings and IT equipment.

11 Intangible assets

	Software	Asset Under Construction	Total
	£	£	£
Cost as at 1 April 2009	12,299	93,152	105,451
Revaluations	-	-	-
Additions	149,814	-	149,814
Internally generated	171,637	-	171,637
Transfer	93,152	(93,152)	-
Disposals	-	-	-
As at 31 March 2010	426,902	-	426,902
Amortisation			
As at 1 April 2009	912	-	912
Charge for the period	61,674	-	61,674
Disposals	-	-	-
As at March 2010	62,586	-	62,586
Net book value as at 31 March 2010	364,316	-	364,316
Cost as at 1 April 2010	426,902	-	426,902
Revaluations	-	-	-
Additions	12,338	-	12,338
Disposals	-	-	-
Impairment	(226,843)	-	(226,843)
As at 31 March 2011	212,397	-	212,397
Amortisation			
As at 1 April 2010	62,586	-	62,586
Charge for the period	149,811	-	149,811
Disposals	-	-	-
As at 31st March 2011	212,397	-	212,397
Net book value			
As at 31 March 2011	-	-	-
As at 1 April 2010	364,316	-	364,316

12 Impairments

The total impairment charge for the year was £643,487; of which £85,242 was charged to the revaluation reserve and the balance to the general fund.

13 Trade receivables and other current assets

	31 March 2011	31 March 2010
	£	£
Amounts falling due within one year		
Trade Receivables	32,135	180,336
Other Receivables	1,231	13,549
Prepayments	227,287	288,005
	260,653	481,890
Intra - Government Balances:		
Local Authorities	9,460	25,249
Central Government bodies	194,840	293,461
External to Government	56,353	163,180
	260,653	481,891

14 Cash and cash equivalents

	31 March 2011	31 March 2010
	£	£
Balance as at 1 April	2,800,695	7,492,668
Net change in cash and cash equivalent balances	(1,448,979)	(4,691,973)
Balance at 31 March	1,351,716	2,800,695

These balances at 31 March 2011 were held at Commercial Banks and cash in hand.

15 Trade Payables and other current liabilities

	31 March 2011	31 March 2010
	£	£
Amounts falling due within one year		
Corporation Tax	1,331	1,314
Trade Payables	273,988	1,003,029
VAT	98,800	32,679
Other Payables	101,899	185,930
Accruals and deferred income	1,664,784	944,184
Income tax & Soc. Security	114,981	224,479
	2,255,783	2,391,615
Intra - Government balances:		
Local Authorities	242	18,490
Central Government bodies	532,446	855,946
External to Government	1,723,095	1,517,179
	2,255,783	2,391,615
Amounts falling due after more than one year		
VAT	-	102,274
Other Payables	-	47,043
Other Payables	-	149,317
Payables include amounts owing to:		
Central Government bodies	-	102,274
External to Government	-	47,043
	-	149,317

Other payables include rent accrued during a rent - free period. Total rent to be paid over the term of the lease up to the date of the first rent review is apportioned equally over the time period from the commencement date of the lease up to the lease break clause point, 24 March 2012.

16 Provision for liabilities and charges

This provision relates to: early departure costs financed by CABE as discounted, dilapidations, VAT and onerous contracts.

	Early Departure	Dilapidations	VAT	Onerous contracts	Total
	£	£	£	£	£
Balance at 1 April 2010	159,567	475,112	111,000	-	745,679
Provided in year	367,332			993,746	1,361,078
Provisions not required written back	-	-	-	-	-
Provisions utilised in the year	(12,300)	-	-	-	(12,300)
Change in discount rate	(8,360)	28,305	-	-	19,945
Balance at 31 March 2011	506,239	503,417	111,000	993,746	2,114,402
Expected to crystallise within 1 year	84,079	503,417	111,000	993,746	1,692,242
Expected to crystallise over more than 1 year	422,160	-	-	-	422,160

Liability for provisions that remain extant at the date of closure will transfer to DCMS.

16.1 Early departure costs

CABE meets the additional costs of benefits beyond the normal PCSPS benefits in respect of employees who retire early by paying the required amounts annually to the PCSPS over the period between early departure and normal retirement. CABE provide for this in full when the early retirement programme becomes binding by establishing a provision for the estimated payments discounted by the Treasury discount rate of 2.9 % (1.8% in 2009-10) in real terms.

16.2 Dilapidations

CABE recognises a dilapidation provision for its leased property as it has an obligation to bring the property into a good state of repair at the end of the lease. The provision is based on the estimated costs of reinstatement of modifications CABE has made and the repair obligations required during the lease. The estimated cost of reinstating modifications made to the buildings is £475,112. This estimation was made in a formal Dilapidations Liability Report compiled by Real Estate Advisers Vail Williams. In line with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the costs of reinstatement have been recognised as part of the Leasehold Improvement assets and in the prior year were depreciated prospectively over the remaining lease term. In 2010/11 they have been fully depreciated/impaired to a net book value of zero.

16.3 VAT liability

CABE recognises a provision in relation to a potential VAT liability which may arise in regard to a particular service level agreement. Further discussions with HMRC have taken place as to any further liability and these discussions are continuing. (See note 21)

16.4 Onerous contracts

As a result of the withdrawal of future funding a provision has been recognised for contracts for goods and services supplied for the period beyond 30 September 2011, which is the date on which all activity in relation to those contracts is estimated to have ceased.

17 Capital Commitments – Sea change

During the year 2008/09 CABE was asked to deliver the Sea change programme on behalf of DCMS. It is a local authority capital grants programme. The Programme is in three waves and grants for each wave are paid out by CABE over more than one financial year. Total programme funding of £37,439,747 has been agreed since the inception of the Programme. The release of grant payments is contingent on the grantee successfully satisfying conditions of the agreement before staged payments can be released. £2,814,390 remains to be paid out and this commitment has been transferred to DCMS.

Sea change capital grant payment is allocated to local authority projects under two types of grant programmes: a large grant programme of grants between £2m and £4m and an open grants programme of grants between £200,000 and £1m.

Successful projects are awarded monies subject to funding agreements. The funding agreement has project specific conditions against set payment dates (normally three payments over 18 months). Each payment date has a set of conditions and in all cases these will include the requirement to match fund the grant received, the requirement to prove availability of total project funding, and details of how projects will publically acknowledge the funding.

Payment is made by CABE following satisfactory evidence being submitted against conditions and provided that no significant issues have been raised by the project monitor. In addition, all funding agreements have standard clauses that include the right to claw back grant if the grantee is in breach of the terms of the agreement.

Payments made under the Sea change programme are as follows:

	Funding Agreement	Paid per Note 6	Outstanding Commitment
Body	£	£	£
Arun District Council	481,000	481,000	-
Barrow Borough Council	187,486	187,486	-
Berwick-upon-Tweed Borough Council	1,000,000	1,000,000	-
Blackpool Council	3,985,535	3,985,535	-
Bournemouth Borough Council	455,000	455,000	-
Cornwall Council	900,000	900,000	-
Devon County Council	376,676	376,676	-
East Riding of Yorkshire Council	3,019,151	3,019,151	-
Essex County Council	30,000	30,000	-
Great Yarmouth Borough Council	2,918,634	2,918,634	-
Hastings Borough Council	1,996,384	1,996,384	-
Kent County Council	3,748,622	3,748,622	-
North Devon Council	30,000	30,000	-
North Norfolk District Council	25,000	25,000	-
North Somerset Council	851,447	851,447	-
North Tyneside Council	1,975,281	1,975,281	-
Penwith District Council	30,000	30,000	-
Rother District Council	1,000,000	1,000,000	-
Sefton Metropolitan Borough Council	3,927,675	2,800,000	1,127,675
South Tyneside Council	1,000,000	1,000,000	-
Sunderland Council	1,000,000	1,000,000	-
Swale Borough Council	24,000	24,000	-
Teignbridge District Council	26,500	26,500	-
Thanet District Council	3,766,715	2,080,000	1,686,715
Torbay Council (Berry Head)	705,001	705,001	-
Torbay Council (Cockington Court)	1,514,640	1,514,640	-
Torrige District Council	100,000	100,000	-
Wansbeck District Council	1,000,000	1,000,000	-
Worthing District Council	500,000	500,000	-
Wyre Borough Council	865,000	865,000	-
Total	37,439,747	34,625,357	2,814,390

18 Commitments under leases

Operating leases

Operating lease total commitments analysed between the following ranges in which the commitment expires.

	31 March 2011		31 March 2010	
	Building	Other	Building	Other
	£'000	£'000	£'000	£'000
Within one year	1,022		635	40
Between one and five years	-		1,906	24
After five years	-		3,017	
	1,022		5,558	64

Property rentals relates to all of the commitment expiring after five years. Lease commitments are gross of VAT as VAT can not be reclaimed on CABE core business. The lease commitment includes a penalty charge equivalent to 6 months rents in anticipation of exercising the break clause on 24 March 2012.

19 Related party transactions and connected bodies

CABE is sponsored by DCMS which is regarded as a related party. The material transactions with DCMS were in respect of grant-in-aid (note 7).

CABE received further funding from the Department for Communities and Local Government (DCLG). The material transactions with DCLG were in respect of grant under a grant agreement (note 7). CABE also entered into service level agreements with DCLG.

The following organisations are regarded as a related party:

Transaction counterparty	Nature of Related Interest	Nature of transaction and reason	Transaction value	Balances at year end
Organisation:				
Department for Culture, Media and Sport (DCMS)	Sponsor	Grant - in - aid	£4,690,905	Nil
Department for Culture, Media and Sport (DCMS)	Sponsor	Partnership project/s Secondment costs	£67,035	Nil
Department for Communities and Local Government (DCLG)	Provider of further funding	Grant under a grant agreement	£5,044,215	Nil

Transaction counterparty	Nature of Related Interest	Nature of transaction and reason	Transaction value	Balances at year end
Also sponsored by DCMS:				
English Heritage	Provider of further funding Recharge of Shared Urban Panel Costs	Partnership project/s	£57,622 expenditure £83,386 income	Nil
Olympic Delivery Authority (ODA)		Master planning learning legacy project	£20,118 expenditure	Nil
Arts Council of England (ACE)		Sea change Grant Management	£90,475 expenditure	Nil
Museums, Libraries and Archives Council (MLA)		Living Place Partner Contribution	£2,000 expenditure	Nil
Design Council	Party to TUPE arrangement	Grant	£102,300 expenditure £172 income	£102,300 creditor £172 debtor
Also sponsored by DCLG:				
Homes & Communities Agency (HCA)	Provider of further funding	Service level agreements	£135,000 expenditure £475,366 income	Nil

CABE has had material transactions with other Government departments and other central Government bodies. CABE receives income from service level agreements with the Home Office, Partnership for schools, the Department of Health, the Department for environment, food and rural affairs (Defra) and the South East England development agency.

CABE received income from a partnership agreement with Natural England and has also paid rent to the Civil Aviation Authority and also made payments to the Cabinet Office, the National Audit Office and the Department for Work and Pensions.

CABE is also required under IAS24 to disclose any material transactions with related parties, meaning an entity over which CABE, its Board or senior managers and their close family members could exert influence over a transaction. CABE's Commissioners are drawn from among its key stakeholders, and therefore it is in the nature of its business to have some transactions which are classified under IAS24 as related. All of the following transactions were entered into in the ordinary course of business and on an arms' length basis, consistent with CABE's policy on potential conflicts of interest. During the year CABE had the following material transactions in which there was a related interest. These transactions were for the provision of services to CABE in accordance with normal procurement processes.

Transaction counterparty	Nature of related interest	Nature of transaction and reason	Transaction value	Balances at year end
Emap Group of Companies	Paul Finch, chair of CABE is employed by Emap as editorial director of <i>Architectural Review</i> and <i>The Architects Journal</i> .	Payments by CABE for services	£8,385	Nil
English Heritage	Joyce Bridges, a CABE commissioner, is a commissioner at English Heritage	Recharge of Shared Urban Panel Costs	£57,622 expenditure £83,386 income	Nil
Cornwall County Council	MJ Long, a CABE commissioner, is a partner at Long & Kentish architects who were the architects for the repair, restoration and remodelling of Porthmeor Studios	Sea change grant	£600,000	Nil

Where conflict of interest is identified, CABE has procedures and controls in place to manage such conflict.

No outstanding balances are overdue and no provision for doubtful debts or write offs have been made.

20 Losses and special payments

The operational framework setting the governance arrangements between CABE and DCMS requires that CABE should have a process to document and report any losses and special payments. CABE has a process in place and losses of £10,720 were incurred (2009-10 £9,214). These transactions were considered immaterial but in addition further losses of £24,308 have been recorded as a result of prepayments impaired by the decision to withdraw future funding. This has resulted in these payments being classed as a constructive loss and the total losses recorded for 2010-11 is therefore £35,028

21 Contingent Liabilities

In December 2010 CABE was approached by HMRC as part of a review they were undertaking on all closing Arms Length Bodies (ALBs). At a meeting on 23 February invoices raised in 09/10 were reviewed by the inspector and the nature of these transactions were explained to him in line with the advice received from CABE's external tax advisors together with a copy of the Act explaining CABE's statutory status as the Government's advisor on the built environment. On 28 March 2011 HMRC issued a letter, received on the 1 April 2011, stating that all Service Level Agreements (SLA),

partnerships and sponsorships were subject to VAT and that grants paid by CAFE should have been subject to input VAT. Based on the determination contained in the letter CAFE were required to re-analyse all relevant transactions relating to the last 4 financial years and pay over outstanding VAT. CAFE's external advisors have challenged this decision and in the event of the ruling from HMRC standing input tax will be able to be reclaimed to offset the liability. At this stage it is not possible to estimate the final impact on the accounts without further negotiations and clarification with HMRC on the status of each transaction. At the time the accounts are signed this is an unquantifiable liability beyond the previous provision made in 2009/10 and therefore noted here as a contingent liability.

22 Events after the reporting period

The accounting officer was appointed on 1 April 2011 and authorised these financial statements for issue on the C&AG certification date.

23 Financial Instruments

As the cash requirements of CAFE are met through Grant - in -aid provided by DCMS and and grant provided by DCLG, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with CAFE's expected purchase and usage requirements and CAFE is therefore exposed to little credit, liquidity or market risk.

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

Interest rate risk: CAFE has very limited exposure to interest rate risk as CAFE does not rely for its financing on the interest earned from the special interest bearing deposit account to which Sea change Grants are credited and from which the CAFE business current account is financed on an ongoing basis.

Foreign currency risk: CAFE has no dealings in foreign currency and is not subject to currency fluctuation risk.

Receivables: All receivables are recognised as amounts receivable at the balance sheet date. Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. No interest is earned on receivables. Invoices are generally issued on 30 day terms. CAFE is not materially exposed to concentrations of credit risk to a single receivable or group of receivables.

Payables: Liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. CAFE strives to achieve payment within the public sector target which has reduced from 30 days to 10 during the year. CAFE is not materially exposed to concentrations of credit risk to a single payable or group of payables.

24 Non-going Concern

The effect of preparing these accounts on a break up basis is as follows:

- Non-current assets impaired by £643,487

This has reduced total taxpayers equity in the Statement of financial position by £643,487.

The effect on the Statement of comprehensive net expenditure is an expense of £558,244.



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