

Commission for Architecture  
and the Built Environment

# Annual report and accounts

2009/10





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and the Built Environment**

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

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# Introduction by the chair of CABB

I am pleased to introduce the annual report for CABB, the Commission for Architecture and the Built Environment, for the financial year ending 31 March 2010. This annual report contains our accounts as well as a record of our performance, and is the formal document laid before parliament on our behalf by our sponsor government department, the Department for Culture, Media and Sport (DCMS), as part of our accountability as a public body.

I was honoured to be appointed chair of the commission when Sir John Sorrell stepped down in December 2009. Sir John has helped to make CABB stronger, extended its reach and secured a higher national profile. We wish him all the best for the future.

CABB's ongoing work is directed by a three-year corporate strategy. This is set by our board of commissioners and executive team in consultation with DCMS and our other major funder, Communities and Local Government. The year 2009/10 was the second year of our strategy. CABB's performance is measured by a series of targets and objectives agreed each year by our funders. In the next section of this report, the chief executive, Richard Simmons, reports on that performance. I am pleased to report here that CABB met all of its targets for 2009/10.

CABB marked its tenth anniversary in September 2009, so we have a very substantial bank of independent expertise and knowledge, having advised thousands of projects around the country. We know from direct experience how good design can deliver both great places and value for money and our *Ten year review* reported on many of the buildings and places where CABB has made an impact.

In 2009/10, CABB's design review team offered advice and support to over 300 projects. Nowhere has

design review had a higher public profile than for the Olympic Delivery Authority, where we have helped it to secure high standards of design. We have been reinforcing our links with design review across the country to provide even more local communities and councils with independent expert advice, and supporting the national network of 21 architecture and built environment centres in their work to engage people in the design of local places.

In May 2009, a new minimum design standard for schools was introduced following advice from CABB. This means that school designs that do not meet the required level must be improved. The new threshold has already significantly improved the quality of proposals from bidding teams.

In partnership with the housebuilding industry, CABB runs Building for Life, the national standard for well-designed homes and neighbourhoods. We were delighted that a record 36 achieved the standard in 2009/10. Our other award scheme, the Prime Minister's better public building award, had a record shortlist of 24 high-quality designs, all of which will help deliver higher quality and more efficient public services.

CABB knows how much people value local open space, and we have scaled up our help for local authorities to involve the public in its design and management. Spaceshaper, our consultation programme, has proved popular because it captures the views of professionals responsible for a public space as well as those of users and last year we introduced Spaceshaper 9-14, for young people. We have also addressed the green space skills gap.

We know that school pupils can learn effectively by studying the buildings and spaces around them.

That is why Engaging Places, our education partnership with English Heritage, offers every school in the country ideas, materials and venues for learning about the built environment. Green Day, our initiative which inspires pupils and teachers to learn about climate change and how it relates to the built environment, involved 120,000 pupils across England.

Other highlights of the year have included helping to establish a cross-government strategy for delivering high-quality places. Managing a sustainable place is a complex challenge and we know that our web resource and learning programme, Sustainable Cities, has also helped local authorities to develop clear priorities for action.

During 2009/10, we said farewell to commissioners Robin Nicholson and Irena Bauman. Robin helped CABB to lead the debate about sustainable schools, and Irena was a great champion of our work across the country. Both devoted an extraordinary amount of time and energy to CABB and added greatly to our knowledge, credibility and reach.

Today CABB is a family of 125 staff and around 400 design advisors, led by 16 commissioners. Without the commitment and professionalism of everyone in this network CABB would not achieve everything it does, at such a low cost. I want to thank everyone for their hard work over the past year and look forward to championing great architecture, urban design and public space in every part of the country in 2010/11. I also look forward to working closely with new ministerial teams at a time when efficiency, cost and value will be watchwords.



**Paul Finch OBE**  
Chair, CABB

# Management commentary

I am pleased to provide this management commentary on CABE's work and performance during the financial year ending 31 March 2010.

CABE is the government's advisor on architecture, urban design and public space. We advise decision makers, professionals and the public on how to create well-designed buildings, places and spaces that work for people.

CABE is an executive non-departmental public body (NDPB) sponsored by the Department for Culture, Media and Sport (DCMS). Communities and Local Government (CLG) is also a principal funder. We receive funding from other government departments and public agencies to run specific programmes. CABE was set up in 1999 and the Clean Neighbourhoods and Environment Act 2005 gave the organisation a statutory role. As the chief executive, I am accountable to parliament through the permanent secretary at DCMS.

Agreements between CABE and our two main funding departments set out a series of objectives and targets that should be achieved during the year. Full details of the objectives and targets and our performance against each follow this commentary. In 2009/10 we met, or exceeded, all of our targets.

CABE is based in central London, with a staff team of 125 (at 31 March 2010). Our work is overseen by a board of 16 commissioners, chaired by our new chair, Paul Finch. Paul's predecessor, Sir John Sorrell, was in post until December 2009, and so was chair for most of 2009/10.

During 2009/10 CABE restructured its executive team. Following consultation with staff, the commission decided to reduce the

number of directorates from six to five and to reorganise work between them. This was done because the time had come to complete the delivery of recommendations in the government's 2009 'light-touch' review of CABE; to achieve efficiencies in anticipation of planned reductions in DCMS and CLG grant-in-aid in 2010/11; and to respond to changing needs among CABE's clients and funders. There was a small number of voluntary redundancies.

The commission wishes to thank the staff concerned for their service to CABE; not least Jonathan Davis, formerly director of knowledge and skills, whose long and dedicated career at CABE was marked by the high quality of his work, his enthusiasm and his influence on CABE's thinking. Our interim director of resources, Urvashi Bhagat, also left CABE during the year. She was replaced by Charlotte Cane.

One of the reasons CABE is so effective nationwide is that it can call on its 'family' for expert support. This network of around 400 people – design review panel members, enablers and regional representatives – provides a unique resource of experienced professionals we call on when needed. It is an approach that has served us, and our customers, very well for a decade.

Evidence that CABE itself is effective was demonstrated in 2009/10 by research produced by the consultancy Matrix. It deployed data from CABE's work to conclude that the value of our advice could be as high as £84 million per year for schools, and £850 million per year for housing.

Our customers – the architects, planners, parks managers, teachers, councillors and transport professionals among others, many

of whom work in senior management – also tell us that CABE is effective. A survey conducted during 2009/10 showed that at least eight out of 10 customers changed what they did as a result of using our training, design review, enabling and publishing services.

This is heartening news, because CABE's most valuable role is to help people make the right decisions at the right time, whether they be councillors needing advice on a new development, community groups unsure how to secure improvements to their local park, teachers struggling to find ways to inspire their pupils about local buildings, or developers looking for ways to improve the layout of their schemes and cut costs. We have advised all of these groups in the last year and they have told us clearly that they value our advice. Our advice brings economic benefits that dwarf the cost of it: in times of public spending constraint, this kind of long-term thinking must be right.

CABE's three-year corporate strategy, of which we have just completed the second year, sets out the organisation's plans and priorities and concentrates on five key themes:

- homes and neighbourhoods
- schools
- public space
- significant development
- innovation, creativity and learning.

Our work and performance in these areas is addressed below.

## Homes and neighbourhoods

The quality of most new housing is not good enough – and bad design affects people's health, happiness and security. Good housing, on the other hand, improves quality of life, increases property values and rewards developers.

CABE worked with its national and local partners across England throughout 2009/10 to help improve the design quality of new homes and neighbourhoods. We also urged the housebuilding industry not to lose sight of the need for good-quality homes as the tentative recovery in the housing market began.

We worked closely with the Homes and Communities Agency (HCA) during its first full year of operation, to help it support good design and sustainable development in housing. We provided direct support to HCA projects, helping its teams to build capacity to provide design leadership; and we helped to prioritise design in North Kent and North Yorkshire. In housing growth and housing market renewal areas, we continued to offer strategic and project support to improve local authority capacity to plan and deliver good design. Design task groups, our learning network for 300 decision makers, took place in Coventry, Cambridge and Wakefield, focusing on placemaking from policy to delivery, and in London, Nottingham and Manchester examining sustainable urban design.

CABE believes that every major public sector-funded housing programme should specify high-quality design as a condition of receiving funding and we also worked with the HCA to ensure that Building for Life (BfL), the national standard for well-designed homes and neighbourhoods, remained the measure of housing quality.

A CABE audit of the design quality of affordable homes, published in 2008/09, had found that fewer than one in five new schemes were good, with another one in five classed as poor. In 2009/10, we followed that audit by reviewing 270 schemes funded under the HCA's £1 billion Kickstart programme to revive

schemes stalled by the housing market. As we entered 2010/11, the HCA published a public consultation on a framework for national design and quality standards that proposed setting benchmarks for the majority of housing in receipt of public funds.

In 2008/09, Building for Life had become an indicator in local authorities' annual monitoring returns. We aimed in 2009/10 to ensure that all local authorities have accredited BfL assessors in place by 2011. By 31 March 2010, 250 officers from 170 local authorities had been trained and accredited. HCA regional design and standards teams received Building for Life assessor training, too.

Building for Life is not just about setting standards: it also celebrates the best in housing design. In 2009, seven outstanding schemes were selected for an award, out of a record 36 schemes that achieved a Building for Life standard. Lime Tree Square in Street in Somerset was among the high-scoring schemes. The design of the public space in that scheme put the pedestrian first, redefining the idea of the square and creating a series of social spaces.

CABE encouraged new thinking on solutions to the dilemmas facing our housing market: which new models of building and tenure provide the solutions we need to poor housing quality? We commissioned six experts to tell us what they would change to deliver more and better housing, answering the question in our publication title: *Who should build our homes?* CABE continues to develop new thinking on housing and is following up this influential report with more proposals, early in 2010/11.

In May 2009, the government set out its vision for world class places with a new strategy on improving

quality of place, *World class places*. CABE worked with the Prime Minister's strategy unit to produce the strategy. We also worked with DCMS and CLG in the development of a subsequent action plan, published in November 2009.

The plan includes commitments on championing design at ministerial level, ensuring more public engagement in the design of public buildings; applying a design threshold to all new public building programmes; expanding enabling work to support public sector clients in capital programmes; and ensuring that councillors have skills and support.

In March 2010, we published *Ordinary places*, which set out why it is not just city-centre icons that are important. We argued that local buildings and places should become valued and valuable, too, and made suggestions for how local people can become more involved in shaping the future for these places.

We continued to refresh and update guidance on placemaking, drawing on our experience over the last 10 years, with new online content developed on masterplanning and strategic urban design. And we worked with the HCA on a programme of support to rural local authorities, helping them to recognise good design and sustainability in their policies and communicate this to local people.

CABE has been working closely with local authorities to ensure that they recognise good design in their local development frameworks. By 31 March 2010, we had reviewed 74 core strategies across England, through a series of targeted workshops. We published the main messages from the workshops – the need to articulate where a place is at and where it's going, set the agenda and say it clearly – in our



publication *Planning for places*. The publication went to every head and director of planning in England and is being followed by an accompanying film early in 2010/11. We continued our workshops programme and are publishing case studies highlighting good practice.

We worked with the Planning Inspectorate on a two-day workshop to deliver design training for the inspectorate's design champions, in collaboration with the University of the West of England. The inspectorate won a 2009 RTPI award for commitment to lifelong learning and professional development and CABE was praised for its contribution.

We worked closely with CLG to embed the need for good design into policy and practice, including in the planning system. And we promoted housing design standards in response to consultations on the London housing design guide, the London plan and HCA housing design and sustainability standards.

### **Schools**

There is clear evidence of the link between well-designed schools and pupil performance and behaviour. We work to ensure that the new capital investment being made in secondary and primary schools nationwide is spent on creating excellent buildings that are fit for purpose, built to last and designed with users in mind.

At secondary level, CABE was funded by Partnerships for Schools (PfS) in 2009/10 to improve the quality of school design and ensure the best possible learning environments come out of the Building Schools for the Future (BSF) programme.

We did this primarily by reviewing bidders' proposals for new and refurbished buildings at the competitive stage of BSF, through

our specialist schools design panel. We then reported our findings to local authorities – helping them to choose the right bidder and in turn make the right planning decisions.

On 13 May 2009 a new minimum design standard for schools was introduced. Under the new regime, secondary school designs that do not meet the required standard at bidding stage must be improved. We are delighted that there is now a minimum standard: it gives both client and contractor the message that design will be a priority factor in deciding the fate of a bid. The standard is the result of joint work by CABE with the Department for Children, Schools and Families (DCSF) and PfS on the importance of well-designed schools.

The new standard, which included a change to the overall scoring system, was trialled during 2009/10 in five local authority submissions. During 2009/10, the schools panel reviewed 167 designs for 60 schools within 32 local authorities. The panel found that two were excellent and nine were good with the pre-minimum design standard. After the standard was introduced, three schemes scored very good, with 29 scoring a pass with the new scoring system.

The skill set of the schools panel itself was broadened during 2009/10, and it now includes educationalists, landscape designers and environmental specialists. The schools team has continued to run 'lessons learned' workshops with panel members on issues such as refurbishment and education models, which we then disseminate back to schools' client and design teams to help them improve.

There has also been a shift in our approach to advising teams on specific projects at the very early stage. We have moved away from

a direct enabling model, where CABE experts advise on specific projects. However, we continue to advise local authorities upfront, advising on issues such as how to assess the school estate and where to locate new investment. We delivered workshops for local authorities at the early stages of BSF and participated in the programme to train client design advisors for the programme.

Part of our upfront advice at the very early stages of a schools investment programme is being developed by CABE especially for BSF. The 'schools design journey' is a new online resource set to go live in 2010/11 that takes teams involved in commissioning projects through the pre-design stages, including strategy, planning and stakeholder consultation.

There is strong demand for guidance among bidding consortia and client teams. Schools design advice was among the most popular content on our website last year, with *Successful school design*, for example, the most visited page of our publications in 2009/10, with 10,706 unique page views. And *Creating excellent primary schools*, our new client guide for teams working on new and refurbished primary schools through the primary capital programme, was downloaded 3,000 times.

### **Public space**

With climate change, public health and the need for sustainable transport now centre stage in public policy and planning, the need for more intelligent use of public space is more urgent than ever.

Our specialist public space unit supported more than 40 strategic and site-based projects across England during 2009/10. We delivered 15 site-based projects improving the design of specific streets, squares and other green

spaces. Our clients included public sector agencies, councils and voluntary and community organisations. We worked with 22 local authorities to help them prepare open space strategies and with sub-regional partnerships in the delivery of green infrastructure plans.

Projects we supported included Pennine Lancashire 'squared' design competition, where we advised a local regeneration partnership on running a public space design competition across six Lancashire towns; Sheffield Homes children's play, where we supported a local social housing provider to improve children's play spaces; Northampton Borough Council parks and open space strategy, where we helped a local authority secure stakeholder support and complete its strategy; and Natural Economy North West green infrastructure programme, where we provided training material to guide planners on integrating green infrastructure within the planning system.

CABE wants more local authorities to adopt a strategic approach to planning and investing in public space locally. During 2009/10, we published updated guidance for open space strategies, in partnership with the Greater London Authority, that became one of CABE's most commonly requested publications. Mayor of London Boris Johnson agreed that open spaces are key to a better quality of life and supported CABE's call for a more strategic approach. Some 109 of the 168 urban local authorities in England – 65 per cent – have now completed an open space strategy.

Green infrastructure became an ever-more important focus of our work. Our Grey to Green initiative argued for a shift in public spending from grey projects like road building to green schemes like street trees

and waterways. We hosted events in London and Liverpool and commissioned three thought-provoking maps of green infrastructure. Twelve national agencies signed up to support the campaign and 59 local authorities took part in our online green infrastructure healthcheck.

Over the past two years, CABE Space has focused on the serious skills gap facing the green space sector. Our survey of local authorities in 2008 had revealed skills shortages, minimal training and recruitment problems. *Skills to grow*, a national strategy for addressing these problems, followed. The strategy, backed by 15 national partners, set out the priorities for improving green space skills. Over the course of 2009/10, an action plan has seen 45 out of 48 actions completed under the strategy, including a green space employer survey which for the first time provided national labour market and skills information for this sector.

Our work in this area helped to ensure a 19 per cent increase in the number of people starting Landscape Institute-accredited landscape architecture courses compared with 2007. We delivered CLG's £1 million green space apprenticeship grant scheme, mostly for staff working in deprived urban local authorities. We published new online guidance about green space apprenticeships. And CABE Space scholarships funded work and study trips to places where design is central to the creation and management of public space.

We also provided direct leadership training through the CABE Space leaders' programme, supported by the HCA Academy, in Bradford in February 2010. The programme offered green space leadership and management training to 84 managers from 55 local authorities.

Twenty-four urban local authorities were represented for the first time. This helped to increase the total of urban local authorities with skilled green space managers to 97 – 58 per cent of the total. Since it was first held in Sheffield in 2006, 422 delegates have attended from 204 different organisations. An average of 99 per cent have rated it very good or good.

Spaceshaper, our consultation tool for public spaces, is helping local authorities involve people directly in the decisions being made about public spaces in their area. Five major public delivery organisations – the Homes and Communities Agency, British Waterways, Groundwork, Riverside Housing Association and the Architecture Centre Network – adopted Spaceshaper as a tool for delivering improvements to public space in 2009/10. We also produced a new version of the toolkit for young people. We launched 'Spaceshaper 9-14' and trained 120 facilitators.

In March 2010, CABE published *Urban green nation*, the first national survey of urban green spaces. Creating an inventory of over 16,000 urban green spaces, it reported much-valued progress in the last decade to improve green spaces, but considerable inequalities in provision and quality for different groups of people, especially black and minority ethnic and deprived communities. CABE also identified the gaps in knowledge, where nationally there is no data on the performance of green spaces.

We worked to help registered social landlords (RSLs) improve the spaces on their estates. This led to 29 RSLs signing up to a manifesto to commit to high-quality green spaces. The *Decent homes decent spaces* action plan, prepared with the National Housing Federation and the Neighbourhoods Green

Partnership, sets out practical actions to improve the quality of green spaces in social housing estates. We also published advice for community groups wanting to improve local green space.

The design of many of our streets needs a rethink, to help make towns and cities healthier and sustainable. In 2009/10, we produced a new street design and placemaking training pack, designed to support architecture centres delivering training for the Department for Transport's *Manual for streets*. CABE hosted a day-long consultation workshop reviewing the draft of *Manual for streets 2*.

CABE continued its management of Sea Change, a DCMS-funded seaside regeneration programme that invests £45 million worth of capital grants to promote economic growth. Across three 'waves', we have awarded 34 grants, with the final wave in 2009/10 benefiting Margate, St Ives, Tynemouth, Plymouth, Barrow-in-Furness, Fleetwood and Roker. Sea Change aims to drive cultural and creative regeneration and economic growth in seaside resorts by funding inspiring, creative and innovative projects, helping to improve cultural facilities, public spaces and promenades, and and boosting tourism.

### **Significant development**

Homes, schools and public spaces may form the bedrock of our communities, but we have to ensure that large new public buildings and workplaces are well designed, too.

Design review – independent expert assessment of building and public space proposals – offers free advice to developers and planners on the design quality of major new development proposals in England. Design review panels, made up of architects and other built environment experts, provide that

advice. Overall, 1,019 schemes were submitted to the CABE design review panel in 2009/10, compared to 1,068 in 2008/09. Although this is a drop of 5 per cent, the drop is smaller than the 17 per cent fall in the number of planning applications projected for 2009/10 by CLG.

The CABE design review panel advises on the most strategic and significant schemes across England. We often review small schemes, too, because they are significant in some other way – their use, site, impact on local planning policy, or for their potential to set a precedent. During 2009/10, the CABE panel conducted 324 reviews, relating to 236 individual schemes. We reviewed 104 of these schemes more than once and the design quality of 70 per cent of these either improved or was maintained.

Battersea Power Station was among the major projects we reviewed. Six special reviews for that scheme helped it towards planning permission. Our own costs – roughly £2,500 per review – were tiny in comparison to what will be the overall costs of that project.

Among the types of project reviewed by the CABE panel in 2009/10 were urban extensions, major developments adding large numbers of new homes to existing places; energy-from-waste schemes; and supermarket-led developments including housing, where CABE liaised with the major retailers on their design approach. Over a series of design reviews, certain issues repeated themselves and prompted a series of research projects on each typology, with the aim of raising the quality of their design and delivery in future.

Crossrail is the largest single project in London's transport investment programme and our specialist Crossrail panel advises on the design of seven new stations

underground and at street level. The chief executive of Crossrail attends every meeting – an indication of how seriously Crossrail takes the design of these stations.

CABE has been an important advisor on design proposals for the London 2012 Olympic and Paralympic Games, with a focus on the all-important plans for the legacy of the Games. With much of the building and park design now agreed, our design review work in 2009/10 focused on the look and feel of the temporary stadia.

Two new specialist review panels started work in 2009/10. A panel of 20 experts with sustainability and infrastructure knowledge reviewed proposals for new eco-towns, at Whitehill Borden and Northwest Bicester. And, on behalf of the Infrastructure Planning Commission, we assembled a panel with infrastructure and transport expertise.

CABE wants all English regions to have a design review panel (or sub-regional arrangement) by 2011. Eight of the nine regions have their own panel, with two new panels established – the North East in June 2009, and Yorkshire and the Humber in January 2010. Discussions continue between CABE and agencies in London about a possible panel for the capital.

Affiliation between CABE and the panels means closer ties and sharing of expertise – and an emerging network of support. During 2009/10, we also offered one-off financial support to the South East and East Midlands panels, following the withdrawal of support from other sources. CABE published *Design review: principles and practice* in November 2009, explaining how to set up and run a design review panel.

CABE's enabling service, which advises on projects at the very early stages, has supported government departments involved in specific building programmes: the Department of Health, Partnership for Schools (Pfs) and the Department for Children, Schools and Families, the Department for Environment, Food and Rural Affairs, the Ministry of Justice, the Office of Government Commerce, and Business, Innovation and Skills. On health in particular, we provided enabling support to a range of primary trusts and acute hospitals, supporting the NHS design review service, and were commissioned to deliver recommendations to the Department of Health on its policies to deal with sustainability of the NHS estate.

CABE worked with DCMS on a discussion event for officials supporting ministerial design champions in February 2010. The event, chaired by Paul Finch, examined how departments could prioritise good design in public procurement, and support ministerial design champions. CABE agreed to support DCMS in preparing an updated job description and a guide to why the role matters in government.

Several excellent new public buildings opened in 2009/10, which we celebrated through the annual Prime Minister's award for better public building. Since 2000 this has recognised excellence in design and procurement from across the public sector. In 2009/10, we received 125 entries and shortlisted 24 – the largest shortlist to date. The winner of the 2009 award was the Joseph Chamberlain Sixth Form College in Birmingham, where vision and team working came together to create first-class student facilities.

**Innovation, creativity and learning**  
CABE's work during 2009/10 involved an ongoing programme

of education, training and research.

CABE runs a national education programme helping teachers use the built environment to inspire learning. We ensure that every school in the country can access high-quality, curriculum-linked educational resources that help young people learn both about, and through, the built environment. On average, six out of 10 teachers use the built environment at least once a term in their teaching.

In 2009/10, we continued to host Engaging Places, a joint education initiative with English Heritage. This includes a major online resource for schools [www.engagingplaces.org.uk](http://www.engagingplaces.org.uk). By March 2010, the website featured 277 articles, 518 venues nationwide and 624 teaching resources, up from 107 articles, 342 venues and 200 resources one year before. Meanwhile, 820 subject-specific teaching activities have been written for the venues and 84 lesson plans produced by teachers working in built environment academies. In 2009/10, the website received 85,944 visits. Satisfaction with the site and perceptions of its effectiveness remain high.

Engaging Places also offered in-depth customised support for 12 individual projects piloting new models of learning through the built environment. These involved not just primary and secondary schools but a special educational needs school and a pupil referral unit. These Engaging Places projects worked with 255 pupils at a total cost of £112 per person and the case studies from each will inform the work of thousands of teachers. In these ways, the initiative has been raising the profile of built environment education and demonstrating its value as an inexpensive and easily accessible approach to cultural education.

Green Day took place for the second year in 2009. This programme helps to make schools sustainable, supporting pupils and teachers to think about climate change and how it relates to the buildings and spaces around them. On 5 June 2009, World Environment Day, over 120,000 pupils across England took part – an increase of 90,000 on the previous year. Eighty per cent of the registered schools were primary, 10 per cent were secondary and 10 per cent were special schools.

Our Green Day activity kit was downloaded 3,463 times. Ninety-six per cent of the 404 schools that held a Green Day rated their event either 'very good' or 'good'; 86 per cent involved parents or the local community in their activities; and local authority colleagues reported back how useful Green Day had been in facilitating their work. In the run-up to Green Day 2010, teachers have already attended half-day training workshops at venues around the country to build their confidence and capacity to deliver a creative and effective programme in the coming year.

During 2009, CABE published *Our school building matters*. This provides a wealth of ideas for exploiting the process of a new build or refurbishment project. Investment in the fabric of a school provides a unique opportunity to stimulate teaching and learning. As they use the resource, schools encounter a crash course in architecture and enjoy activities that respect the creativity of teachers as well as providing practical material linked to the curriculum.

Meanwhile, other aspects of CABE's education programme included publication of our regular magazine *360°*, a small grants programme which awarded £1,500 to six different schools, and our



support to the national network of architecture centres.

At the centre of our response to the challenge of climate change has been CABA's work to promote the design and management of sustainable places. *Sustainable Cities*, a programme of support to local government, offers advice and best practice on both adaptation and mitigation. A web resource ([www.sustainablecities.org.uk](http://www.sustainablecities.org.uk)) and learning programme help local authority leaders to respond to climate change and make effective decisions on planning, design and management. The website attracted 59,750 unique visits in 2009/10.

*Sustainable Cities* builds on our collaboration with the eight core cities, drawing on the advice of the UK's leading built environment and sustainability experts. Twenty-six per cent of local authorities in core city regions – 13 out of 50 – now have strategies in place that recognise the contribution of design and management of the built environment to achieving sustainable places. We gave intense enabling support on sustainability to the cities of Birmingham, Bristol, Nottingham and Sheffield and worked with a further 10 local authorities to support them in setting sustainable design or climate change strategies.

CABA also continued to support the national network of 21 architecture and built environment centres (ABECs) in 2009/10, to ensure that local people, including young people, are engaged in the design, planning and management of buildings and spaces, and to support decision makers in recognising and choosing good design. Our regional funding programme has to date reached more than 600,000 people at an average cost of £2.65. Every ABEC worked with local authorities, and 29 per cent of their events were

specifically targeted at young people. In 2009/10 CABA commissioners agreed that our funding and partnership work with ABECs should continue into 2010/11. Savings in the cost of our head office operations helped to make this support possible.

In 2009/10, CABA engaged with built environment professionals and decision makers from 82 per cent of local authorities in England to increase their skills, knowledge and understanding of good design. We achieved this through Building for Life assessor training, local development framework workshops and the seventh urban design summer school, which took place in Bristol during June 2009. We also worked on updated design advice for local councillors.

CABA has robust reporting systems in place to monitor the effectiveness of its communications and campaigning activity. This tells us that 75 per cent of readers find CABA publications useful in their day-to-day work. Some 18,000 people subscribe to our monthly e-newsletter, *CABA News*. Our main corporate website, [www.caba.org.uk](http://www.caba.org.uk), had more than 560,000 unique visits, and publication downloads from the site increased by 29 per cent, to 208,070.

We published *Homes for our old age*, in partnership with the Department of Health's housing living and improvement network. Through good practice, it highlighted the potential of good housing design to contribute to well-being in old age.

#### **Finance review**

The net expenditure account for the period ended 31 March 2010 shows a deficit for the year after taxation of £26,188,983. The total expenditure of £29,224,454 is significantly higher than last year. This is due to Sea Change,

which is a local authority capital grants programme, and the total expenditure incurred by CABA was £15,000,000 (2008/09: £8,772,811), which is included in other operating costs.

The statement of financial position as at 31 March 2010 shows that the non-current assets plus net current assets amount to £2,077,168, compared to £919,780 in 2008/09. The cash and cash equivalents have decreased and so have the trade and other payables from last year. Last year the cash and other payables both included the deferred capital grant for Sea Change of £6,227,189. Credit control measures have been effective in limiting exposure to the risk of bad debts and hence decreasing the trade and other receivables.

The cash flow statement analyses the net cash flow from operating activities, identifies how much CABA has spent on capital and shows the net overall movements in CABA's cash and bank balances over the year. CABA has generated a decrease in cash of £4,691,973. This is primarily due to deferred income for the Sea Change capital grant being held in cash balances at the last year-end, with the payment being made this year.

CABA received its funding from two main government departments – core grant-in-aid, excluding Sea Change, of £4,690,000 from DCMS and £6,940,000 from CLG – to perform its role as the government's advisor. Of the total funding from DCMS, £868,531 was capitalised in non-current assets. £475,112 of this was a provision for the estimated costs of bringing the leasehold premises up to a good state of repair when the lease ends in December 2019 and £321,451 was the cost of an integrated data management and information system. CABA secured other

funding through service level agreements, bank interest and other income, totalling £3,003,426 (compared with £2,625,779 at March 2009).

#### **Fixed asset management**

Fixed assets are regularly reviewed to ensure that they are fit for the purpose for which they are being used. Only those assets with a value of over £3,000 are classified as fixed assets in general. Indices are applied only to those leasehold assets that are judged likely to materially fluctuate in value. Please see the accounting policy note 1 in the annual accounts for details.

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

The commission is firmly committed to equality of opportunity and has developed an equality scheme, which was published in November 2008. The scheme incorporates a three-year action plan which focuses on CABE providing clear leadership on equality and inclusion, and using its influencing role to promote these issues in its work on the built environment. The plan seeks, when completed, to ensure both legal compliance and a demonstration of best practice in the field.

As part of its work on the action plan, CABE carries out equality monitoring at the recruitment stage for staff and panel members and has surveyed other parts of the CABE family including regional representatives and advisors. An equality impact assessment of CABE's website has been completed and assessments of other key activities are under way. We have established the inclusion by design group to advise CABE on all aspects of inclusive design and equality.

CABE operates a sickness absence policy with provisions similar to those offered in the civil service.

Employees who are absent owing to sickness are (subject to a limited number of exceptions) paid for a defined period provided they have complied with CABE's sickness reporting and notification rules. There was an average sickness of 2.6 days (based on 333 days in total for an average head count of 126 people. For the year ending 31 March 2010 there were no long-term sickness absence cases within CABE.

CABE has a number of employee communication and consultation arrangements. These include a formal staff forum which is attended by staff representatives from each directorate and chaired by the chief executive. The forum discusses matters that affect the staff body including pay and reward.

#### **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 30 days.

For the year ending 31 March 2010 the percentage of invoices paid within 30 days was 81 per cent, compared with 85 per cent in the last financial year. This reduction in performance is due to significant staff changes in the finance team. We are putting systems in place to improve our payment performance and will be seeking to pay most invoices within the government's target of 10 working days.

#### **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 2010.

#### **Open government**

Under the open government code, the commission does not charge

fees for requested information, unless provision of the information will consume a significant amount of staff time and resources.

#### **Future developments**

The planned development of CABE's activities is set out in its corporate strategy for 2008/09 to 2010/11. The corporate strategy can be found on CABE's website at [www.cabe.org.uk/corporate/strategy](http://www.cabe.org.uk/corporate/strategy).

Since 31 March 2010 CABE's 2010/11 budget has been cut, but the full extent of the cut is not yet known. These in-year cuts will mean that we will be unable to deliver our 2010/11 plans in full. This is covered further in note 20 to the accounts.

#### **Commission members**

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

The following were members of the commission as at 31 March 2010:

Mr Paul Finch OBE (chair)  
(as of December 2009)  
Ms Joyce Bridges CBE  
(joint deputy chair)  
Ms Anthea Case CBE  
Mr Richard Cass  
Mr Piers Gough CBE  
Mr Nick Johnson  
Mr Hanif Kara  
Ms MJ Long  
Mr Ben Page  
Ms Liz Peace  
Mr Jason Prior  
Dr Ken Shuttleworth  
Mr Deyan Sudjic OBE  
Ms Lorna Walker

The following retired from the commission during 2009/10:

Sir John Sorrell CBE (Chair) (retired December 2009)  
 Mr Robin Nicholson CBE (Joint deputy chair) (retired March 2010)  
 Ms Irena Bauman (retired March 2010)

**Chief executive**

The chief executive and accounting officer is Richard Simmons.

**Members of the audit committee**

Ms Anthea Case CBE (Chair)  
 Mr Emir Feisal (as of September 2009) – independent member

Mr Ben Page  
 Mr Hanif Kara  
 Mr Nick Johnson  
 Ms Liz Peace

**Register of members' interests**

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

**Political and charitable gifts**

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

**Health and safety**

In line with the requirements of the Health and Safety at Work Act, CABE has measures in place to provide a safe and healthy working environment for staff and others coming into contact with CABE. As part of our duty of care we have programmes of training for staff including our fire wardens and first aiders. We carry out workplace assessments for everyone joining CABE and where necessary we engage the services of specialist advisors and occupational health professionals to ensure the continued welfare of staff. Staff are 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, CABE takes its responsibilities towards the environment seriously. We seek to minimise the environmental impact of our operations by adopting the best possible environmental practices in:

- energy and resource consumption
- renewable energy use
- reducing waste and increasing recycling
- preventing pollution and minimising use of hazardous materials
- business and commuter travel
- promoting environmental awareness among suppliers, ensuring that the goods and services we receive meet minimum environmental criteria
- considering the effects that our operations may have on the local community
- ensuring effective incident control, investigation and reporting
- reporting on our sustainability performance in the annual report.

CABE's management team is responsible for the organisation's environmental policy and for ensuring that environmental issues are considered in planning and day-to-day work. A sustainable development group, headed by two commissioners, monitors CABE's work in this area.

**2009 sustainability audit and recommendations**

The main measures of CABE's environmental impact are our carbon footprint, showing the organisation's greenhouse gas emissions (in tonnes of carbon dioxide equivalent [CO<sub>2</sub>e] 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). CABE is committed to becoming carbon neutral by 2012 and we are aiming to achieve this by reducing carbon emissions and offsetting our emissions where appropriate.

CABE commissioned the independent consultancy Best Foot Forward (BFF) to assess the organisation's environmental impact through a sustainability audit. The audit, for the calendar year 2009, followed similar exercises for 2008 and the financial year 2005/06, allowing us to monitor progress. As the audit was of the calendar year 2009, it covers only nine months of the 2009/10 period covered by this annual report.

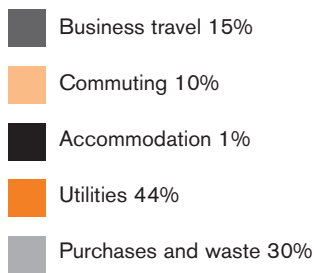
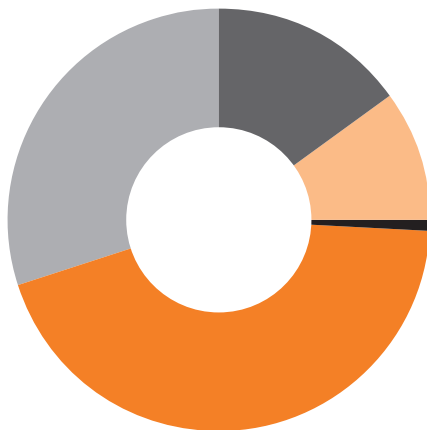
CABE has shown a consistent reduction over the past two years in both absolute carbon footprint and carbon intensity per full-time equivalent employee.

**CABE's carbon footprint reduction in 2008 and 2009**

| Change in carbon footprint | 2008 | 2009 |
|----------------------------|------|------|
| Absolute change            | -9%  | -3%  |
| Change per FTE employee    | -30% | -7%  |

*Note: 2008 reduction compares with BFF's 2006 initial carbon footprint analysis of CABE*

The 2009 audit reveals a 3.4 per cent reduction (14 tonnes) in CABE's annual carbon footprint, to 439 tonnes, and a fall of 0.7 per cent (1 gha) in our ecological footprint, to 134 gha. The footprint per staff member was 2.87 tonnes and 0.96 gha, representing a fall of 0.21 tonnes and 0.04 gha per person from 2008. The figures do not include non-work personal emissions.



### Breakdown of CABB's office carbon emissions, 2009

The audit found that utilities consumption – electricity, oil and water – followed by purchases and waste were the largest contributors to CABB's carbon footprint, making up 44 per cent and 30 per cent of our total CO<sub>2</sub> emissions respectively. Purchases and waste disposal were the largest single element of our ecological footprint, followed by utilities – which had been the biggest element in 2008.

The audit reported that the largest single year-on-year carbon footprint reduction since 2008 came from utilities, with emissions 9 tonnes lower in 2009, followed by accommodation, with 5 tonnes lower. However, purchases and waste saw a year-on-year increase of 10 tonnes. Purchases and waste also accounted for a 6 gha year-on-year increase.

CABB reduced its electricity use by 3 per cent in 2009, while oil and water consumption fell by 7 per cent and 2 per cent respectively. These reductions could be

associated with changes in staff behaviour facilitated by the installation of an energy monitoring system in CABB's offices, and the use of more energy-efficient equipment including low-energy light bulbs and software that reduces lighting consumption during quiet times. CABB purchases its electricity on a green tariff. Water-saving devices have helped to reduce water consumption.

Waste increased by 5 tonnes and the recycling rate fell from 70 per cent to 56 per cent year on year, though Best Foot Forward suggests that these variations could be caused by different data collection methods. CABB seeks to recycle as much plastic, metal, paper and glass as possible, using separated waste bins.

Paper use fell year on year, as did purchases of publications. CABB uses recycled paper for publications, office paper and stationery. CABB's office printers use low-toxin, low-energy processes and ecologically sound supplies and all printers must be ISO14001 certified or have a similar environmental accreditation.

Business travel generated 66 tonnes of CO<sub>2</sub>e in 2009, which was 5 tonnes lower than in 2008. This demonstrates the continuing impact of CABB's green travel plan. This also saw business air travel reduce dramatically, from 322,564km to 61,315km. Train travel overall increased from 631,379km, to 895,044km. Eighty three per cent of CABB staff travel to work by public transport, and 14 per cent cycle or walk to work.

In its audit report, Best Foot Forward made a series of recommendations that will help CABB to reduce its carbon and ecological footprints. In considering these, BFF said, it is important to taken into account the scale of each

individual impact, and how much control and influence CABB has over that impact. So, it is important for the carbon reduction strategy to focus both on the big hitters and the quick wins. For the strategy to succeed, changes are needed to technology, behaviour and corporate policy. All staff need to engage effectively with the strategy.

Recommendations for reducing CABB's footprint in specific areas include:

- Utilities. Continue to reduce demand, increasing energy efficiency and finding methods of improvement. Then consider supply-side options such as micro generation.
- Purchases, food and waste. Reduce waste by producing less: make office processes more efficient. Increase electronic subscriptions, purchase most energy-efficient software, turn off idle equipment, source seasonal and lower-emissions food, recycle more paper, print less and print double-sided and recycle IT to charities where possible.
- Business travel. Continue to choose travel with lower emissions. Reduce business mileage by using more teleconferencing and travel overseas only when absolutely necessary.

CABB is seeking to be carbon neutral by 2012. To achieve this, we are seeking to reduce our 2008 benchmark figures by the following:

- reducing electricity consumption by 25 per cent
- reducing oil consumption by 20 per cent
- reducing flights by 10 per cent
- reducing short-haul and long-haul flights
- changing 50 per cent of remaining short-haul flights to train
- reducing recycled waste and mixed waste by 20 per cent.



## CABE's carbon and ecological footprint

|  | 2008 emissions<br>(tonnes CO <sub>2</sub> e) | 2009 emissions<br>(tonnes CO <sub>2</sub> e) | 2008 EF<br>(gha) | 2009 EF<br>(gha) | CO <sub>2</sub><br>difference | EF<br>difference |
|--|--|--|------------------|------------------|-------------------------------|------------------|
| Total  | 416  | 402  | 135              | 134              | -14                           | -1               |
| Total per staff                                      | 3.08   | 2.87   | 1.00             | 0.96             | -0.21                         | -0.04            |
| Business travel                                      | 71   | 66   | 19               | 17               | -5                            | -1               |
| Commuting  | 46   | 43   | 12               | 12               | -2                            | 0                |
| Accommodation  | 13   | 5  | 4                | 1                | -8                            | -2               |
| Utilities  | 202  | 193  | 56               | 53               | -9                            | -2               |
| Purchases and waste<br>(not including capital items) | 85   | 93   | 74               | 49               | 10                            | 6                |
| Land use   | -  | -  | 1                | 1                | 0                             | 0                |

Source: Best Foot Forward, 2010.

Note: The 2008 figures reported in the 2008/09 CABE annual report have been updated in this annual report using updated DEFRA carbon conversion methods.

We focus on carbon management, but recognise that some offsetting will be necessary to reach our 2012 objectives. CABE offsets some of its emissions by supporting low-carbon projects elsewhere. In offsetting, CABE seeks to follow 2009 DEFRA and DECC principles for good-quality offsetting, namely: validation and verification, permanence, avoiding double counting, transparency, timing and avoiding leakage.

### Auditor

Since CABE 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 2010 is £28,000. In addition the audit fee for the restatement of our accounts for 31 March 2009 to IFRS was £6,000.

### Disclosure of information to auditors

As accounting officer, I confirm that there is no relevant audit information of which the National Audit Office is unaware. I have taken all 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 on the C&AG certification date by the accounting officer Dr Richard Simmons.



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

# Performance against targets and objectives

In this section, we report on the progress CAFE made in 2009/10 against the objectives and targets set out in our funding agreements with DCMS and with CLG. As CAFE's sponsor, DCMS has set broad objectives that cover 2009/10 and 2010/11. Performance towards these objectives in 2009/10 was good across the board. CAFE also met all the targets set out in its funding agreement for 2009/10 with CLG, CAFE's largest funder.

## What we said we would do

A total of 250 Building for Life assessors operating in 120 local authorities.

Funding criteria clarified or amended in key public sector-funded housing delivery programmes.

An increase in the number of local development framework core strategies that have design ethos embedded.

An increase in the number of people commencing Landscape Institute-accredited landscape architecture courses (under-graduate and post-graduate).

Annual national increase in the number of urban local authorities adopting a strategic approach to planning and investing in public spaces.

Five major public delivery organisations to adopt Spaceshaper as national tool for delivering their public spaces and 25 registered social landlords (RSLs) signed up to a manifesto to commit to quality green spaces on their estates.

## Performance

250 officers from 170 local authorities trained and accredited as Building for Life assessors.

CAFE has worked with the Homes and Communities Agency (HCA) to ensure that high-quality design is a key criterion in the allocation of public funding for housing. CAFE completed over 340 Building for Life (BfL) assessments on developments submitted for the Kickstart housing delivery grant. This design quality advice was considered in the decision-making process in the allocation of funding. The HCA uses BfL to assess design quality for national affordable housing programme funding and for residential developments on HCA-owned land. CAFE promoted design standards in response to consultation on the HCA's housing design and sustainability standards.

There has been an increase in the number of local authorities that have LDF core strategies with a design ethos embedded. In 2009/10, 57% of LDF core strategies adopted had design ethos embedded compared with 21% previously. CAFE has provided direct advice to 74 core strategies and has disseminated key messages to local planning authorities through the publication *Planning for places*.

532 people started accredited landscape architecture courses in 2009: an increase of 19% since the baseline year 2007. Applications for these courses increased by 26%, from 1,351 to 1,704, in the same period.

65% of urban authorities have a completed strategy, representing 109 of the 168 urban local authorities. This compares to 43% having a completed strategy previously.

Five major organisations adopted Spaceshaper: Groundwork, British Waterways, the HCA, Riverside Housing Association and the Architecture Centre Network. A 'Decent Homes Decent Spaces' action plan, setting out steps to improve green spaces in social housing estates, has been prepared with RSLs, the National Housing Federation and the Neighbourhoods Green Partnership. Some social housing providers have signed up to the plan.

## What we said we would do

An improvement in the design quality of schemes reviewed by CABA's design review panel. Target: 70% of schemes seen by design review are either good or improve as a result of the process.

Eight regions have a design review panel, or sub-regional arrangement.

Engage with built environment professionals and decision makers from 35% of local authorities in England through CABA's programmes to increase their skills, knowledge and understanding of good design.

24% of local authorities in core city regions to have strategies in place that recognise the contribution of design and management of the built environment to achieving sustainable places.

Sustained and constructive working relationships between CABA and other government departments including providing support for design championship at ministerial and official level.

Every school in the country to have access to high-quality, curriculum-linked, educational resources that support teaching and learning through the built environment.

Demonstrably enhanced capacity to work effectively at a local and regional level.

To develop a refined and systematic evidence base, and learning and dissemination strategy. This will include demonstrating capability and impact, and formative evaluation of effectiveness.

To further embed inclusion and sustainable development in CABA thinking and activities.

## Performance

The national design review panel conducted 324 reviews, relating to 252 schemes. A total of 112 schemes were reviewed by CABA more than once and of these the design quality of 78 schemes (70%) either improved or was already high and was maintained.

Eight regions now have a design review panel, following the establishment of two new regional panels in 2009/10 – the North East design review panel and the design review service in Yorkshire and the Humber.

CABA has engaged with 82% of local authorities through Building for Life assessor training, LDF workshops and CABA's urban design summer school.

26% of local authorities in core city regions (13 out of 50) have strategies in place that recognise the contribution of design and management of the built environment to achieving sustainable places. CABA continued its work on the Sustainable Cities programme, including website development, a learning programme and tailored support to a number of local authorities.

CABA engaged at a strategic level with government departments and agencies, including the Department of Health, Department for Children, Schools and Families, Communities and Local Government, Business, Innovation and Skills, Department for Environment, Food and Rural Affairs and the Office of Government Commerce.

Ongoing development of Engaging Places (EP) meant that by March 2010 the EP website featured 624 teaching resources, 518 venues and 277 articles available to all schools. The website received 85,944 visits in 2009/10. Green Day, CABA's initiative helping to make schools sustainable, worked with over 120,000 children in 2009.

CABA captured and disseminated its work across the country more effectively and improved the co-ordination of its work in each region through a new targeted approach to programme management.

CABA gathered and disseminated evidence demonstrating the value of good design and the benefits of high-quality architecture. CABA has an integrated programme to gather the best evidence from its activities, and uses it to demonstrate capability, impact and the wider value of design.

CABA is implementing its published equality scheme and continues to embed inclusive and sustainable design thinking across its activities.

# 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.

The remuneration committee comprises:

Paul Finch (chair from 14/12/2009)  
Anthea Case  
Joyce Bridges  
Robin Nicholson (to 10/03/2010)

Sir John Sorrell was chair to 13/12/2009. A replacement for Robin Nicholson has not been made by 31 March 2010.

## Service contracts

CABE's operational framework requires 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 are determined by the remuneration committee.

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

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

The appraisal marking is used to determine the individual pay

award. The percentage increase attributable to each appraisal mark is determined annually by the remuneration committee.

In addition, all staff, other than the chief executive, are eligible for a team performance payment based on an assessment of the team's performance against agreed targets. This assessment is made by the remuneration committee.

All of the directors covered by this report hold appointments, which are open-ended until they reach the normal retiring age of 65. Early termination, other than 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

The chief executive was the highest-paid employee. His total emoluments for the year to March 2010 were £128,175 (£131,970 in the year to March 2009).

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

|   |                    | Salary   | Real<br>increase<br>in pension | Real<br>increase<br>in lump<br>sum | Pension<br>at<br>31/03/10 | Lump<br>sum at<br>31/03/10         | CETV* at<br>31/03/09 | CETV* at<br>31/03/10 | Real<br>increase<br>in CETV*<br>as funded<br>by CABE |
|---|--------------------|--|--------------------------------|------------------------------------|---------------------------|------------------------------------|----------------------|----------------------|--|
|   |                    | £'000  | £'000                          | £'000                              | £'000                     | £'000                              | £'000                | £'000                | £'000  |
| <b>Richard Simmons</b><br>Chief executive   | 2009/10<br>2008/09 | 125-130<br>130-135                                   | 0-2.5                          | n/a                                | 10-15                     | n/a                                | 157                  | 212                  | 42   |
| <b>Joanna Averley<sup>1</sup></b><br>Deputy chief executive<br>and director of enabling                             | 2009/10<br>2008/09 | 95-100<br>60-65                                      | 3-3.5                          | n/a                                | 15-20                     | n/a                                | 152                  | 191                  | 21   |
| <b>Matthew Bell</b><br>Director of campaigns<br>and education   | 2009/10<br>2008/09 | 75-80<br>70-75                                       | 0-2.5                          | n/a                                | 5-10                      | n/a                                | 81                   | 101                  | 15   |
| <b>Charlotte Cane</b><br>Director of resources<br>and corporate governance<br>(started 1 July 2009)                 | 2009/10<br>2008/09 | 55-60<br>(70-75<br>full year<br>equivalent)<br>Nil   | 2.5-5                          | 10-15                              | 20-25                     | 60-65<br><br>(CETV at<br>30/06/09) | 299                  | 390                  | 81   |
| <b>Jonathan Davis</b><br>Director of knowledge<br>and skills (compulsory<br>early retirement on 31<br>January 2010) | 2009/10<br>2008/09 | 70-75<br>(70-75<br>full year<br>equivalent)<br>75-80 | 0-2.5                          | n/a                                | 5-10                      | n/a                                | 103                  | 123                  | 14   |
| <b>Sarah Gaventa</b><br>Director of CABE Space  | 2009/10<br>2008/09 | 70-75<br>65-70                                       | 0-2.5                          | n/a                                | 0-5                       | n/a                                | 29                   | 46                   | 10   |
| <b>Diane Haigh</b><br>Director of architecture<br>and design review   | 2009/10<br>2008/09 | 70-75<br>65-70                                       | 0-2.5                          | n/a                                | 0-5                       | n/a                                | 31                   | 71                   | 30   |

\* Cash equivalent transfer value

1 For 2008/09 Joanna Averley's salary comprises an element of statutory maternity pay

A total of £54k was payable to a third party agency for the services of Urvasi Bhagat, CABE's interim director of resources from 1 April 2009 to 9 July 2009.

## 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 CABE and thus recorded in these accounts.

## Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the Her Majesty's Revenue and Customs 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 CABE.

## The cash equivalent transfer value (CETV)

Columns 6 and 7 of the table on page 19 show the cash equivalent transfer value (CETV) of the member pension benefits accrued at 31 March 2009 and the end of the reporting period so far as they relate to CABE 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 CABE senior staff. It is calculated using common market valuation factors for the start and end of the period.

## Compensation for loss of office

Jonathan Davis left under compulsory early retirement terms on 31 January 2010. The total compensation paid to him is as follows:

A lump-sum compensation at date of leaving of £59,172.

An annual compensation payment of £11,776 payable until the age of 60.

An annual compensation payment of £5,888 payable from the age of 60.

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

The total direct cost of external commission appointments in the year was £149,430 (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 emoluments of the chair from 14 December, Paul Finch, were £12,762. The emoluments of the chair to 13 December 2009, Sir John Sorrell, were £32,021 (2008-09 £45,660). The chair is the highest-paid commissioner.

The emoluments of the other commissioners were as follows:

|   | Year to<br>31 March 2010<br>£'000 | Year to<br>31 March 2009<br>£'000 |
|---|-----------------------------------|-----------------------------------|
| Ms Irena Bauman (left 14 March 2010)        | 9                                 | 9                                 |
| Ms Anthea Case CBE                          | 6                                 | 6                                 |
| Mr Piers Gough CBE                          | 6                                 | 6                                 |
| Mr Robin Nicholson CBE (left 10 March 2010) | 9                                 | 9                                 |
| Mr Ben Page                                 | 6                                 | 6                                 |
| Mr Nick Johnson                             | 6                                 | 6                                 |
| Mr Jason Prior                              | 6                                 | 6                                 |
| Mr Hanif Kara                               | 6                                 | 6                                 |
| Dr Ken Shuttleworth                         | 6                                 | 6                                 |
| Mr Deyan Sudjic OBE                         | 6                                 | 6                                 |
| Ms Joyce Bridges CBE                        | 6                                 | 6                                 |
| Ms Lorna Walker                             | 9                                 | 9                                 |
| Mr Richard Cass (joined 15 December 2008)   | 6                                 | 2                                 |
| Ms Liz Peace (joined 15 December 2008)      | 6                                 | 2                                 |
| Ms MJ Long                                  | 6                                 | 6                                 |

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 OBE**  
Chair



**Dr Richard Simmons**  
Accounting officer



# Statement of the commission and accounting officer's responsibilities

Under the Clean Neighbourhoods and Environment Act 2005, the Secretary of State for Culture, 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 cash flows 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 judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis.

The accounting officer for the Department for Culture, Media and Sport has designated the chief executive as the accounting officer for the Commission for Architecture and the Built Environment. The responsibilities of an accounting officer, including responsibility for the propriety and regularity of the

public finances for which the accounting officer is answerable, for keeping proper records and for safeguarding the Commission for Architecture and the Built Environment's assets, are set out in the *Accounting Officers' Memorandum*, issued by HM Treasury and published in *Managing Public Money*.



**Paul Finch OBE**  
Chair



**Dr Richard Simmons**  
Accounting officer



# Statement on internal control

## Scope of responsibility

As the accounting officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of CABE's policies, aims and objectives, while safeguarding the public funds and CABE's assets for which I am personally responsible, and ensuring compliance with the requirements of our 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, CABE receives grant funding from Communities and Local Government (CLG), and the targets associated with it are set out in the funding agreement, agreed annually between CABE and CLG.

Accountability and reporting within CABE is exercised through a governing body, the commission, as set out in CABE's operational framework document from DCMS. The commission is led by the chair and he is supported by two deputy chairs. During the year, Sir John Sorrell resigned as the chair with effect from 13 December 2009 and Paul Finch was appointed as the chair with effect from 14 December 2009. CABE has 16 commissioners, all of whom are appointed by the Secretary of State for Culture, Olympics, Media and Sport. CABE's commissioners play a critical role, setting the organisation's strategic direction, overseeing its work and advising and monitoring so that it achieves its objectives.

The board of commissioners meets formally eight times a year but commissioners are involved in CABE's work in many other ways, on a daily basis. Commissioners perform a range of roles, from advising programme directors to

chairing committees and working groups and representing CABE across the country at meetings and events. The commission has authorised the establishment of corporate committees to oversee and make decisions and recommendations affecting CABE as a whole. During the year, the commission re-visited its committee structures. The re-structure has now been implemented. All CABE's committees are chaired by a commissioner. As at the year ending March 2010, the revised committees in place are:

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

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

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

Emir Feisal is 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.

In discharging my overall day-to-day duties, I am supported by the senior management team (SMT). The SMT meetings, which I chair, are held

every week. The deputy chief executive and directors are personally accountable to me for management of operational risks within their directorate and, collectively, for corporate strategic risks. The delegated authorities from me to each director are set out in the finance manual. During the year, the structure of CABE and the SMT was reviewed to ensure it was efficiently delivering our priorities. As a result of this review, the SMT was reduced from five to four other directors with the deputy chief executive (who is also director of design and planning advice) led by myself, as the chief executive and the accounting officer.

## 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 CABE for the year ending 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with HM Treasury guidance.

## Capacity to handle risk

I acknowledge my overall responsibility as set out in the operational framework document for effective management of risk throughout CABE. I am supported by my directors, who in turn, assign day-to-day responsibility for managing risks to managers and

staff within their directorates. During the financial year, the SMT reviewed CABE's strategic risk register and operational risk registers regularly. In addition, during the year, internal audit has undertaken a review of CABE's risk management arrangements and presented their report to the audit committee. There were no significant issues reported by the internal audit.

CABE faces a risk to our independence through perceived conflicts of interest for staff, commissioners or panel members. We have a strong policy to prevent conflicts of interest occurring and directors ensure that all staff, commissioners and panel members are aware of the policy and comply with it. There has been no significant change during the year to the risk environment in which CABE operates. However, at the start of 2010/11 it has become clear that there is a risk to our income through in-year cuts to our grant-in-aid and through uncertainties around funding for our service level agreements. As a small organisation, a large proportion of our costs are fixed so any fall in income has a disproportionate effect on our ability to deliver programmes.

### The risk and control framework

#### The risk framework

CABE's risk management strategy complies with HM Treasury (Orange Book). The key features of our risk management strategy are as follows:

- A strategic risk register and supporting operational risk registers for each directorate provide information on significant risks, their management control arrangements and scoring of risks within CABE's risk appetite matrix.
- Risk monitoring and reporting is 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 rests with the directors.

- The strategic risk register is reviewed by the audit committee. The audit committee reviews the operational risk registers by rotation. During this year the committee reviewed the operational risk register for Sea Change.
- The risk management strategy is published on the intranet.
- CABE is committed to establishing risk management as an integral part of strategic and operational management. It will continue to improve the interrelationships between risk registers, business planning and resource allocation process and performance against our key targets.

#### The control framework

CABE 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*. During the year, the internal audit undertook a review of overall corporate governance arrangements across CABE. This key element of the audit included review of governance structure and accountability, conduct and ethics (including how CABE manages conflicts of interest), and corporate and business planning and monitoring arrangements. No significant issues were identified. CABE 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 CABE 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
- regular reporting of finances and performance against funding agreement objectives and targets to funders (DCMS/CLG).

### Review of effectiveness

As accounting officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors, the SMT and managers within CABE who have responsibility for the development and maintenance of the internal control framework, and comments made by external auditors in their management letter and other reports. My review has been informed by:

- an annual assurance report gained from an annual programme of internal audit reviews and advice which is agreed with myself, 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 although there are minor areas of

development, I believe that the security arrangements CAGE has in place are proportionate to the risks that CAGE face

- to the best of my knowledge, no breaches of data security have taken place
- the assurances provided to me by the SMT, who have responsibility for the operational development and maintenance of internal controls and risk management framework and individual accountability on budget and financial management
- assurances gained from the work of specific committees across CAGE.

I am satisfied from the results of my review of the effectiveness of the system of internal control 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.



**Paul Finch OBE**  
Chair



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

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

I certify that I have audited the financial statements of the Commission for Architecture and the Built Environment for the year ended 31 March 2010 under the Clean Neighbourhoods and Environment Act 2005. These comprise the Net Expenditure Account, 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.

## Respective responsibilities of the Commission, Accounting officer and auditor

As explained more fully in the Statement of Commission and Accounting Officer's Responsibilities, the Commission and 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 the financial statements in accordance with applicable law and 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 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 that 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 2010 and of its deficit, changes in taxpayers' equity and cash flows 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.

## 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 and Performance Against Targets and Objectives 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;
- the financial statements are not in agreement with the accounting records or returns;
- 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  
5 July 2010

# Net expenditure account for the year ended 31 March 2010

|  | Notes | 2009/10<br>£        | 2008/09<br>£        |
|--|-------|---------------------|---------------------|
| <b>Expenditure</b>                           |       |                     |                     |
| Staff costs                                  | 4     | 6,905,436           | 6,516,402           |
| Depreciation and amortisation                | 10,11 | 287,545             | 315,955             |
| Other expenditure                            | 5     | 22,031,473          | 16,403,074          |
| <b>Total expenditure</b>                     |       | <b>29,224,454</b>   | <b>23,235,431</b>   |
| <b>Income</b>                                |       |                     |                     |
| Operating income                             | 8     | 2,997,170           | 2,583,904           |
| Other income                                 |       | –                   | 10,625              |
| <b>Total income</b>                          |       | <b>2,997,170</b>    | <b>2,594,529</b>    |
| Net expenditure                              |       | (26,227,284)        | (20,640,902)        |
| Interest receivable                          |       | 6,256               | 31,250              |
| Taxation                                     | 9     | (1,314)             | (6,563)             |
| Net expenditure after interest and tax       |       | (26,222,342)        | (20,616,215)        |
| Reversal of notional cost of capital         | 5     | 33,359              | 30,139              |
| <b>Deficit for the year to 31 March 2010</b> |       | <b>(26,188,983)</b> | <b>(20,586,076)</b> |

All activities are continuing. Figures for 2008/09 have been re-stated in line with International Financial Reporting Standards  
The notes on pages 31 to 48 form part of these accounts

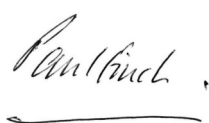
# Statement of financial position as at 31 March 2010

|   | Notes | 31 March 2010<br>£ | 31 March 2009<br>£ | 1 April 2008<br>£ |
|---|-------|--------------------|--------------------|-------------------|
| <b>Non-current assets:</b>                        |       |                    |                    |                   |
| Property, plant and equipment                     | 10    | 821,882            | 483,552            | 1,011,057         |
| Intangible assets                                 | 11    | 364,316            | 104,539            | –                 |
| <b>Total non-current assets</b>                   |       | <b>1,186,198</b>   | <b>588,091</b>     | <b>1,011,057</b>  |
| <b>Current assets:</b>                            |       |                    |                    |                   |
| Trade and other receivables                       | 12    | 481,890            | 1,229,492          | 1,475,679         |
| Cash and cash equivalents                         | 13    | 2,800,695          | 7,492,668          | 1,906,209         |
| <b>Total current assets</b>                       |       | <b>3,282,585</b>   | <b>8,722,160</b>   | <b>3,381,888</b>  |
| <b>Total assets</b>                               |       | <b>4,468,783</b>   | <b>9,310,251</b>   | <b>4,392,945</b>  |
| <b>Current liabilities:</b>                       |       |                    |                    |                   |
| Trade and other payables due within 1 year        | 14    | (2,391,615)        | (8,390,471)        | (3,103,244)       |
| <b>Non-current assets plus net current assets</b> |       | <b>2,077,168</b>   | <b>919,780</b>     | <b>1,289,701</b>  |
| <b>Non-current liabilities:</b>                   |       |                    |                    |                   |
| Trade and other payables due after 1 year         | 14    | (149,317)          | (195,746)          | (291,520)         |
| Provisions  | 15    | (745,679)          | –                  | –                 |
|   |       | <b>(894,996)</b>   | <b>(195,746)</b>   | <b>(291,520)</b>  |
| <b>Assets less liabilities</b>                    |       | <b>1,182,172</b>   | <b>724,034</b>     | <b>998,181</b>    |
| <b>Represented by:</b>                            |       |                    |                    |                   |
| General reserve                                   |       | 1,096,930          | 655,913            | 679,178           |
| Revaluation reserve                               |       | 85,242             | 68,121             | 319,003           |
| <b>Total taxpayers' equity</b>                    |       | <b>1,182,172</b>   | <b>724,034</b>     | <b>998,181</b>    |

The financial statements on pages 27 to 48 were approved by the commission and were signed on its behalf by:



**Dr Richard Simmons**  
Accounting officer  
Date: 2 July 2010



**Paul Finch OBE**  
Chair  
Date: 2 July 2010

# Statement of cash flows for the year ended 31 March 2010

|  | Notes | 2009/10<br>£        | 2008/09<br>£        |
|--|-------|---------------------|---------------------|
| <b>Cash flows from operating activities</b>                        |       |                     |                     |
| Deficit for the year   |       | (26,188,983)        | (20,586,076)        |
| Depreciation   | 10    | 225,871             | 315,043             |
| Amortisation   | 11    | 61,674              | 912                 |
| Loss on disposal of non-current assets                             | 5     | –                   | 552                 |
| (Increase)/decrease in receivables                                 | 12    | 747,602             | 246,187             |
| Increase/(decrease) in payables                                    | 14    | (6,045,285)         | 5,191,453           |
| Movements in provisions  | 15    | 270,567             | –                   |
| Net cash outflow from operating activities                         |       | <b>(30,928,554)</b> | <b>(14,831,929)</b> |
| <b>Cash flows from investing activities</b>                        |       |                     |                     |
| Purchase of property, plant and equipment                          | 10    | (71,968)            | (38,972)            |
| Purchase of intangible assets                                      | 11    | (321,451)           | (105,451)           |
| Net cash flows from investing activities                           |       | <b>(393,419)</b>    | <b>(144,423)</b>    |
| <b>Cash flows from financing activities</b>                        |       |                     |                     |
| Grant-in-aid – revenue   | 7     | 11,630,000          | 11,790,000          |
| Grant-in-aid – Sea Change  | 7     | 8,772,811           | 8,772,811           |
| Sea Change grant brought forward from 2008/09                      | 7     | 6,227,189           | –                   |
| Net cash flows from financing activities                           |       | <b>26,630,000</b>   | <b>20,562,811</b>   |
| Net (decrease)/increase in cash and cash equivalents in the period |       | (4,691,973)         | 5,586,459           |
| Cash and cash equivalents at the beginning of the period           | 13    | 7,492,668           | 1,906,209           |
| Cash and cash equivalents at the end of the period                 | 13    | <b>2,800,695</b>    | <b>7,492,668</b>    |

The notes on pages 31 to 48 form part of these accounts

# Statement of changes in taxpayers' equity for the year ended 31 March 2010

|  | Notes | Revaluation<br>reserves<br>£ | General<br>reserves<br>£ | Total<br>£          |
|--|-------|------------------------------|--------------------------|---------------------|
| <b>Balance as at 1 April 2008</b>                          |       | <b>319,003</b>               | <b>679,178</b>           | <b>998,181</b>      |
| Changes in taxpayers' equity for 2008/09                   |       |                              |                          |                     |
| Deficit for the year to 31 March 2009                      |       |                              | (20,586,076)             | (20,586,076)        |
| Net loss on revaluation of non-current assets              | 10    | (250,882)                    |                          | (250,882)           |
| <b>Total recognised income and expenditure for 2008/09</b> |       | <b>(250,882)</b>             | <b>(20,586,076)</b>      | <b>(20,836,958)</b> |
| Grant from parent bodies                                   | 7     |                              | 20,562,811               | 20,562,811          |
| <b>Balance as at 31 March 2009</b>                         |       | <b>68,121</b>                | <b>655,913</b>           | <b>724,034</b>      |
| 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              |
| <b>Total recognised income and expenditure for 2009/10</b> |       | <b>17,121</b>                | <b>(26,188,983)</b>      | <b>(26,171,862)</b> |
| Grant from parent bodies                                   | 7     | –                            | 26,630,000               | 26,630,000          |
| <b>Balance as at 31 March 2010</b>                         |       | <b>85,242</b>                | <b>1,096,930</b>         | <b>1,182,172</b>    |

The notes on pages 31 to 48 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 paragraph 9 of schedule 2, section (87) 9 of the Clean Neighbourhoods and Environment Act 2005.

### 1.1 Accounting convention

These financial statements have been prepared in accordance with the 2009/10 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 CABE for the purpose of giving a true and fair view has been selected. The particular policies adopted by CABE are described below. They have been applied consistently in dealing with items that are considered material to the accounts. These financial statements have been prepared under the modified historical cost convention.

### 1.2 Going concern

The comprehensive spending review settlement (CSR07) from sponsors includes provision for the continuation of CABE's activities. There is no reason to believe this future funding will not be forthcoming. The accounts have therefore been prepared on a going concern basis.

### 1.3 Grant-in-aid

All grant-in-aid has been recorded as financing as it is a contribution from CABE's controlling parties giving rise to a financial interest. It is recorded as financing in the

statement of cash flows 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 form the basis of entitlement. Where grant agreements do not stipulate such conditions, grant payable is recognised on an accrual basis.

Sea Change capital grant offers made, but yet to become payable, are quantified in the commitment note 16.

### 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 capitalisation of non-current assets is £3,000. On recognition, assets are measured at cost, including any costs that are directly attributable to bringing the asset into working condition for its intended use.

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

Revaluation gains are credited to the revaluation reserve.

### 1.7 Intangible asset

Initial cost of software and licences are capitalised and amortised over the useful life of the software, while annual licences to use software or ensure continuous updates are charged to the net expenditure account as they are incurred. The minimum level for capitalisation of intangible fixed assets is £3,000. On initial recognition, assets are measured at cost, including any installation cost necessary to bring the asset into working condition for its intended use.

The new CABE information system (CIS) includes intangible fixed assets which were in use at year end. Further expenditure of this type on the CIS project is budgeted for during the year ending 31 March 2011. Although these assets are subject to depreciation as they are in use, they will not be formally revalued until the CIS project as a whole is completed and can be attributed a fair value as a whole. Intangible assets include directly attributable labour costs – including national insurance and pension cost where applicable.

### 1.8 Depreciation

Depreciation is 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 currently estimated for each class of asset are:

Fixtures and fittings

*Three years*

Leasehold improvement  
*Until the end of the lease  
in December 2019*

Office and IT equipment  
*Three years*

Intangible assets including  
software and licences  
*Three years*

### 1.9 Leases

Operating leases and rentals are 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, a charge reflecting the cost of capital utilised by CABE is included in the expenditure account. The charge is calculated at the real rate set by HM Treasury (current rate of 3.5%) for the financial year 2009/10 (2008/09 3.5%) on the average carrying amount of all assets less liabilities. The notional charge is credited back to the net expenditure account for the year before taking the surplus/deficit for the year to the general reserve.

### 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 commission recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to 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

The commission'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
- Rest of CABE

### 1.16 Impact of new International Financial Reporting Standards

#### *Earlier application of IFRS*

The following revised IFRS was adopted early by CABE with effect from 1 April 2009 in accordance with the FReM.

#### *IFRS 8 – Operating segments*

IFRS 8 'Operating Segments' was issued in November 2006 and defines operating segments as components of an entity about which separate financial information is available and is evaluated by the chief operating decision maker in deciding how to allocate resources and in assessing performance. It was adopted early (for 2009/10)

in accordance with the FReM.

CABE's operating segments did not change as a result of adopting the revised standard and there was no effect on the commission's reported income or net assets. The disclosures required by the standard are included in this report, including the measures as used by the chief operating decision maker. Segmental information for total assets is not required as these amounts are not regularly reported to the chief operating decision maker.

#### *IFRSs not yet effective*

The following IAS revision will become applicable to CABE in respect of future financial statements but has not been adopted early.

#### *IAS 24 – Related party disclosures*

The revision of IAS 24 simplifies and clarifies the definition of a related party, and provides government-related entities with partial exemption from the disclosure requirements relating to related party transactions and outstanding balances (including commitments).

The HM Treasury requirement to include a charge in the expenditure account of CABE, reflecting the cost of capital utilised, is to be removed from FReM 2010/11.

There are no other standards and interpretations in issue but not yet adopted that CABE anticipates 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 which ends December 2019 (see note 15).

#### *Capitalisation of staff costs*

An estimate has been made of directly attributable staff costs which are to be capitalised in order to attribute a fair value to the CABE information system (CIS). These costs are based on a percentage allocation of staff time spent on system implementation from 1 April 2009. Accumulated costs of this type were amortised from October 2009 when the system went live. Costs related to a second stage of implementation between October 2009 and March 2010 have been similarly accumulated and are to be amortised from 1 April 2010. Costs allocated to system maintenance on the basis of a percentage of total time spent have not been capitalised.

#### *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 advisors and stakeholders and is based on an analysis of past income received. A ruling is awaited from HMRC.

## 2 First-time adoption of IFRS

|   | General fund<br>£                      | Revaluation reserve<br>£ |
|---|--|--------------------------|
| Taxpayers' equity at 31 March 2008 under UK GAAP    | 748,958                                | 319,003                  |
| Adjustments for:                                    |  |                          |
| Staff benefit accrual                               | IAS 19 – Employee benefits<br>(69,780) |                          |
| Taxpayers' equity at 31 March 2008 under IFRS       | <b>679,178</b>                         | <b>319,003</b>           |
| Taxpayers' equity at 31 March 2009 under UK GAAP    | 704,723                                | 68,121                   |
| Adjustments for:                                    |  |                          |
| Staff benefit accrual                               | IAS 19 – Employee benefits<br>(60,197) |                          |
| Amortisation  | (912)                                  |                          |
| Intangible assets                                   | IAS 38 – Intangible assets<br>12,299   |                          |
| Taxpayers' equity at 1 April 2009 under IFRS        | <b>655,913</b>                         | <b>68,121</b>            |
|   | £                                      | £                        |
| Deficit for the year to 31 March 2009 under UK GAAP |  | (20,607,046)             |
| Adjustments for:                                    |  |                          |
| Employee benefit accrual:                           | IAS 19 – Employee benefits             |                          |
| Accrual for the year ending 31 March 2008           | 69,780                                 |                          |
| Less: Accrual for the year ending 31 March 2009     | (60,197)                               |                          |
|   |  | 9,583                    |
| Amortisation  |  | (912)                    |
| Intangible assets                                   | IAS 38 – Intangible assets             | 12,299                   |
| Deficit for the year to 31 March 2009 under IFRS    |  | <b>(20,586,076)</b>      |

### 3.1 Segment analysis for 2009/10

|   | Notes | Sea Change<br>£   | Rest of CABE<br>£ | Total<br>£        |
|---|-------|-------------------|-------------------|-------------------|
| Grant-in-aid                            |       | <b>15,000,000</b> | <b>11,630,000</b> | <b>26,630,000</b> |
| Income                                  |       | –                 | (2,997,170)       | (2,997,170)       |
| Expenditure – Sea Change grants paid    | 5     | 14,694,057        | –                 |                   |
| Expenditure – Sea Change administration |       | 305,943           |                   |                   |
| Expenditure – Other expenditure         |       | –                 | 14,224,454        | 29,224,454        |
| Net expenditure                         |       | <b>15,000,000</b> | <b>11,227,284</b> | <b>26,227,284</b> |

### 3.2 Segment analysis for 2008/09

|   | Notes | Sea Change<br>£  | Rest of CABE<br>£ | Total<br>£        |
|---|-------|------------------|-------------------|-------------------|
| Grant-in-aid                            |       | <b>8,772,811</b> | <b>11,790,000</b> | <b>20,562,811</b> |
| Income                                  |       | –                | (2,594,529)       | (2,594,529)       |
| Expenditure – Sea Change grants paid    | 5     | 8,495,690        | –                 |                   |
| Expenditure – Sea Change administration |       | 277,121          |                   |                   |
| Expenditure – Other expenditure         |       | –                | 14,462,620        | 23,235,431        |
| Net expenditure                         |       | <b>8,772,811</b> | <b>11,868,091</b> | <b>20,640,902</b> |

## 4 Staff numbers and related costs

### 4.1 Staff costs and commissioner costs comprise:

|   | 2009/10<br>£     | 2008/09<br>£     |
|---|------------------|------------------|
| Commissioner costs                                | <b>149,430</b>   | <b>150,880</b>   |
| Staff   | 2009/10<br>£     | 2008/09<br>£     |
| Salaries and wages                                | 4,600,432        | 4,726,726        |
| Temporary staff costs                             | 729,667          | 494,774          |
| Social security costs                             | 363,248          | 352,196          |
| Superannuation                                    | 816,915          | 850,476          |
| Early retirement provision                        | 159,567          | –                |
| Redundancy costs                                  | 141,675          | –                |
|   | 6,811,504        | 6,424,172        |
| Less recoveries in respect of outward secondments | (55,498)         | (58,650)         |
|   | <b>6,756,006</b> | <b>6,365,522</b> |
| Capitalised staff costs                           | <b>171,637</b>   | –                |

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, CABE 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](http://www.civilservice-pensions.gov.uk)).

For the 12 months to 31 March 2010, employers' contributions were payable of £816,086 to the PCSPS, (2008-09 £850,476) at one of four rates in the range of 16.7% to 24.3% of pensionable pay, based on salary bands. From 2010/11, the rates will also be in the range of 16.7% to 24.3%. 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 £4,180 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's contributions of 0.8% of pensionable pay, £424, 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 £385.

#### 4.2 Average number of persons employed

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

|  | 2009/10    | 2008/09    |
|--|------------|------------|
| Permanent and fixed-term staff                     | 122        | 124        |
| Other  | 15         | 9          |
|  | <b>137</b> | <b>133</b> |
| Staff engaged on capital projects (included above) | 3          | 1          |

The actual number of permanent and fixed-term staff employed at 31 March 2010 was 125.

#### 5 Other expenditure

|                                    | 2009/10<br>£      | 2008/09<br>£      |
|------------------------------------|-------------------|-------------------|
| Programme costs                    | 3,836,362         | 4,362,638         |
| Grants                             | 1,271,015         | 1,286,986         |
| Capital grants – Sea Change        | 14,694,057        | 8,495,690         |
| Administration expenses            | 710,410           | 697,387           |
| Rent, rates and maintenance        | 1,021,175         | 1,064,761         |
| Loss on disposal of fixed assets   | –                 | 552               |
| Professional fees                  | 135,814           | 117,480           |
| Travel, subsistence and allowances | 184,281           | 320,441           |
| Statutory accounts audit           | 28,000            | 27,000            |
| Other audit work (IFRS)            | 6,000             | –                 |
| VAT provision                      | 111,000           | –                 |
| Notional cost of capital           | 33,359            | 30,139            |
|                                    | <b>22,031,473</b> | <b>16,403,074</b> |
| Lease payments included above      | 575,969           | 608,950           |

## 6 Capital grant payments – Sea Change

|                                     | 2009/10<br>£      | 2008/09<br>£     | Total<br>£        |
|-------------------------------------|-------------------|------------------|-------------------|
| Arun District Council               | 330,000           | 31,000           | 361,000           |
| Barrow Borough Council              | 100,000           | –                | 100,000           |
| Berwick-upon-Tweed Borough Council  | 400,000           | 500,000          | 900,000           |
| Blackpool Council                   | 1,600,000         | 2,000,000        | 3,600,000         |
| Bournemouth Borough Council         | 45,500            | 409,500          | 455,000           |
| Cornwall Council                    | 300,000           | –                | 300,000           |
| Devon County Council                | 150,670           | 188,338          | 339,008           |
| East Riding of Yorkshire Council    | 1,203,000         | 1,527,000        | 2,730,000         |
| Essex County Council                | 30,000            | –                | 30,000            |
| Great Yarmouth Borough Council      | 750,000           | –                | 750,000           |
| Hastings Borough Council            | –                 | 1,000,000        | 1,000,000         |
| Kent County Council                 | 1,567,000         | 1,925,000        | 3,492,000         |
| North Devon Council                 | 3,000             | 27,000           | 30,000            |
| North Norfolk District Council      | 25,000            | –                | 25,000            |
| North Somerset Council              | 656,447           | 100,000          | 756,447           |
| North Tyneside Council              | 503,000           | 26,525           | 529,525           |
| Penwith District Council            | 30,000            | –                | 30,000            |
| Rother District Council             | 400,000           | 500,000          | 900,000           |
| Sefton Metropolitan Borough Council | 2,000,000         | –                | 2,000,000         |
| South Tyneside Council              | 900,000           | –                | 900,000           |
| Sunderland Council                  | 300,000           | –                | 300,000           |
| Swale Borough Council               | 24,000            | –                | 24,000            |
| Teignbridge District Council        | 26,500            | –                | 26,500            |
| Thanet District Council             | 753,000           | 27,000           | 780,000           |
| Torbay Council (Berry Head)         | 547,674           | 157,327          | 705,001           |
| Torbay Council (Cockington Court)   | 771,266           | –                | 771,266           |
| Torrridge District Council          | 50,000            | 50,000           | 100,000           |
| Wansbeck District Council           | 500,000           | –                | 500,000           |
| Worthing District Council           | 450,000           | –                | 450,000           |
| Wyre Borough Council                | 278,000           | 27,000           | 305,000           |
|                                     | <b>14,694,057</b> | <b>8,495,690</b> | <b>23,189,747</b> |



## 7 Grant-in-aid

|   | 2009/10<br>£      | 2008/09<br>£      |
|---|-------------------|-------------------|
| DCMS grant-in-aid received – revenue        | 4,690,000         | 4,850,000         |
| CLG grant-in-aid received – revenue         | 6,940,000         | 6,940,000         |
| DCMS grant in aid – Sea Change              | 8,772,811         | 15,000,000        |
| Deferred grant brought forward from 2008/09 | 6,227,189         | (6,227,189)       |
|   | 15,000,000        | 8,772,811         |
| <b>Total grant-in-aid</b>                   | <b>26,630,000</b> | <b>20,562,811</b> |

The full amounts of grant-in-aid available were drawn down. Of this, the full amount of CLG grant-in-aid revenue was expended and none was used for capital expenditure.

## 8 Operating income

|                                    | 2009/10<br>£     | 2008/09<br>£     |
|------------------------------------|------------------|------------------|
| Arts Council of England            | –                | 1,640            |
| Communities and Local Government   | 132,835          | 399,154          |
| Crossrail Ltd                      | 151,390          | –                |
| DCMS                               | 99,607           | –                |
| Department of Health               | 121,810          | 133,889          |
| English Heritage                   | 77,967           | 87,248           |
| Home Office                        | 51,263           | –                |
| Homes & Communities Agency         | 300,477          | 122,986          |
| Housing Corporation                | –                | 80,742           |
| Olympic Delivery Authority         | 271,970          | 174,052          |
| Partnership for Schools (DCFS/DFE) | 1,455,055        | 1,232,687        |
| Tees Valley                        | –                | 8,121            |
| Other income                       | 334,796          | 343,385          |
| <b>Total</b>                       | <b>2,997,170</b> | <b>2,583,904</b> |

## 9 Taxation

|                                     | 2009/10<br>£ | 2008/09<br>£ |
|-------------------------------------|--------------|--------------|
| Corporation tax at 21% (2009 – 21%) | 1,314        | 6,563        |

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

## 10 Property, plant and equipment

|                       | Leasehold<br>improvements at valuation<br>£ | Office<br>equipment<br>£ | Fixtures<br>and fittings<br>£ | Information<br>technology<br>£ | Assets under<br>construction<br>£ | Total<br>£       |
|-----------------------|---|--------------------------|-------------------------------|--------------------------------|-----------------------------------|------------------|
| Cost or valuation     |   |                          |                               |                                |                                   |                  |
| As at 1 April 2008    | 1,827,528                                   | 12,275                   | 328,108                       | 414,040                        | –                                 | 2,581,951        |
| Revaluations          | (250,882)                                   | –                        | –                             | –                              | –                                 | (250,882)        |
| Additions             | –   | 6,095                    | –                             | 3,287                          | 29,590                            | 38,972           |
| Write-offs            | –   | (6,292)                  | 102,703                       | (307,684)                      | –                                 | (416,679)        |
| Disposals             | –   | –                        | –                             | (9,422)                        | –                                 | (9,422)          |
| As at 31 March 2009   | <b>1,576,646</b>                            | <b>12,078</b>            | <b>225,405</b>                | <b>100,221</b>                 | <b>29,590</b>                     | <b>1,943,940</b> |
| Depreciation          |   |                          |                               |                                |                                   |                  |
| As at 1 April 2008    | 851,875                                     | 12,275                   | 309,504                       | 397,240                        | –                                 | 1,570,894        |
| Charge for the period | 289,884                                     | 508                      | 16,424                        | 8,227                          | –                                 | 315,043          |
| Write-offs            | –   | (6,292)                  | (102,655)                     | (307,180)                      | –                                 | (416,127)        |
| Disposals             | –   | –                        | –                             | (9,422)                        | –                                 | (9,422)          |
| As at 31st March 2009 | <b>1,141,759</b>                            | <b>6,491</b>             | <b>223,273</b>                | <b>88,865</b>                  | –                                 | <b>1,460,388</b> |
| Net book value        |   |                          |                               |                                |                                   |                  |
| As at 31 March 2009   | <b>434,887</b>                              | <b>5,587</b>             | <b>2,132</b>                  | <b>11,356</b>                  | <b>29,590</b>                     | <b>483,552</b>   |
| As at 1 April 2008    | 975,653                                     | –                        | 18,604                        | 16,800                         | –                                 | 1,011,057        |
| Cost                  |   |                          |                               |                                |                                   |                  |
| 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   | <b>2,089,996</b>                            | <b>33,878</b>            | <b>225,405</b>                | <b>119,571</b>                 | –                                 | <b>2,468,850</b> |
| Depreciation          |   |                          |                               |                                |                                   |                  |
| As at 1 April 2009    | 1,141,759                                   | 6,491                    | 223,273                       | 88,865                         | –                                 | 1,460,388        |
| Charge for the period | 203,390                                     | 5,059                    | 2,132                         | 15,290                         | –                                 | 225,871          |
| Disposals             | –   | –                        | –                             | (39,291)                       | –                                 | (39,291)         |
| As at 31st March 2010 | <b>1,345,149</b>                            | <b>11,550</b>            | <b>225,405</b>                | <b>64,864</b>                  | –                                 | <b>1,646,968</b> |
| Net book value        |   |                          |                               |                                |                                   |                  |
| As at 31 March 2010   | <b>744,847</b>                              | <b>22,328</b>            | –                             | <b>54,707</b>                  | –                                 | <b>821,882</b>   |
| As at 1 April 2009    | 434,887                                     | 5,587                    | 2,132                         | 11,356                         | 29,590                            | 483,552          |

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

Assets under construction represent the cost of information technology purchased 2008/09 in order to build the CABE information system (CIS).

These assets were transferred to the asset category information technology when CIS went live in October 2009.

A dilapidations provision has been recognised as at 31 March 2010 since CABE has an obligation to bring its leased property into a good state of repair at the end of the lease in December 2019. The provision has been recorded as a leasehold improvement addition in accordance with IAS16.

Depreciation has been calculated from the inception of the lease to date and the remaining undepreciated cost will be depreciated prospectively over the remaining lease.

## 11 Intangible assets

|                       | Software<br>£  | Asset under<br>construction<br>£ | Total<br>£     |
|-----------------------|----------------|----------------------------------|----------------|
| Cost                  |                |                                  |                |
| As at 1 April 2008    | –              | –                                | –              |
| Revaluations          | –              | –                                | –              |
| Additions             | 12,299         | 93,152                           | 105,451        |
| Disposals             | –              | –                                | –              |
| As at 31 March 2009   | <b>12,299</b>  | <b>93,152</b>                    | <b>105,451</b> |
| Amortisation          |                |                                  |                |
| As at 1 April 2008    | –              | –                                | –              |
| Charge for the period | 912            | –                                | 912            |
| Disposals             | –              | –                                | –              |
| As at 31 March 2009   | <b>912</b>     | –                                | <b>912</b>     |
| Net book value        |                |                                  |                |
| As at 31 March 2009   | <b>11,387</b>  | <b>93,152</b>                    | <b>104,539</b> |
| As at 1 April 2008    | –              | –                                | –              |
| Cost                  |                |                                  |                |
| As at 1 April 2009    | 12,299         | 93,152                           | 105,451        |
| Revaluations          | –              | –                                | –              |
| Additions             | 149,814        | –                                | 149,814        |
| Internally generated  | 171,637        | –                                | 171,637        |
| Transfers             | 93,152         | (93,152)                         | –              |
| Disposals             | –              | –                                | –              |
| As at 31 March 2010   | <b>426,902</b> | –                                | <b>426,902</b> |
| Amortisation          |                |                                  |                |
| As at 1 April 2009    | 912            | –                                | 912            |
| Charge for the period | 61,674         | –                                | 61,674         |
| Disposals             | –              | –                                | –              |
| As at 31st March 2010 | <b>62,586</b>  | –                                | <b>62,586</b>  |
| Net book value        |                |                                  |                |
| As at 31 March 2010   | <b>364,316</b> | –                                | <b>364,316</b> |
| As at 1 April 2009    | 11,387         | 93,152                           | 104,539        |

Assets under construction represent software purchased 2008/09 in order to build the CBE information system (CIS). These assets were transferred to the asset category information technology when CIS went live in October 2009. 2009/10 staff costs have been capitalised as an internally generated asset in accordance with IAS 38 where they are directly attributable to CIS development. These costs relate to the first and second stage of system implementation in October 2009 and March 2010 and as such there is no balance showing for asset under construction as at 31 March 2010.

## 12 Trade and other receivables

|                                     | 31 March<br>2010<br>£ | 31 March<br>2009<br>£ | 1 April<br>2008<br>£ |
|-------------------------------------|-----------------------|-----------------------|----------------------|
| Amounts falling due within one year |                       |                       |                      |
| Trade receivables                   | 180,336               | 935,256               | 1,211,164            |
| Other receivables                   | 13,549                | 16,614                | 13,578               |
| Prepayments                         | 288,005               | 277,622               | 250,937              |
|                                     | <b>481,890</b>        | <b>1,229,492</b>      | <b>1,475,679</b>     |
| Intra-government balances:          |                       |                       |                      |
| Local authorities                   | 25,249                | 12,444                | 234,327              |
| Central government bodies           | 293,461               | 895,179               | 1,099,194            |
| External to government              | 163,180               | 321,869               | 142,158              |
|                                     | <b>481,890</b>        | <b>1,229,492</b>      | <b>1,475,679</b>     |

## 13 Cash and cash equivalents

|   | 31 March<br>2010<br>£ | 31 March<br>2009<br>£ |
|---|-----------------------|-----------------------|
| Balance as at 1 April 2009                            | 7,492,668             | 1,906,209             |
| Net change in cash<br>and cash equivalent<br>balances | (4,691,973)           | 5,586,459             |
| Balance at 31 March 2010                              | <b>2,800,695</b>      | <b>7,492,668</b>      |

These balances at 31 March 2010 were held at commercial banks and as cash in hand.

## 14 Trade and other payables

|  | 31 March<br>2010<br>£ | 31 March<br>2009<br>£ | 1 April<br>2008<br>£ |
|--|-----------------------|-----------------------|----------------------|
| Amounts falling due within one year          |                       |                       |                      |
| Corporation tax                              | 1,314                 | 6,563                 | 9,796                |
| Trade payables                               | 1,003,029             | 239,583               | 1,061,284            |
| VAT  | 32,679                | 25,549                | 25,536               |
| Other payables                               | 185,930               | 70,239                | 70,239               |
| Deferred capital grant<br>(Sea Change)       | –                     | 6,227,189             | –                    |
| Accruals and deferred income                 | 944,184               | 1,596,913             | 1,718,941            |
| Income tax and social security               | 224,479               | 224,435               | 217,448              |
|  | <b>2,391,615</b>      | <b>8,390,471</b>      | <b>3,103,244</b>     |
| Intra-government balances:                   |                       |                       |                      |
| Local authorities                            | 18,490                | 6,305,779             | 64,717               |
| Central government bodies                    | 855,946               | 1,151,221             | 1,076,316            |
| External to government                       | 1,517,179             | 933,471               | 1,962,211            |
|  | <b>2,391,615</b>      | <b>8,390,471</b>      | <b>3,103,244</b>     |
| Amounts falling due after more than one year |                       |                       |                      |
| VAT  | 102,274               | 124,624               | 150,159              |
| Other payables                               | 47,043                | 71,122                | 141,361              |
|  | <b>149,317</b>        | <b>195,746</b>        | <b>291,520</b>       |
| Intra-government balances:                   |                       |                       |                      |
| Central government bodies                    | 102,274               | 124,624               | 150,159              |
| External to government                       | 47,043                | 71,122                | 141,361              |
|  | <b>149,317</b>        | <b>195,746</b>        | <b>291,520</b>       |

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 first lease break point.

## 15 Provision for liabilities and charges

This provision relates to early departure costs financed by CABB as discounted, dilapidations and VAT.

|                                      | Early departure costs<br>£ | Dilapidations<br>£ | VAT provision<br>£ | Total<br>£     |
|--------------------------------------|----------------------------|--------------------|--------------------|----------------|
| Balance at 1 April 2009              | –                          | –                  | –                  | –              |
| Provision charged in year            | 159,567                    | 475,112            | 111,000            | 745,679        |
| Provisions not required written back | –                          | –                  | –                  | –              |
| Provisions utilised in the year      | –                          | –                  | –                  | –              |
| Unwinding of discount                | –                          | –                  | –                  | –              |
| Balance at 31 March 2010             | <b>159,567</b>             | <b>475,112</b>     | <b>111,000</b>     | <b>745,679</b> |

### 15.1 Early departure costs

CABB 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 date in June 2019. CABB provides 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 1.8 per cent in real terms.

### 15.2 Dilapidations

CABB 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 CABB 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 advisor 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 improvements asset and will be depreciated prospectively over the remaining lease term – until the end of the lease in December 2019.

### 15.3 VAT liability

CABB recognises a provision in relation to a potential VAT liability which may arise in regard to a particular service level agreement. CABB is awaiting a specific ruling from HMRC.

### 16 Capital commitments – Sea Change

During the year 2008/09 CABB 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 CABB over more than one financial year. Total programme funding of £37,872,930 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. £14,683,183 remains to be paid out by CABB and this is due in less than one year.

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 publicly acknowledge the funding.

Payment is made by CABB 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:

| Body                                | Funding agreement<br>£ | Paid per note 6<br>£ | Outstanding commitment<br>£ |
|-------------------------------------|------------------------|----------------------|-----------------------------|
| Arun District Council               | 481,000                | 361,000              | 120,000                     |
| Barrow Borough Council              | 280,000                | 100,000              | 180,000                     |
| Berwick-upon-Tweed Borough Council  | 1,000,000              | 900,000              | 100,000                     |
| Blackpool Council                   | 4,000,000              | 3,600,000            | 400,000                     |
| Bournemouth Borough Council         | 455,000                | 455,000              | –                           |
| Cornwall Council                    | 900,000                | 300,000              | 600,000                     |
| Devon County Council                | 376,676                | 339,008              | 37,668                      |
| East Riding of Yorkshire Council    | 3,030,000              | 2,730,000            | 300,000                     |
| Essex County Council                | 30,000                 | 30,000               | –                           |
| Great Yarmouth Borough Council      | 3,000,000              | 750,000              | 2,250,000                   |
| Hastings Borough Council            | 2,000,000              | 1,000,000            | 1,000,000                   |
| Kent County Council                 | 3,761,250              | 3,492,000            | 269,250                     |
| North Devon Council                 | 30,000                 | 30,000               | –                           |
| North Norfolk District Council      | 25,000                 | 25,000               | –                           |
| North Somerset Council              | 851,447                | 756,447              | 95,000                      |
| North Tyneside Council              | 2,029,525              | 529,525              | 1,500,000                   |
| Penwith District Council            | 30,000                 | 30,000               | –                           |
| Rother District Council             | 1,000,000              | 900,000              | 100,000                     |
| Sefton Metropolitan Borough Council | 4,000,000              | 2,000,000            | 2,000,000                   |
| South Tyneside Council              | 1,000,000              | 900,000              | 100,000                     |
| Sunderland Council                  | 1,000,000              | 300,000              | 700,000                     |
| Swale Borough Council               | 24,000                 | 24,000               | –                           |
| Teignbridge District Council        | 26,500                 | 26,500               | –                           |
| Thanet District Council             | 3,830,000              | 780,000              | 3,050,000                   |
| Torbay Council (Berry Head)         | 705,001                | 705,001              | –                           |
| Torbay Council (Cockington Court)   | 1,542,531              | 771,266              | 771,265                     |
| Torrige District Council            | 100,000                | 100,000              | –                           |
| Wansbeck District Council           | 1,000,000              | 500,000              | 500,000                     |
| Worthing District Council           | 500,000                | 450,000              | 50,000                      |
| Wyre Borough Council                | 865,000                | 305,000              | 560,000                     |
| <b>Total</b>                        | <b>37,872,930</b>      | <b>23,189,747</b>    | <b>14,683,183</b>           |



## 17 Commitments under leases

### Operating leases

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

|                            | 31 March 2010<br>Building £'000 | 31 March 2010<br>Other £'000 | 31 March 2009<br>Building £'000 | 31 March 2009<br>Other £'000 |
|----------------------------|---------------------------------|------------------------------|---------------------------------|------------------------------|
| Within one year            | 635                             | 40                           | 635                             | 59                           |
| Between one and five years | 1,906                           | 24                           | 1,906                           | 65                           |
| After five years           | 3,017                           | –                            | 3,652                           | –                            |
|                            | <b>5,558</b>                    | <b>64</b>                    | <b>6,193</b>                    | <b>124</b>                   |

Property rentals relate to all of the commitment expiring after five years. Lease commitments are gross of VAT as VAT cannot be reclaimed on CAFE core business.

### 18 Related party transactions and connected bodies

CABE is sponsored by the Department for Culture, Media and Sport (DCMS) which is regarded as a related party. The material transactions with DCMS were in respect of grant-in-aid (note 7).

CABE receives further funding from Communities and Local Government (CLG). The material transactions with CLG were in respect of grant-in-aid (note 7). CABE also entered into service level agreements with CLG.

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                              | See note 7                             | £ Nil                |
| Department for Culture, Media and Sport (DCMS) | Sponsor                     | Partnership project/s<br>Secondment costs | £99,607 income<br>£100,155 expenditure | £11,334 debtor       |
| Communities and Local Government (CLG)         | Provider of further funding | Grant-in-aid                              | See note 7                             | £ Nil                |
| Communities and Local Government (CLG)         | Provider of further funding | Service level agreement/s                 | £132,835 income                        | £63,407 debtor       |
| Also sponsored by DCMS:                        |                             |   |  |                      |
| English Heritage                               | Provider of further funding | Partnership project/s                     | £77,967 income                         | £10,000 debtor       |
|  |                             | Recharge of shared urban panel costs      | £27,512 expenditure                    | £350 creditor        |
| Olympic Delivery Authority                     | Provider of further funding | Service level agreement/s                 | £271,970 income                        | £ Nil                |
| Arts Council of England                        |                             | Sea Change grant management               | £146,100 expenditure                   | £ Nil                |
| Museums, Libraries and Archives Council        |                             | Living Place partner contribution         | £25,000 expenditure                    | £ Nil                |
| Also sponsored by CLG:                         |                             |   |  |                      |
| Homes & Communities Agency                     | Provider of further funding | Service level agreement/s                 | £300,477 income                        | £29,400 creditor     |
| National School of Government                  |                             | Training costs                            | £665 expenditure                       | £ 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, DEFRA and SEEDA.

CABE receives income from a partnership agreement with Natural England and has also paid rent to the Civil Aviation Authority and made payments to the Cabinet 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 arm's-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.

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

| 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 the <i>Architectural Review</i> and the <i>Architects' Journal</i>                          | Payments by CABE for services        | £10,122           | £2,406 creditor                  |
| English Heritage         | Joyce Bridges, a CABE commissioner, is a commissioner at English Heritage   | Recharge of shared urban panel costs | £27,512           | £350 creditor and £10,000 debtor |
| Ipsos MORI               | Ben Page, a CABE commissioner, is chief executive of Ipsos MORI and a director of Ipsos MORI UK, who were commissioned to undertake research work on behalf of CABE | Payments by CABE for services        | £24,910           | £24,910 creditor                 |

No outstanding balances are overdue – nor have any provisions for doubtful debts or write-offs been made.

## **19 Losses and special payments**

The operational framework setting the governance arrangements between CAFE and DCMS requires that CAFE should have a process to document and report any losses and special payments. CAFE has a process in place and total losses of £9,214 were incurred (2008/09 £1,748). These transactions were considered immaterial.

## **20 Events after the reporting period**

The accounting officer authorised these financial statements for issue on the C&AG certification date.

Since 31 March 2010 the government has conducted a series of expenditure reviews and announced its emergency budget. There is still uncertainty over how this will impact on CAFE. CAFE's 2010/11 budget has been cut, but the full extent of the cut is not yet known. DCMS has cut its funding by 3 per cent and CLG has cut its funding by 10.5 per cent and is considering further cuts. The CSR10 submissions requested by DCMS have asked us to plan for significant further reductions in our grant-in-aid from 2011/12 onwards.

We refer in the accounts to our three-year corporate strategy; our funding agreements for 2010/11 and our business plan for 2010/11. The in-year cuts will mean that we will be unable to deliver our 2010/11 plans in full. In particular:

- the work to encourage good design in school buildings is at risk because the funding for us to deliver this work has not been confirmed
- our funding to ABECs may have to be reduced in-year
- the commitment of £14.7m to Sea Change funding will be reduced by £0.5m.

As well as the direct impact of the funding cuts, the risk of CAFE not managing within its agreed budget and/or failing to deliver key outcomes is increased because of the delay to confirming our funding for 2010/11.

Although we are planning for significant cuts in 2010/11 and through the CSR10 period, CAFE has been given no reason to believe that sufficient future funding to maintain it as a going concern will not be forthcoming. The accounts have therefore been prepared on a going concern basis.

## **21 Financial instruments**

As the cash requirements of CAFE are met through grant-in-aid provided by DCMS and CLG, 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 that CAFE'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.



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