



Commission for  
Rural Communities

Tackling rural disadvantage

## **Annual Report and Accounts 2008-09**



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# 1

# Annual Report

## Chairman's Foreword

It is a mark of our success to date that, increasingly, government is turning to us for advice on the big issues affecting rural communities – for example, my report to the Prime Minister on releasing the economic potential of rural England; our rural dossier submission to Lord Darzi's review of the National Health Service; and now our regular monthly rural recession intelligence reports to Secretary of State Hilary Benn to inform his input into the new National Economic Council. I am delighted that we are beginning to make a firm impression on a wide range of issues.

We could not have achieved this without the support and input from organisations and individuals all round the country who regularly respond to our calls for evidence and turn out to meet us, often at very short notice. As I travel round the country I am always impressed by the willingness and generosity of busy people to share their knowledge and experience to help us get a true picture of rural life.

After two and a half years of relative stability, the end of March was a time for change. Graham Garbutt was appointed CEO of the Countryside Agency in 2005 to organise wide-ranging change, including creating the Commission for Rural Communities (CRC) as an independent body and focussing its priorities and work programmes. This complete, we agreed that the year-end would be a good time for him to retire, leaving as he does, a strong team of staff with broad experience. The post of chief executive for CRC has been redefined to meet the future needs of the organisation. The recruitment process is complete and Sarah McAdam will be joining in August. In the meantime, I am grateful to Gill Payne who will lead the organisation as Chief Executive.

We said farewell, too, to three experienced Commissioners – Norman Glass, Alison McLean and John Varley, who collectively had given 20 years of guidance to the CRC and its predecessor – they will be missed personally and for the wise counsel they gave. It was with deep sadness that we learned of the death of Norman Glass in June 2009. He is remembered with respect and great fondness.

Four new Commissioners have been recruited to join us from 1 April 2009 – Richard Childs, John Mills, Sue Prince and Rachel Purchase. So the new year will again be a time of major change for the organisation.

To all who have left, I thank them for their contribution to our organisation which is in good heart and ready to meet the challenges ahead.

It is my pleasure to present the Commission for Rural Communities' Annual Report and Accounts for 2008-09.

## Chief Executive's Introduction

This has been a challenging year for us. When we put together our corporate plan for the year, few would have predicted the scale and impact of the recession which was about to hit us all. For us, the year started with an 20 per cent cut in our income from our sponsor department, the Department for Environment, Food and Rural Affairs (Defra). While difficult, it meant that we reviewed all our work programmes and activities to ensure they were focused and relevant and 'recession-proof'. It also meant that we had to work harder and 'smarter'; in order to make an impact we had to gear up our effectiveness by influencing others.

Our approach is not about 'special pleading' – with one-fifth of the population based in rural communities, we do not consider rural to be a marginal issue. Our motivation is to release the potential, innovation and opportunities from rural areas. Rural communities are diverse and varied and our challenge is to recognise and exploit these differences. We have been successful in presenting rural issues at the highest level of government to increase understanding of rural needs and circumstances. In some cases the result has been that proposals have not been implemented – polyclinics, for example. However, for most of our work it is a long term process to advise and influence and to persuade others to advocate ideas and solutions on our behalf.

I have highlighted a few of our major projects which demonstrate the range of our activities and the results we are starting to achieve.

## Rural economies and the recession

Inevitably the effects of the credit crunch and recession on rural economies has dominated our work this year. In May 2008 we published 'England's rural areas: steps to release their economic potential', a report headed by our Chairman which had been commissioned by the Prime Minister following the re-emergence of foot and mouth disease the previous year. This established a good breadth of knowledge, wide range of contacts and a wealth of research and evidence on rural economies which was a good foundation for subsequent, related work. For example, we gave evidence to an inquiry by the Environment, Food and Rural Affairs (Efra) select committee on rural economies who were supportive of our work. And as the credit crunch became apparent, we were able to persuade Professor Michael Parkinson to include a rural chapter from us in his report on the impacts of the credit crunch on regeneration and economic development to the Local Government Minister.

In October 2008, the Prime Minister set up the National Economic Council (NEC) of senior ministers to focus on tackling the recession. Building on our evidence base and working with the networks created, we have provided rural recession intelligence reports monthly to our Secretary of State, Hilary Benn, to inform his contribution to the NEC. We have also published the reports on our website. They combine intelligence submitted by regional and local bodies and agencies, local media reports and a rural cut of national statistics. We have been able to increase awareness of the impacts of the recession on rural areas, for example:

- The vulnerability of rural businesses which rely more heavily on finance secured by mortgage lending, overdrafts and credit card borrowing, and their lack of experience in formal business planning required to secure bank borrowing;
- The need for more banking facilities in Post Offices and to extend access to credit unions to rural areas to improve financial inclusion;
- A lack of facilities to tackle the cumulative effect of numerous small rural business closures, rather than the higher profile large closures in urban areas;
- The higher numbers chasing every vacancy in peripheral rural districts, which are also seeing the steepest rise in claimants of Job Seekers' Allowance.

Despite the fall in house prices, the lack of available credit has resulted in worsening affordability and increasing homelessness – and the need for more social rented housing.

To respond to Stuart Burgess's report to the Prime Minister, a cross-Whitehall group was set up to consider the recommendations. We were asked to take forward a number of these, including a series of regional summits based on the four key areas for solutions: inspiration and leadership, investment, innovation and empowerment.

The volatility of fuel prices during the year has heightened the incidence of fuel poverty, exacerbated in rural areas due to older, less economical housing stock and widespread unavailability of mains gas. We have been working to bring about:

- regulation of the sale of domestic fuel oil and liquid petroleum gas (LPG) within the domestic energy market under Ofgem
- robust social tariffs for domestic fuel oil and LPG to help alleviate fuel poverty
- greater flexibility within the Warm Front scheme for rural areas where a greater number of homes are unsuitable for the assistance currently available (such as cavity wall insulation).

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## Housing and planning

Housing remains the single most important, most frequently raised issue in rural areas. This – and rural economies – was the subject of a study by Matthew Taylor, the Liberal Democrat MP commissioned by the Prime Minister, 'A living, working countryside' published in July 2008. We were pleased to work closely with Mr Taylor in development of the report whilst at the same time working on our own analysis of what 'sustainable' means for rural communities. Our 'Big Picture' looks at the factors which make communities sustainable – social, environmental and economic wellbeing – and also the inhibiting factors: the loss of young people, poor public transport provision, lack of affordable housing and low wages.

We have been working to build a strong consensus on the way forward with leaders of a wide range of bodies and thought leaders, including Matthew Taylor. We are developing a prospectus of proposals to build a 'new consensus' about the creation of genuinely sustainable rural communities within a wider reappraisal of planning policy.

Following the Government's largely positive response to Matthew Taylor's report in March 2009, Minister for Housing and Planning, Margaret Beckett, subsequently announced a consultation on a new planning policy statement, PPS 4. This consolidated all of the economic planning policy statements which took on board our messages from the prospectus and round table and represents an important milestone:

*"The revised policy also implements a number of recommendations arising from the (Matthew Taylor) review of rural housing and economic development. The Government agree with his key finding that we need a more subtle appreciation of what makes rural communities sustainable, and that rural communities, as much as urban areas, need to plan for change in the face of new economic, environmental and demographic pressures. In bringing together our policies on economic development in town and country into one policy statement we are emphasising in the rural context what is taken for granted in urban contexts: that economic sustainability is a prerequisite for social and environmental sustainability. Similarly, we are responding to the thrust of the recommendations made in the advice provided to the Prime Minister by Stuart Burgess, the Rural Advocate. We see both the Rural Advocate's report and the Taylor review as important elements of a growing consensus which recognises the economic opportunities offered by rural areas and the contribution they make to the economy at large."*

**Rt Hon Margaret Beckett MP**, Minister for Housing and Planning, Communities and Local Government (CLG) – ministerial foreword to the CLG consultation paper on a new planning policy statement 4: planning for prosperous economies (May 2009).

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## **A sound evidence base**

We pride ourselves on the strength of our evidence base and our use of fact-based analysis which is fundamental to both our approach and our reputation. It was therefore a pleasure to celebrate the tenth annual 'State of the Countryside report' which focused on change over the past decade, focusing on three main headings: living in the countryside, economic wellbeing and land and the environment. One of the big changes over the past ten years has been access to the Internet and as a result, we have decided to adopt a new, more responsive, interactive approach which will give access to the most up-to-date statistics. This will be supplemented by a series of special topic 'State of the Countryside updates.'

A new development during the year was publication of research on 'deprivation in rural areas' using an extremely small scale (125 households), giving a better understanding of patterns of deprivation and the ability to identify 'hotspots' below the level of the Government's Index of Multiple Deprivation. This work has been widely used by ourselves and others. Publication of the research in June 2008 was followed by a seminar with the Department for Communities and Local Government.

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## **Rural proofing the health debate**

A large part of our work is targeted at ensuring that policy development takes full account of the rural dimension – by rural proofing new policy initiatives and responding to consultations. Health featured highly on the agenda last year, with the 60th anniversary of the National Health Service being marked by a major review of its future by the Government's health minister, Lord Darzi. The outcome was a key concern to rural areas and we commissioned special research for a 'rural dossier' to help inform his thinking. We were pleased to be the only organisation to be acknowledged in the report but, more importantly, we were delighted that our advice on the inappropriateness of 'polyclinics' in rural areas was taken on board. Similarly, in respect of the Pharmacy White Paper, we were pleased that the proposal to stop general practices from dispensing medicines was dropped following the consultation.

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## **New areas of work**

Two of our newest areas of work have arisen from recommendations by the Rural Advocate and have proved to be relevant and timely. The first is an inquiry into the Future for England's Uplands Communities. We have found the inquiry technique to be of real value in engaging with people at all levels – from academics and policymakers to 'real people' on the ground. A panel of five Commissioners will be hearing evidence from uplands communities across England, inviting written submissions and will soon start the challenging process of distilling and synthesising the evidence into meaningful recommendations which will make a real difference to these often deprived areas. We do not underestimate the enormity of the task in hand. The relationship between uplands communities and the land, and the contribution that upland management makes to the economy and wellbeing of the country as a whole, are fundamental.

The second new area is rural digital inclusion and will feed into Lord Carter's review of Digital Britain. New technology affects many areas of our work – lack of access to effective broadband will affect both social and economic aspects of rural life and further widen the urban/rural divide. The results of both areas of work will be available in the new financial year.

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## Shared objectives

More than ever, we are working with others to improve Britain's rural communities – with government departments, and national, regional and local authorities, agencies and organisations.

The strategic objective of our sponsor department (Defra) is to achieve 'socially and economically sustainable rural communities'<sup>1</sup>. The two core elements are that the needs of rural people and communities are addressed through mainstream public policy and delivery; and that economic growth is supported in rural areas with the lowest levels of performance. Our work on rural proofing and our Uplands Communities Inquiry are examples of our support for these objectives. We are also developing other areas of joint work with Defra where it benefits everyone to do so.

Improved financial inclusion is a key part of tackling rural disadvantage. We persuaded the Department of Work and Pensions (DWP) that a specialist Rural Financial Inclusion Champion was needed in addition to their team of 16 regional champions – and were then delighted to be chosen to take on this important three-year role.

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## Thanks

Finally, some words of thanks:

To our many partners – for their contribution, support and guidance.

To all our staff – for their hard work, intelligence, enthusiasm and commitment to rural communities; we value this enormously and never take it for granted.

And to our Commissioners, and especially to our chairman and the Rural Advocate, Stuart Burgess – whose tireless work and relationship with Ministers and rural communities alike enables the CRC to remain in touch and totally relevant.

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1 <http://defraweb/rural/dso/background.htm>

## Performance Review

### Policy Programmes

**Our overriding focus is on tackling disadvantage and underperformance in rural England. In 2008-09 we managed our work under four broad policy programmes: Sustainable rural communities in the 21st Century; Rural services and social justice; Strong and prosperous rural economies; Representation and decision-making. While much of the work is cross-cutting, each of the programmes has led on work towards one of our four strategic outcomes.**

### Sustainable rural communities in the 21st century

- **Strategic outcome** – Broad, positive consensus on the future for rural communities in the context of changing demographic, environmental and land use pressures, including housing, planning and transport.

**Understanding what ‘sustainable’ means for rural communities.** Work on our ‘Big Picture’<sup>2</sup> and our input into Matthew Taylor’s report to the Prime Minister, ‘A Living Working Countryside’, published in July 2008<sup>3</sup>, is covered in the Chief Executive’s introduction. Both identified planning as one of the blockages to creating sustainable communities. In October 2008 and March 2009, we hosted round table discussions with leaders of national stakeholders – the Rural Round Table<sup>4</sup> – to test the degree to which a consensus existed. Strong agreement and a commitment to more positive rural planning emerged, which we will be developing in the coming year.

**Planning toolkit.** Working in partnership with stakeholders from Devon<sup>5</sup>, we have developed a sustainable communities ‘tool-kit’ to help foster stronger engagement between rural communities and local authorities. It is designed to assist housing, planning and development professionals to agree how sustainability assessments can be made and consistently implemented.

**Housing.** Affordable housing remains a pressing issue for rural communities. The current state of the rural market makes delivery of affordable housing even more challenging:

- Despite a fall in house prices, affordability remains a greater problem in rural than in urban areas, exacerbated by credit tightening and increased deposit requirements
- Repossession of rural homes has risen at nearly double the rate for England as a whole during 2007 and 2008 with a lack of affordable housing options for the increasing number of rural residents made homeless.

We have used our extensive evidence base to highlight the underlying problems of affordability; scarcity of supply of affordable housing and problems of replacement; costs of delivery; limited local authority/enabling capacity; and community opposition to affordable housing developments and the need for social rented housing and are working with the new Homes and Communities Agency to rural proof their work.

<sup>2</sup> Planning for Sustainable Rural Communities. CRC 73, June 2008 The Big Picture.

<sup>3</sup> The Review recommends new planning policies to create new neighbourhood extensions to market towns embracing retail, workspace, community facilities and amenity. It highlights the opportunity that new ‘community-led affordable housing’ initiatives may bring for smaller rural settlements; and flexible new planning rules to encourage village businesses.

<sup>4</sup> The Rural Round Table included Matthew Taylor, Defra, the Planning Inspectorate, the Local Government Association, the Commission for Architecture and the Built Environment, the Royal Town Planning Institute, the Town and Country Planning Association and the Campaign to Protect Rural England.

<sup>5</sup> Commissioning partners for the project: Devon County Council, Devon Strategic Housing Group, Torridge District Council, West Devon Council, South West Acre Network (SWAN), CRC South West regional Assembly, Housing Corporation and SPARSE (the Sparsity Partnership of Local Authorities)

**New work on rural transport.** We have been seeking to re-ignite the debate on rural transport – identifying and advocating new solutions for rural communities. Work to date has concentrated mainly on building the evidence base. As a first step we published a series of short research ‘think pieces’ to encourage new thinking on some important topics: the contribution of transport to sustainable rural communities; sustainable rural accessibility – is it really possible?; rural life without carbon; the implications of technological change for rural transport; and the potential impacts of road pricing on rural areas. We are also drawing on international solutions to rural transport.

**Uplands Community Inquiry.** One of Stuart Burgess's proposals in his Rural Advocate report, was to hold an inquiry into the future for England's upland communities. Encouraged by the Prime Minister, the inquiry has been set up, chaired by Stuart Burgess with a panel of Commissioners – Michael Winter (vice-chairman of the panel), Jim Cox, Howard Petch, Mark Shucksmith and John Varley; and is due to report later in 2009.

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## Advocates for us

*“The Rural Round Table brings together an extraordinary coalition of rural expertise around a growing new consensus about the future of rural communities. The Rural Round Table recognises that key now is turning words into action, and the creation of this coalition makes that action far more likely locally and nationally.”*

Matthew Taylor MP

*“We welcome the CRC's upland communities inquiry and call on the upland communities within England to tell their story, explaining the situation they face today and their aspirations for the future. The CLA believes passionately that our uplands must be managed by people who know how to look after these fragile environments. Their activities generate and maintain the textured landscape and rich biodiversity so valued by the public.”*

Henry Aubrey-Fletcher, President, Country Land and Business Association

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## Rural services: fair access and equitable outcomes

Strategic outcome – Services responding to the particular challenges and needs of rural England, especially for the disadvantaged.

Poverty and Financial Inclusion. Improving financial inclusion is a major factor in tackling disadvantage and an area in which there are major differences between urban and rural areas. We are pleased that our work on this subject has led to acknowledgement of our expertise by a number of government departments.

The Government has committed £12 million up to 2011 to create 18 financial inclusion champion teams. Of these, 16 regional teams are working in partnership with local authorities and a broad range of stakeholders from the voluntary and private sectors to deliver money guidance and increase the number of people with access to basic bank accounts, savings, affordable credit and face-to-face debt advice. There are also two specialist teams focusing on the role of social landlords and the needs of rural communities. We were successful in being appointed as host to rural financial inclusion champion team, which is working in three ways:

- directly with rural local authorities and stakeholders in Norfolk, Cornwall, Shropshire, Lincolnshire and Devon to promote good practice and develop local partnerships and strategies. As a result the DWP has allocated funding to support local credit unions to provide access to affordable credit in Norfolk and Shropshire;

- providing information and advice on rural proofing to the 16 regional financial inclusion champion teams;
- helping government to rural-proof national financial inclusion policy and programmes, including the potential for the Post Office to deliver local banking services and the role of credit unions in delivering the social fund in rural areas.

**Adult Social Care and Support.** Working with the Department of Health (DH) and leading stakeholder organisations<sup>6</sup>, we rural-proofed the green paper on Care and Support and commissioned qualitative research from both the provider and user perspective. The challenges of delivering high quality adult social care in rural areas were identified, together with what does and does not work in rural areas.

We provided evidence of the need for a 'rural premium' to cover the higher costs of service delivery in rural areas and for local authorities to consider rural circumstances in their care and support Joint Strategic Needs Assessments. We made sure the voice of rural communities was heard through active participation in the Government's Opportunity Age working group, the National Council on Ageing's rural affairs sub-group and Hampshire County Council's inquiry to develop services for people needing support and care. Our report, 'The Personalisation of Adult Social Care' was well-received and will be used as continued input into the debate.

**UK National Action Plan on social exclusion.** We worked with various government departments<sup>7</sup> to rural proof the 2008-10 National Action Plan on Social Inclusion, with specific references to rural circumstances including Transport, Children's Centres and Health.

**Health.** Our significant contribution to Lord Darzi's review of the National Health Service was a detailed Rural Health Dossier, highlighting the need for flexibility in the design and provision of rural healthcare to achieve equitable healthcare provision and recommending changes to healthcare policy, including a change in the resource allocation formula to recognise the different costs and age profile in rural areas. This included a DVD of the Rural Advocate's visit to Cambridgeshire to examine the issues on the ground.

We supported the establishment of a North East Commission on Rural Health and continue to provide rural proofing advice. We also facilitated a very successful 'Show and Tell' event on dental commissioning in North Devon, attended by Chief Dental Officer, Barry Cockcroft.

With others, we responded to the Pharmacy white paper – which subsequently resulted in the withdrawal of proposals to stop rural doctors' surgeries from dispensing drugs.

**Post Offices.** We continue to take a close interest in Post Office developments, notably the Network Change programme including the impact of closures on rural areas and the opportunity for community involvement in the consultation process. We developed and financed an on-line advice facility, operated by Ruralnet, to help communities faced with a post office closure, giving information about alternative ways of accessing services. As a result of its success, consideration is being given to an advice service with a wider remit.

Written evidence was submitted to Select Committee inquiries on the post office closure programme and the future of the post office network. The Committee supported our recommendation for a presumption against closing any post office which hosts the last remaining shop in the community.

**Major life events.** A new phase of our work in this area is about to commence. The research phase is complete and we are moving on to development of recommendations and working with other groups to advocate solutions. Research has been taking place to cover the rural experience of five 'events' – job loss, having a stroke, the onset of dementia, becoming a young carer and having a baby. We are optimistic that the next phase of our work will result in major changes and make a real difference to the lives of rural residents.

<sup>6</sup> Our stakeholder group included Age Concern, English Community Care Association, the General Social Care Council and the Association of Directors of Social Services.

<sup>7</sup> including DWP, the Department for Business, Enterprise and Regulatory Reform (BERR), the Department for Innovation, Universities and Skills (DIUS) and DH

**Digital Inclusion.** One of the recommendations of the Rural Advocate's report last year was to consider the rural dimension of digital inclusion. This new area of work, kicked off with a Rural Advocate visit to Cumbria in January, was timely in informing our response to the Digital Inclusion Action Plan consultation. We have engaged directly with the Digital Britain team to help rural-proof the final report and will submit a rural report in June 2009, providing rural based evidence and case studies.

**Rural Schools.** We submitted a formal consultation response to the Shropshire Commission on Rural Schools policy and were invited to submit oral evidence in support of the positive benefits of rural schools towards sustainable rural communities. Together with others, we were influential in stopping the closure of rural schools in Shropshire and reinforced the presumption against rural school closure. This has led to new engagement with the Department for Children, Schools and Families (DCSF) on rural schools, particularly in relation to the funding review.

**Rural Services All-Party Parliamentary Group.** We have worked jointly with the Rural Services Network throughout 2008 to support the Rural Services All-Party Parliamentary Group. This has resulted in a number of successful meetings to raise rural issues and we have accepted an invitation to provide secretariat services to the group.

**Children's Services.** We have worked with the Children's Society we are gathering evidence on Children's Centre services for sparse rural areas (both providers and users) to inform DCSF's Children's Plan target for every community to have access to Children's Centre Services by 2011.

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## Strong and prosperous rural economies

- **Strategic outcome** – Prosperous rural economies maximising local potential and wellbeing, especially in underperforming areas.

The main thrust of our work during the year has been previewed in the Chief Executive's introduction, highlighting the impacts of the recession on rural economies. During this year we set out to raise decision makers' understanding of the nature, contribution and potential of England's rural economies and their commitment to releasing this potential and to reducing the challenges faced, especially in the most vulnerable communities and weakly performing areas.

In swift succession we compiled substantial evidence of the scale of 'unfilled potential' and challenges to our rural economies for the Rural Advocate's report to the Prime Minister<sup>8</sup> on strengthening rural economies and engaged in extensive discussion with economic departments and regional development agencies; contributed to an Inquiry into the *Potential of the Rural Economy* by the parliamentary Efra Committee<sup>9</sup>, and Matthew Taylor's report<sup>10</sup> on rural housing and economy. These three inquiries all reported in 2008, generating considerable public, political and rural debate, and each attracting formal government responses<sup>11</sup>, including commitment to many actions to strengthen rural economies.

As part of the formal response<sup>12</sup> to the Rural Advocate's report to the Prime Minister, we were asked to lead a series of four rural summits to highlight the themes of the report. The formal response was launched by Efra Secretary of State Hilary Benn in February at the first summit in York. The others will take place later in 2009, to be held jointly with Regional Development Agencies.

8 England's rural areas: steps to release their economic potential. Advice from the Rural Advocate to the Prime Minister.

9 House of Commons EFRA Committee, The potential of England's rural economy. Eleventh report of Session 2007-2008

10 Living Working Countryside. The Taylor review of Rural Economy and Affordable Housing. Matthew Taylor 2008

11 Resilience and Opportunity: The Government's Response to the report of the Rural Advocate: England's rural areas: steps to release their economic potential. Defra, 2008.

House of Commons EFRA Committee. The potential of England's rural economy: Government Response to the Committee's Eleventh Report of Session 2007-08. The Government Response to the Taylor Review of Rural Economy and Affordable Housing. Department of Communities and Local Government, March 2009

12 Resilience and Opportunity: The Government's Response to the report of the Rural Advocate: England's rural areas: steps to release their economic potential. Defra, 2008

To provide rural recession intelligence and advice, give a voice to rural businesses, people and places, and develop appropriate solutions, we gathered and presented considerable evidence – statistical, qualitative and anecdotal, and from local media – from rural, business, community and public sector organisations about business, employment, housing and debt impacts. We have been delighted by the wide-ranging contributions we have received which have added colour and detail to the reports. In addition the Rural Advocate has conducted visits and meetings to hear and convey the real concerns and demands of rural people about the recession.

Our Rural Recession Intelligence reports<sup>13</sup> have been published on our website and received widespread coverage in national to local media, in economic bulletins and other organisations' economic and recession reports and even quoted in Parliament. We have provided speakers for a wide variety of conferences and events to disseminate this experience and gather further insight; and have met parliamentarians of all parties to discuss rural experience and seek appropriate actions. And we have shared our findings and solutions with officials from government departments and agencies, notably the Department for Business, Enterprise and Regulatory Reform (BERR) and Regional Development Agencies.

Alongside this we have worked, amongst others, with:

- Local Government Association (LGA) and rural local authorities to identify ways to strengthen their capacity to take on the new challenges arising from devolution of economic development;
- Department for Communities and Local Government (CLG) to ensure that the Government's new Regeneration Framework and local authority 'economic assessment duty' is respectful and supportive of economic challenges and priorities in rural areas;
- Department of Work and Pensions (DWP), Job Centre Plus and other bodies to understand and enhance the effectiveness of the Government's Employment and Training programmes for those seeking work in rural areas;
- The new UK Commission for Employment and Skills (UKCES) to enhance their understanding of the opportunities and challenges of rural employees and employers, and to help ensure that their work to build the Government's new web tool – UK Talentplan<sup>14</sup> – for employers and their workforces, is relevant and accessible to rural businesses. We also set up a stakeholder working group<sup>15</sup> to 'rural proof' their recommendations on how to achieve world-class skills by 2020 and the aspiration of an 80% employment rate. We commissioned a study to identify the rural groups that find it most difficult to move into, remain and progress in employment, their pathways into work and barriers facing rural low-skilled and other workers in accessing career-enhancing training.
- The Institute for Public Policy Research (IPPR) to profile the degree of low pay and poverty of in-work residents in rural areas and promote solutions to tackle this persistent blight; and for the recovery and longer term benefit of rural economies;
- Regional Development Agencies (RDAs), New Economics Foundation, Globe Consultants and local authorities to increase understanding, measurement and practice of economic wellbeing, as a wider focus than 'raising productivity' on which decision-makers could base future economic intervention.

Our work has laid down a sound foundation to help rural economies secure better understanding, action and resources during the recession, during recovery phase and for the medium term from government and other decision makers.

<sup>13</sup> <http://www.ruralcommunities.gov.uk/projects/creditrunch/overview>

<sup>14</sup> Due to be launched July, 2009

<sup>15</sup> Our stakeholder working group comprised senior representation from UKCES, DWP, DIUS, Defra, LGA, Learning and Skills Council and the Improvement and Development Agency for local government (IDeA).

## Representation and Decision Making

Strategic outcome – Robust representation of the rural dimension embedded at key levels of mainstream decision-making.

### Rural Proofing

#### *National*

As demonstrated throughout this review, 'rural proofing' underlies the majority of our work – ensuring that the rural dimension is properly taken into account in national, regional and local policies. Government thinking is that rural is not a special case but should be 'mainstreamed' within its policies and that rural proofing is the 'tool' to ensure that mainstreaming takes account of rural needs.

In November 2007 we announced a comprehensive review of rural proofing to gather evidence to inform how the process could be refreshed and repositioned which attracted strong support from many rural stakeholders. The new strategy commits us to two roles: *monitoring*, and *supporting and enabling others*. The new strategy, together with a refreshed rural proofing 'toolkit', will be launched in May 2009 at a major policy conference in partnership with Defra.

We are delighted that Government, responding to the Efra Select Committee report as well as to our review, agreed to renew its commitment to rural mainstreaming and rural proofing as a central contribution for achieving Defra's objectives for strong rural communities.

We have worked with Defra to plan a programme of work – including a new Rural Proofing toolkit – to deliver strong Rural Proofing advice and support to Government departments and others. In 2009-10 and beyond, we will build on this work, to ensure that Rural Proofing becomes a successful part of policy making in Whitehall and in the governance of our regions and localities.

There is a keen interest in rural proofing from other countries and we have briefed a number of delegations on this subject over the year. We were also invited to host an international learning seminar at the Organisation for Economic Co-operation and Development's (OECD) rural policy conference in Germany.

At the same time, we have embarked on a joint project with the Sustainable Development Commission to build an element of monitoring rural proofing into the sustainability audits they undertake for each government department. Going forward we will be using these results to inform the development of a monitoring strategy which will include ongoing relationships with the Audit Commission and relevant Select Committees.

#### *Regional and Local*

At the local level, we have encouraged rural proofing of Local Areas Agreements (LAAs) and have promoted this approach to local government and Government Offices. We ran a joint project with Action for Communities in Rural England (ACRE) to deliver a series of events to Rural Community Councils to help them in their influencing work on the LAAs, including an information and guidance resource pack. Feedback from this work has been positive and we are considering evaluation in 2009-10 of the extent to which this work has been successful in improving outcomes for rural communities from the LAA process.

Alongside this work, we have influenced the Audit Commission and the other inspectorates to consider the extent to which local authorities and their partners are successful in delivering to all communities across their constituencies, during the new Comprehensive Area Assessment process that will be going live during 2009. We will continue this work in 2009-10.

*Parish level*

We have continued to work with Communities and Local Government and the National Association of Local Councils (NALC) and other partners to promote improvement in the parish and town councils sector. This is the level of local government closest to the people in most rural areas. We have worked with parishes in the nine new unitary authority areas to help them adjust to the new arrangements, to deliver better outcomes for the communities they represent and serve. We will continue this work in 2009-10; the first year of operation for the nine new authorities.

We have advised on implementation of the new wellbeing power for parish and town councils and have been leading members of the coalition supporting take-up (by nearly 700 parish councils) of the Quality Parishes Scheme. Likewise, we have actively supported, for example through training provision, the professional qualification for parish council clerks. This has led in recent years to nearly 1,000 parish clerks achieving a professional qualification in their job.

**Participation Inquiry.** Our Participation Inquiry concluded and reported in early 2008 and we have continued to promote the recommendations at conferences and events. We have honoured our commitment to feed-back to those communities and individuals who shared their expertise and views with us as part of the Inquiry, by holding three regional events where inquiry participants were invited to hear about how we had used their evidence and where progress on the issues identified had been made. These events were co-hosted with the National Association of Local Councils (NALC).

**Participatory Budgeting project.** In support of the Government's lead on community empowerment, and as a follow-up action to our Participation Inquiry, we agreed to work with Community and Local Government's Participatory Budgeting Unit (CLG's PBU) to pilot participatory budgeting as a means of prioritising spending of the precept and local ward budgets in a rural context. We have developed a shared project with the PBU and NALC to support a selection of parish and town councils and rural ward councillors to use participatory budgeting.

**New Unitary local authorities project.** We have also undertaken a project to capture the experiences of the County Associations of Local Councils (CALC) – the representative body for parish and town councils – during previous local government reorganisations, identifying good practice and opportunities for influence. The project will help support parish and town councils to secure a strong voice in the new arrangements for unitary local government. As part of the project, a survey of CALCs, parish and town councils in the new Unitary Areas was undertaken, which captured their experience of engagement and influence within the new structures. In December 2008 we held a workshop to share this experience and good practice. The project has the support of the Improvement and Development Agency (IDeA) and NALC.

**Quality Parish and Town Council Scheme.** As one of six national partners in the Quality Parish and Town Council Scheme, we were pleased to support the relaunch of the scheme and to see how the spirit of the findings from the Participation Inquiry were embedded into it. In particular, we were pleased to see new criteria for community engagement and strengthened democratic accountability.

**Local Area Agreements.** Rural proofing the LAA process was a priority for us during the year. Following a pilot project developed by Essex County Council, we have undertaken a comprehensive assessment of the potential to disaggregate the 189 National Indicators to help secure proportional delivery of LAA targets to rural communities. We have analysed local monitoring and performance management experiences of Essex, Cumbria and Devon Local Strategic Partnerships (LSPs). The information obtained was used to develop a guide for local authorities and LSPs to demonstrate how disaggregated reporting is practical, desirable and valuable.

Alongside this work, we also anticipate preparing a commentary and recommendations for government, as well as audit and inspection bodies, on the importance of securing neighbourhood-based reporting of LAA targets, and of service delivery more generally. The aim is not only to secure good and fair service delivery to citizens wherever they live, but also to enable practical implementation of the new 'Duty to Involve' requirements being placed on local authorities.

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## Supporting the work of the Rural Advocate

Our Chairman Stuart Burgess is also the Government's Rural Advocate, charged with putting the case for rural people to the highest levels of government and making sure that rural people's needs and circumstances are properly understood. We have provided support to him through policy advice, organising a schedule of visits and ensuring that that messages he hears from the people who live and work in rural England inform our policy work. We are grateful for the help of the regional Rural Affairs Fora, the Rural Community Councils and many others for their generous assistance with this work, particularly for sharing their grassroots' knowledge of people and issues.

A priority during the year has been improved integration between the work of the Rural Advocate and our policy programmes. The success of this is demonstrated throughout this report, where it is clear that the two are inextricably linked, for example, with rural economies in responding to the Prime Minister's request for suggestions of ways to strengthen rural economies; and with the Prime Minister's support for the Rural Advocate's proposal for an investigation into the future for Uplands Communities which resulted in a major CRC inquiry on the subject, chaired by Stuart Burgess and supported by five of the Commissioners; and a visit on digital inclusion in Cumbria opened the door to a whole new strand of work on this topic.

The varied programme of Rural Advocate visits has continued, with a series of 12 one or two-day visits on a variety of topics or themes, ranging from visits on transport in Lincolnshire to major life events in Northumberland; the effects of the recession in Derbyshire and upland communities in Lancashire. Visit reports are posted on our website.

During the year, 13 formal Ministerial meetings were held, including with the Prime Minister, the Defra ministerial team and ministers from the Departments including Transport; Health; Business, Enterprise and Regulatory Reform; Communities and Local Government (Housing); Cabinet Office (the third sector); and The Treasury.

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## An Effective organisation

To complement and support the work of our policy programmes we have a number of specialist areas: strategic analysis and 'advocacy' – strategic communications and stakeholder relations, and our Whitehall office.

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## Strategic Analysis

A robust evidence base is integral to our work, fundamental to our reputation and widely used by ourselves and others.

In July 2008 we celebrated the 10th annual *State of the countryside report*, which received extensive press coverage with more than 50 TV and radio interviews given. The state of the countryside 'brand' is complemented by shorter, topical updates. In December we published a State of the countryside update on 'Rural analysis of the Index of Multiple Deprivation 2007'. We ran 12 Rural Insights focus groups between November 2008 and January 2009 in rural deprivation 'hotspots'. The process of linking quantitative research with the qualitative 'focus group' research will lead to a more detailed understanding of rural deprivation.

## Strategic Communications

We use a variety of methods to provide the most appropriate support to projects so that our communications and hard-hitting, cost-effective and targeted to the right audience at the right time.

Key statistics:

- Our website continued to be a strong channel of communication and engagement with visits to the site up by more than 17% from 2007-08, and with visitors viewing more pages (up more than 60%) and downloading more documents (up nearly 75%).
- We have introduced new social media tools including discussion forums and social bookmarking to encourage dialogue and wider sharing of our work, and have used services such as Twitter and YouTube to help further our reach and influence. Our Twitter account (@CRC\_UK) has attracted over 300 followers since its creation in February 2009, including MPs, journalists and rural stakeholders.
- Our work attracted over 559 separate pieces of press coverage, and we took part in 120 broadcast interviews on radio and television, including more than 30 national broadcasts.
- In total we have produced 49 separate branded publications including reports, web only documents and DVDs.
- We have continued to host events and produce publications – printed and on the website – to share solutions and recommendations and to influence policy.
- In January we introduced our Rural Experience, an initiative designed to inspire senior people from government, public-funded organisations and the voluntary sector to make a positive contribution to rural communities. We ran three visits during the year: the first, on affordable housing, was held in Essex, led by Sir Bob Kerslake, Chief Executive of the Homes and Communities Agency; the second, in Warwickshire, on the effect of the recession on rural economies led by David Frost, Director General of the British Chambers of Commerce and the third, in Oxfordshire, on digital inclusion was led by Hilary Benn, Defra Secretary of State.
- Our Whitehall office has given a stronger focus to our parliamentary engagement activity. This has seen the successful development, piloting and delivery of a series of parliamentary briefings and bulletins, as well as more targeted engagement with parliamentarians and their staff.

## Rural Development Programme for England UK National Rural Network and RDPE Network

We were selected by Defra to develop and operate the UK National Rural Network (UKNRN) and the Rural Development Programme for England network (RDPE NRN), for which we receive separate European Union (EU) funding.

The UK NRN links the four country-level rural development networks and provides a single interface with the European Commission and the European Rural Development Network – as well as the Member States' rural development networks. It supports delivery by sharing expertise, lessons learnt and good practice on rural development policy design, management and implementation.

Similarly, the RDPE Network has been established to support implementation of the Rural Development Programme for England, building on the extensive networks already in place.

While we have overall responsibility for co-ordinating the formal activity of the two networks, their success is only possible with the participation and energy of those involved in the rural development programmes within England and the UK. We would like to thank the hundreds of stakeholders that have been involved throughout the year.

Further information:

UK NRN – [www.nationalruralnetwork.org.uk](http://www.nationalruralnetwork.org.uk) RDPE Network – [www.rdpnetwork.org.uk](http://www.rdpnetwork.org.uk)

*“There is no benefit in reinventing the wheel or making mistakes that we could have avoided, if we had just talked about it. We all know how easy it is to get on with the day job, without looking around at what other are doing but sharing information and practice does save time!”*

Jo Finlow, Lincolnshire County Council

## An Efficient Organisation

Significant progress has been made in development of many of our policies and processes and significant efficiency savings have been achieved as a result that have allowed the organisation's resources to be focussed on delivery whilst ensuring all statutory requirements and government standards have been met. We have ensured that the organisation has been resourced and structured appropriately with well designed policies and processes that have allowed the organisation to remain flexible and responsive to its challenges and re-prioritise where necessary. We have attracted and invested in our staff and recognise the wealth of knowledge, experience and enthusiasm for their roles that has enabled the organisation to be successful.

We have achieved this through:

- **Programme and Project Management** – there has been significant progress in the development of programme and project management across the CRC and a new way of business planning developed and implemented using the Logical Framework approach. All staff have participated in the development of our work plans and training was provided. Every member of staff can identify from their work plans how they contribute to the overall performance of the organisation.
- **Performance Monitoring** – a new approach to performance monitoring has been developed using the balanced scorecard approach. This moves the emphasis from reporting outputs (such as reports produced, events held) to outcomes (evidence of influence and impacts) . These reports are available on our website.
- **Resourcing Strategy** – flexibility of staffing has been a priority and focus has shifted towards developing in-house expertise and reducing reliance on external consultants. Recruitment activity has matched this demand and we welcomed skilled staff into all areas of our work.
- **Equal opportunities** – as an equal opportunities employer we are committed to promoting equal opportunity and welcome applications for employment from all sections of the community. We are committed to positive action to enable all individuals to develop their full potential. At 31 March we employed no disabled people.
- **Information technology** – we successfully migrated to the Vista and Office 2007 operating platform in line with the wider Defra family. This was supported by staff training.
- **Headquarters** – a decision was taken that John Dower House, Cheltenham should remain as our headquarters. Rationalisation of the working environment continues.
- **Open government** – we comply with the Open Government Code of Practice on access to Government Information and have an agreed publications scheme under the Freedom of Information Act.
- **Environmental management and sustainability** – the CRC is fully supportive of the UK government commitment to sustainable development and is in the process of implementing a sustainable procurement plan as a key element of the 2009-10 business plan. In 2009-10, the CRC will also enter into the Sustainable Workplace Management contract through Defra to ensure our facilities processes are aligned with Government sustainability targets.
- **Community Issues** – the CRC endeavours to use local suppliers whenever possible to support local communities and to reduce its impact on the environment. The CRC also has a volunteering scheme which encourages employees to participate in local volunteering opportunities by working closely with the Cheltenham Volunteering Centre.

## Publications and Consultations

### Our publications

The following publications were issued by the Commission in 2008-09. All are available on our website: [www.ruralcommunities.gov.uk](http://www.ruralcommunities.gov.uk)

<b>April</b>		
<b>May</b>	DVD: Rural Advocate: an introduction	CRC 71
	Assessment of implementation of the affordable rural housing's recommendation <i>(NB web only but number allocated before decision made not to print)</i>	CRC 72
	Service needs and delivery following cancer diagnosis: evidence based review	CRC 84
	Service needs and delivery following stroke: evidence based review	CRC 86
	Service needs and delivery following job loss: evidence based review	CRC 88
	Service needs and delivery following dementia diagnosis: evidence based review	CRC 89
<b>June</b>	DVD: The rural advocate – our NHS, our future: a rural response	CRC 64
	England's rural areas: steps to release their economic potential – Advice from the Rural Advocate to the Prime Minister	CRC 67
	Planning for Sustainable Rural Communities: The Big Picture	CRC 73
	England's rural areas: steps to release their economic potential – Advice from the Rural Advocate to the Prime Minister. Summary document	CRC 74
	DVD: Financial inclusion Rural Advocate film	CRC 79
	Rural Social Justice Coalition	RSJC01
<b>July</b>	State of the countryside 2008	CRC 63
	State of the countryside summary report	CRC 75
	Rural financial poverty: Priorities for action	CRC 76
	Rural financial poverty: Good practice – a companion paper to the rural financial poverty report	CRC 77
	Exploring service needs and access in rural areas following a stroke	CRC 87

<b>August</b>	Personalisation of adult care social report	CRC 78
	Do you recognise rural?	CRC 80
	Participatory budgeting	CRC 81
	Annual review 2007 – 2008	CRC 82
<b>September</b>	The rural experience	CRC 83
	Out of hours GP services in rural areas	CRC WEB 24
	Are England's rural communities benefitting from the increased expenditure on health services under the NHS ten year plan?	CRC WEB 25
	Thinking about rural transport: The implications of technological change for rural transport (thinkpiece)	CRC WEB 27
	Thinking about rural transport: Transport futures – the potential impacts of road pricing on rural areas (thinkpiece)	CRC WEB 28
	Thinking about rural transport: Sustainable rural accessibility – is it really possible?	CRC WEB 29
	Thinking about rural transport: The contribution of transport to sustainable rural communities	CRC WEB 30
<b>November</b>	Service needs and delivery following the onset of caring amongst children and young adults: evidence based review	CRC 85
	Service needs and delivery following the onset of caring amongst children and young adults: evidenced based review	CRC WEB 36
	Tackling rural disadvantage through how public services are reformed	CRC WEB 37
<b>December</b>	OCSI Rural Deprivation Analysis FINAL	CRC WEB 23
	State of the countryside update – Rural analysis of the index of multiple deprivation	CRC WEB 38
<b>January</b>	Uplands inquiry leaflet	CRC 91
	HR leaflet – working at the CRC	CRC 92
<b>February</b>	Unitary authority good practice summary leaflet	CRC 90
	Steps forward from the participation inquiry: strengthening the role of rural councillors – one year on	CRC 93
	Who we are and what we do (update of CRC 01)	CRC 01-B
<b>March</b>	DVD: Inquiry into the future for England's uplands communities	CRC 94
	A truly local view: Locality reporting against the national indicator set	CRC 95

## Consultation responses

<b>April</b>	CLG consultation 'Unlocking the talent of our communities'
<b>May</b>	Sustainable Communities Act 2007: Draft regulations and statutory guidance
<b>June</b>	CLG consultation on Participatory Budgeting: A draft national strategy BERR and CLG's consultation 'Prosperous Places'
<b>July</b>	Matthew Taylor's report on rural economy and affordable housing
<b>October</b>	DH consultation 'Pharmacy in England: Building on strengths, delivering the future' DIUS consultation, 'A new University Challenge', proposals for new higher education centres
<b>November</b>	CLG consultation 'Transforming Places; Changing Lives'
<b>December</b>	DH's 'The case for change – why England needs a new care and support system'
<b>January</b>	CLG's 'Delivering Digital Inclusion: An Action Plan for Consultation'
<b>February</b>	DH's 'Chemotherapy Services in England, ensuring quality and safety' Big Lottery Fund's 'Big thinking' Consultation on Future Funding Programmes The Comprehensive Area Assessment Framework
<b>March</b>	'Ending Child Poverty: Making it Happen' The Audit Commission's 'National studies consultation paper'

1	2	3	4
5	6	7	8
9	10	11	

## Our Management Structure

### Our Commissioners (non-executive)

During the year the CRC was overseen by ten Commissioners plus the Chairman. The work of the Commissioners is to set the strategic direction of the organisation and to ensure that activities agreed in the Corporate Plan are delivered.

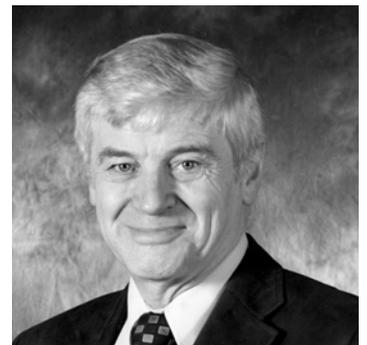
1. Dr Stuart Burgess (Chairman & Rural Advocate)
2. Professor Sheena Asthana\*
3. Richard Burge
4. Dr Jim Cox
5. Norman Glass\*
6. Ms Elinor Goodman
7. Ms Alison McLean
8. Howard Petch\*
9. Professor Mark Shucksmith
10. John Varley\*
11. Professor Michael Winter

The Commission met eight times during the year. This included four formal meetings and four seminars or visits on topics of specific interest.

Commissioners are employed for 2.5 days a month with an option to contribute a further day a month to represent the CRC at meetings or events or on CRC initiatives such as the Uplands Communities Inquiry. The Chairman's appointment (which includes his work as Rural Advocate) is for up to five days a week.

During the year, four new Commissioners (Richard Childs, John Mills, Sue Prince and Rachel Purchase) were appointed to replace retiring Commissioners Norman Glass, Alison McLean and John Varley, whose appointments ceased at the end of March 2009.

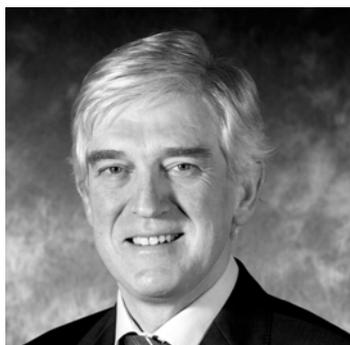
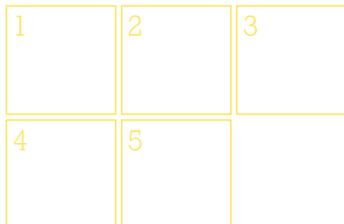
\* These Commissioners were also members of the Audit and Risk Committee, chaired by John Varley.



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## Our Commission Management Board (executive)

1. Graham Garbutt (Chief Executive Officer until 31 March 2009)
2. Nicola Lloyd
3. Crispin Moor
4. Gill Payne (Acting Chief Executive and Accounting Officer from 31 March 2009)
5. Graham Russell



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## Management Commentary

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### Statutory Background

The CRC is an executive non-departmental public body (NDPB). It was established as a body corporate on 1 October 2006 by the Natural Environment and Rural Communities (NERC) Act 2006.

The CRC successfully vested on 1 October 2006 having for the previous 18 months operated as a division of the Countryside Agency which, under the NERC Act, ceased to exist on 30 September 2006.

The CRC's main functions are set out in the Natural Environment and Rural Communities (NERC) Act 2006. The Act requires the CRC to promote:

- a) awareness among relevant persons and the public of rural needs, and
- b) meeting rural needs in ways that contribute to sustainable development

where 'rural needs' means the social and economic needs of persons in rural areas of England.

The Act also directs the CRC to pay particular regard to:

- a) persons suffering from social disadvantage and;
- b) areas suffering from economic under-performance.

The central functions set out for the CRC in taking on this task are:

Advocate: representing rural needs

Advisor: providing information and advice about issues connected with rural needs and ways of meeting them

Watchdog: monitoring the way in which policies are developed, adopted and implemented and the extent to which these policies are meeting rural needs.

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### Accounts direction

The CRC is financed principally by Grant-in-aid. The accounts are prepared in accordance with a direction on annual accounts, which is issued by the Secretary of State for Environment, Food and Rural Affairs, with the approval of the Treasury.

The CRC agrees its Corporate Plan with the Department for the Environment, Food and Rural Affairs which sets out how its grant-in-aid for the year will be spent.

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### Financial commentary

The accounts cover the year from 1 April 2008 to 31 March 2009.

In conducting its activities the CRC complied with the guidance laid down in the draft Financial Memorandum issued September 2007 and approved in March 2008.

The revenue expenditure (including depreciation) of the CRC totalled £6.319m (2007-08 £8.333m). This gives rise to a deficit for the year, after taking account of £0.008m interest receivable, of £6.311m (2007-08 £8.324m). Once Grant-in-aid funding of £6.739m (2007-08 £8.909m) has been credited to the Revenue Reserve there remains a reserve carried forward of £0.485m (2007-08 £0.913m). The net liabilities include £0.423m of provisions for early retirement and £0.062m excess of creditors over total assets.

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## Register of interests

A register of interests of Commissioners and senior staff is maintained. A copy can be obtained on our website.

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## Managing risk in financial instruments

The CRC has no borrowings and relies primarily on departmental grants for its cash requirements. Neither does the CRC have material deposits. All material assets and liabilities are denominated in sterling. The CRC therefore manages a continuing liquidity risk but is not exposed to any interest rate or currency risks.

The CRC does have Trade Debtors. As these Debtors are other government departments, these are considered to have minimal risk to the CRC.

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## Going concern

The balance sheet at 31 March 2009 shows net liabilities of £0.485m. This reflects the inclusion of liabilities falling due in future years that, to the extent that they are not to be met from the CRC's other sources of income, may only be met by future grants or Grants-in-aid from the sponsoring department, Defra. This is because, under the normal conventions applying to Parliamentary control over income and expenditure, such grants may not be issued in advance of need.

Grant-in-aid for 2009-10, taking into account the amounts required to meet the entity's liabilities falling due in that year, has already been included in the Department's Estimates for that year, which have been approved by Parliament, and there is no reason to believe that the Department's future sponsorship and future Parliamentary approval will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for the preparation of the Financial Statements.

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## Future developments

Following the decision of the then Secretary of State, Margaret Beckett, the CRC, with help from Defra Estates Division, had been seeking to relocate to a "lagging rural area", the Forest of Dean in Gloucestershire. Negotiations were discontinued in the last quarter of the last financial year. After searching for suitable alternative premises within the Government Estate within a reasonable catchment of the current location, Defra agreed that the John Dower House, Cheltenham, should remain as the CRC's head office for the foreseeable future.

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## Pension liabilities

For details of available pension schemes and the way in which pension liabilities are treated, please refer to note 1(i) of the Accounting Policies and note 4 in the Financial Statements.

## Payment of creditors

The CRC aimed to follow the principle of the Better Payment Practice Code to pay suppliers in accordance with its standard payment terms (within 30 days of receipt) or with suppliers' standard terms (if specific terms have not been negotiated), provided that the relevant invoice was properly presented and was not subject to dispute.

	£'000	Number
Total invoices paid in period	3,444	1,675
Total invoices paid within target	3,189	1,539
Percentage of invoices paid within target	93%	92%

The following statistics provide a year-on-year comparative settlement period analysis. By value, payment performance improved markedly to 93% (2007-08 80%), whilst by number it has risen to 92% (2007-08 91%).

New Prompt Payment Guidance issued in December committed Government organisations to pay suppliers within 10 days wherever possible. The CRC continues to pay all invoices as soon as possible whilst maintaining adequate standards of financial control.

No interest was paid in respect of the Late Payment of Commercial Debts (Interest) Act 1998.

## Sickness

The average number of days taken as sick leave during the year was 8.2 per staff member.

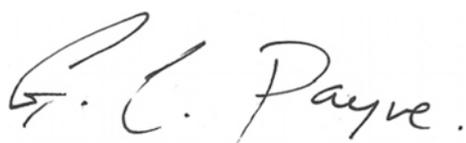
## Personal Data Related Incidents

The CRC reported no protected personal data related incidents to the Information Commissioner's Office in 2008-09 and there were no other protected personal data related incidents.

## Auditor

Under Schedule 2 of the Natural Environment and Rural Communities Act 2006, the Comptroller and Auditor General is required to examine, certify and report on the statement of accounts. The external Audit Fees incurred in respect of 2008-09 were £23,200 (2007-08, £22,000). This includes work on the CRC's readiness to move to International Financial Reporting Standards in 2009-10.

So far as I am aware, there is no relevant audit information of which the CRC's auditors are unaware, and I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the CRC's auditors are aware of that information.



### Gill Payne

Chief Executive  
1 July 2009

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## Remuneration Report

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### Remuneration Policy

The only member of the Senior Civil Service was the Chief Executive. His pay is decided by the Directors' Pay Committee comprising the Commission Chairman and the Director of Defra's Rural Policy Division.

Performance related pay is assessed against a matrix as determined by the Senior Salaries Review Board. Performance is measured against delivery of the Corporate Plan outputs combined with performance against the SCS competency framework and agreed with Defra.

Eligibility for performance bonus is determined in arrears.

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### Service Contracts

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#### Directors

Civil service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment of Directors to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

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#### Commissioners

All appointments of Commissioners are made on behalf of the Secretary of State for Environment, Food and Rural Affairs. These appointments are made in accordance with the Code of Practice for Ministerial Appointments to Public Bodies issued by the Office of the Commissioner for Public Appointments.

Commissioners are normally appointed for terms of three years, unless an extension of contract is granted. Commissioners shall not hold office for less than one year, unless the Secretary of State terminates the appointment for any of the following: physical or mental incapacity, absence from six consecutive meetings of the Commission unless approved and unfitness to discharge duties.

After completion of the first year of office, the Secretary of State may also terminate a Commissioner's appointment upon giving three months' notice in writing. Commissioners may resign office by giving not less than one-month's notice in writing to the Secretary of State.

The Chairman (Dr Stuart Burgess) is contracted to a time commitment of up to five days per week. Commissioners are contracted to a time commitment of two and a half days per month with the option for a further day per month.

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#### Salary and pension entitlements

The following sections provide details of the remuneration and pension interests of the Chairman, Commissioners and the Chief Executive and have been subject to audit.

## Remuneration

<b>Directors</b>				
	<b>2008-09</b>		<b>2007-08</b>	
	<b>Salary (including performance related element)</b>	<b>Benefits in kind (to nearest £100)</b>	<b>Salary (including performance related element)</b>	<b>Benefits in kind (to nearest £100)</b>
	<b>£'000</b>		<b>£'000</b>	
<b>Graham Garbutt</b> <i>Chief Executive</i>	195-200 (5-10)**	-	120 - 125 (5-10)	-
<b>Margaret Clark - OBE</b> <i>Deputy Chief Executive until 17 July 2007</i>	-	-	45 - 50* (90 - 95 full year equivalent)	-

\* Included in this figure is a payment £17,489 for 'Payment in Lieu of Notice' for termination of employment before the contractual notice period ended.

\*\* Included in this figure is a payment £67,376 for 'Payment in Lieu of Notice' for termination of employment before the contractual notice period ended.

## Compensation for loss of office

Graham Garbutt left under Compulsory Early Retirement Terms on 31 March 2009. He received immediate payment of his pension and associated lump sum plus a compensation payment of £64,606 which is not included in the above figure.

<b>Commissioners</b>				
	<b>2008-09</b>		<b>2007-08</b>	
	<b>Salary</b>	<b>Benefits in kind (to nearest £100)</b>	<b>Salary</b>	<b>Benefits in kind (to nearest £100)</b>
	<b>£'000</b>		<b>£'000</b>	
<b>Dr Stuart Burgess</b> <i>Chairman &amp; Rural Advocate</i>	85-90	-	85-90	-
<b>Professor Sheena Asthana</b>	5-10	-	10-15	-
<b>Richard Burge</b>	10-15	-	10-15	-
<b>Dr Jim Cox</b>	10-15	-	5-10	-
<b>Ms Elinor Goodman</b>	10-15	-	10-15	-
<b>Norman Glass</b> (until 31 March 2009)	5-10	-	5-10	-
<b>Ms Alison McLean</b> (until 31 March 2009)	10-15	-	15-20	-
<b>Howard Petch</b>	10-15	-	10-15	-
<b>Professor Mark Shucksmith</b>	10-15	-	10-15	-
<b>John Varley</b> (until 31 March 2009)	10-15	-	10-15	-
<b>Professor Michael Winter</b>	5-10	-	10-15	-

## Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on payments made by the CRC and thus recorded in these accounts.

## Benefits in kind

The monetary value of benefits in kind covers any benefits provided by the CRC and treated by HM Revenue and Customs as a taxable emolument.

## Pension Benefits

Directors						
	Accrued pension at pension age as at 31/3/09 and related lump sum	Real increase in pension and related lump sum at pension age	CETV 31/03/2009	CETV 31/03/2008	Real increase in CETV	Employer pension contribution to partnership pension account (to nearest £100)
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Graham Garbutt</b> <i>Chief Executive</i>	55-60 plus lump sum of 170-175	0-2.5 plus lump sum of 2.5-5	1,329	1,263	23	1.9
<b>Stuart Burgess</b> <i>Chairman</i>	0-5 plus lump sum of 0	0-2.5 plus lump sum of 0	104	80	19	3.1

Note. The figure may be different from the closing figure in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

## Commissioners

Commissioners, except the Chairman, are not members of any pension scheme and no contributions are paid towards an individual's personal pension plan.

The Chairman is not entitled to join the PCSPS but is a member of the **by analogy pension scheme** to the Principal Civil Service Pension Scheme (PCSPS). Any ongoing liability arising from this arrangement will be borne by Defra.

During the year contributions of £22,931 (2007-08 £20,205) were funded by the employer.

## Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (**classic**, **premium** or **classic plus**); or a 'whole career' scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with changes in the Retail Prices Index (RPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (**partnership** pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for **classic** and 3.5% for **premium**, **classic plus** and **nuvos**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For **premium**, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike **classic**, there is no automatic lump sum. **Classic plus** is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 calculated as in **premium**. In **nuvos** a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

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

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of **classic**, **premium** and **classic plus** and 65 for members of **nuvos**.

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

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## Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (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. A CETV 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 benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 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.

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## Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period



**Gill Payne**

Chief Executive

1 July 2009

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## Statement of the Commission's and Chief Executive's responsibilities

Under the Natural Environment and Rural Communities (NERC) Act 2006 the Commission for Rural Communities is required to prepare a statement of accounts in the form and on the basis determined by the Secretary of State for the Environment, Food and Rural Affairs, with the consent of the Treasury. The accounts were prepared on an accruals basis and to give a true and fair view of the Commission's state of affairs at the year-end and of its income and expenditure and cash flows for the financial year.

In preparing the accounts the CRC and Chief Executive are required to:

- observe the accounts direction issued by the Secretary of State, 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 have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on the going concern basis, unless inappropriate to presume that the CRC would continue in operation.

The Accounting Officer for Defra designated the Chief Executive of the Commission for Rural Communities as the Accounting Officer for the CRC. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officers' Memorandum issued by the Treasury and published in Managing Public Money.

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# Statement on Internal Control

## 1. Introduction

I took up the position of Chief Executive on 1 April 2009 having previously been an Executive Director. The following statement describes the systems in place for the financial year to 31 March 2009. I have received assurance from my predecessor, Graham Garbutt who was in post throughout the period, as to the accuracy of the statements made about the period before my appointment. Through my engagement with the business since my appointment, I have obtained a more direct appreciation of the risks to corporate objectives as set out in this statement.

The CRC was vested on 1 October 2006 under the Natural Environment and Rural Communities (NERC) Act 2006. This was its second full year as a Non-Departmental Public Body (NDPB). The risk management processes have been continuously developed and updated.

## 2. Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the CRC's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money. In discharging this responsibility, I work closely with Commissioners, and particularly the Audit and Risk Committee, who share responsibility for CRC policy direction, and with the Principal Accounting Officer of Defra.

## 3. 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 the CRC for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

## 4. Capacity to handle risk

I lead the risk management process with the assistance of Directors and the Audit and Risk Committee. Directors are involved in regular management reviews of corporate risks and manage risk reviews within their areas of responsibility and Programme Managers are trained to identify and mitigate risk. Risk considerations are built into the CRC's business planning. Risk is routinely addressed in the papers considered by the CRC. In general, I consider the CRC to be a relatively low risk environment.

## 5. The risk and control framework

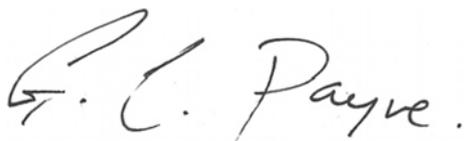
- 5.1 Corporate Governance.** The CRC has complied with all relevant corporate governance directions. Commission meetings are held regularly, in public, to consider all aspects of the plans and strategic direction of the organisation. The Audit and Risk Committee met three times during the year to assist with the review of the CRC's risks and activity. The CRC benefited from a soundly based and independent Internal Audit activity and received reports and advice on the adequacy of control systems, recommendations for improvement and assistance with the identification of key risks in the areas reviewed. John Varley, as chairman of the Audit and Risk Committee during the year, monitored the log of Commissioners' claims for remuneration of additional days under a flexible system introduced in 2007.
- 5.2 Programme and Project Management.** The majority of our work is delivered through programme teams and managed by Programme Managers under the direction of the Commission Management Board. Key individuals involved within the CRC have had appropriate project management awareness and training.
- 5.3 Risk Strategy and Risk Management.** Appropriate processes are in place to identify key corporate risks. The Commission agreed the overall corporate risk register and management actions. The Audit and Risk Committee reviewed individual items and the effectiveness of the system of internal control.
- 5.4 Strategy and Planning.** Within the corporate plan we set out our strategic objectives which make clear the main focus of our work and the broad outcomes to be achieved over the three-year planning period. There is a comprehensive corporate planning system with identified programmes of action and resources, supported by a detailed business plan. Relationships with Defra sponsorship and policy branches have been constructive and in July 2008 we received confirmation of our Grant-In-Aid funding to April 2010.
- 5.5 Performance Management.** The CRC has continuous monitoring and quarterly reporting of financial and performance management. This comprised quarterly reporting by Directors of progress against the business plan and Corporate Plan, and regular reports to the Commission. During the year a 'balanced scorecard' was introduced to focus on the achievement of outcomes as well as outputs. A system to link work objectives of individual staff to the Corporate Plan was in place and monitored throughout the period.
- 5.6 Information Risk.** The CRC continues to update its systems and processes alongside government guidelines to ensure that its data and informational assets are protected and staff are fully aware of the risks. In-house courses have been run on Data Protection Act and Freedom of Information compliance for staff, with quarterly reviews and reporting on our Informational Assets. Our IT systems have recently upgraded to the latest specification to enable encryption on portable devices as well as improving access controls to safeguard electronic data.

## 6. Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within the organisation who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised of the implications of the result of my review of the effectiveness of the system of internal control by the board, the Audit and Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

## 7. Significant Internal Control Issues

- 7.1** I am satisfied that the organisation has completed a successful transition from being a division of the Countryside Agency in 2006 to being an effective NDPB.
- 7.2** Significant change in terms of the management and leadership of the organisation took place at the end of March 2009 with the retirement of three Commissioners, including the Chairman of the Audit and Risk Committee, and the first Chief Executive. This creates a potential risk during the transition period. I am satisfied that interim and handover arrangements are in place, having been considered by the Audit and Risk Committee, and implemented.
- 7.3** The appointment of new Commissioners was considered by the CRC to balance the requirements of the corporate cost review against the interests of future continuity of membership both in 2009 and in 2011 when six Commissioners end their second terms of office. Four new Commissioners were appointed with effect from 1 April 2009.
- 7.4** Accommodation continues to be a concern. Agreement was reached that the headquarters for the CRC should remain at John Dower House in Cheltenham. The proposed departure of our fellow tenants, Natural England, could create further uncertainty and risk, both in terms of occupancy of buildings and costs.
- 7.5** Longer term the potential uncertainties for the CRC include those facing many areas of public life: the economy, the next Comprehensive Spending Review, and the outcome of the next general election.



**Gill Payne**

Chief Executive

Commission for Rural Communities

1 July 2009

## **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 Rural Communities for the year ended 31 March 2009 under the Natural Environment and Rural Communities Act 2006. These comprise the Operating Cost Statement, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

### **Respective responsibilities of the Commission for Rural Communities, Chief Executive and auditor**

The Commission for Rural Communities and Chief Executive as Accounting Officer are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Natural Environment and Rural Communities Act 2006 and the Secretary of State's directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of the Commission for Rural Communities and Chief Executive's Responsibilities.

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Natural Environment and Rural Communities Act 2006 and the Secretary of State's directions made thereunder. I report to you whether, in my opinion, the information, which comprises the Management Commentary included in the Annual Report is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

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

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

### **Basis of audit opinions**

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

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

## Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Natural Environment and Rural Communities Act 2006 and directions made thereunder by the Secretary of State, of the state of the Commission for Rural Communities' affairs as at 31 March 2009 and of its net operating cost and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Natural Environment and Rural Communities Act 2006 and the Secretary of State's directions made thereunder; and
- information, which comprises the Management Commentary, included within the Annual Report, is consistent with the financial statements.

## Opinion on Regularity

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

## Report

I have no observations to make on these financial statements.

### **Amyas C E Morse**

Comptroller and Auditor General  
National Audit Office  
151 Buckingham Palace Road  
Victoria  
London  
SW1W 9SS

3 July 2009

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## Financial Statements

## Operating Cost Statement for year ending 31 March 2009

		<b>2008-09</b>	2007-08
	Note	<b>£'000</b>	£'000
<b>Expenditure</b>			
Staff Costs	3	3,602	4,580
Other Operating Costs	5	2,947	3,736
Depreciation and Amortisation	7,8	19	17
		<b>6,568</b>	8,333
<b>Income</b>			
	2	(249)	
Operating Cost		<b>6,319</b>	8,333
Interest Receivable	6	(8)	(9)
Notional Cost of Capital		(24)	(43)
Cost of Ordinary Activities		<b>6,287</b>	8,281
<b>Transfers and Appropriations:</b>			
Notional Cost of Capital Reversal		24	43
Net Operating Cost		<b>6,311</b>	8,324

The notes on pages 43 to 52 form part of these accounts.

## Statement of Recognised Gains and Losses

There are no gains and losses other than those recognised in the Operating Cost Statement shown above.

## Balance Sheet as at 31 March 2009

		2008-09	2008-09	2007-08	2007-08
	Note	£'000	£'000	£'000	£'000
<b>Fixed Assets</b>					
Tangible Fixed Assets	7		53		64
Intangible Fixed Assets	8		6		9
<b>Current Assets</b>					
Debtors falling due within one year	9	170		46	
Cash at bank and in hand		517		1,010	
		<b>687</b>		1,056	
<b>Creditors</b>					
Amounts falling due within one year	10	<b>(808)</b>		(1,341)	
<b>Net Current Liabilities</b>					
			<b>(121)</b>		(285)
<b>Total Assets less Current Liabilities</b>					
			<b>(62)</b>		(212)
<b>Provisions for Liabilities and Charges</b>					
	11		<b>(423)</b>		(701)
<b>Net Liabilities including Provisions</b>					
			<b>(485)</b>		(913)
<b>Financed by:</b>					
<b>Capital and Reserves</b>					
Revenue Reserve	13		<b>(485)</b>		(913)
			<b>(485)</b>		(913)



**Gill Payne**  
Chief Executive  
1 July 2009

The notes on pages 43 to 52 form part of these accounts.

## Cash Flow Statement for the year Ended 31 March 2009

		<b>2008-09</b>	2007-08
	Note	<b>£'000</b>	£'000
<b>Net Cash Outflow from Operating Activities</b>	12	<b>(7,227)</b>	(9,168)
<b>Capital Expenditure and Financial Investment</b>			
Payments to acquire Fixed Assets - Tangible	7	<b>(5)</b>	(7)
Net Cash Outflow from Investing Activities		<b>(5)</b>	(7)
Net Cash Outflow before Financing		<b>(7,232)</b>	(9,175)
<b>Financing</b>			
Revenue Grant-in-aid	13	<b>6,739</b>	8,909
Net Cash Inflow from Financing		<b>6,739</b>	8,909
Decrease in Cash in Year		<b>(493)</b>	(266)

The notes on pages 43 to 52 form part of these accounts.

## Notes to the accounts

### 1. Statement of accounting policies

#### (a) Accounting Convention

These accounts have been prepared by the CRC in compliance with the 2008-09 Government Financial Reporting Manual (FReM) and the Accounts Direction issued by the Secretary of State for the Department for Environment, Food and Rural Affairs. The accounting policies contained in the FReM follow UK Generally Accepted Accounting Practice for Companies (UK GAAP) to the extent that this is meaningful and appropriate to the public sector. Where the FReM permits a choice of accounting policy, the accounting policy, which has been judged to be most appropriate to the particular circumstances of the CRC for the purpose of giving a true and fair view, has been selected. They have been applied consistently in dealing with items considered material to the accounts.

These accounts have been prepared under the historical cost convention and have not been modified to account for the revaluation of certain assets, on the basis that such adjustment is not material.

#### (b) Tangible and Intangible Fixed Assets

Fixed assets are valued at depreciated historical cost. Assets are not re-valued in the accounts due to the type of assets held and the amounts being immaterial.

The minimum level of capitalisation in the CRC is £1,000.

All assets are depreciated or amortised to write off their cost or valuation on a straight line basis over their anticipated useful economic life. The principal asset lives used are as follows:

Fixtures & Fittings – 3 years  
 IT equipment – 5 years  
 Software Licences (Amortisation) – 5 years

A full month's depreciation is charged to the Operating Cost Statement in the month following acquisition and in the month of disposal.

#### (c) Income

The CRC is a gross running costs entity. Income received for services is not surrendered to Defra as it is used to fund the activity for which it is paid.

Income is credited to the Operating Cost Statement on an accruals basis.

#### (d) Taxation

The CRC is regarded by the HM Revenue and Customs as a non-profit making organisation and as such is not liable to corporation tax on revenue received. The CRC is registered for value added tax (VAT), and has partially exempt status.

#### (e) Expenditure

The CRC recognises expenditure net of discounts but inclusive of irrecoverable VAT.

**(f) Operating Leases**

Payments made under operating leases are charged to expenditure on an accruals basis.

**(g) Notional Costs**

When calculating the net operating cost for the year, the CRC is required to include as expenditure, a notional cost of capital. This has been calculated at 3.5% of the average total assets less the total liabilities in the year. Where the CRC has net liabilities, a notional credit is calculated and applied to reduce the net operating costs for the year.

**(h) Insurance**

In line with HM Treasury policy the CRC does not maintain insurance policies to cover buildings, office contents, employers or public liability.

**(i) Grant-in-aid**

The CRC receives Grant-in-aid from Defra. Grant-in-aid is accounted for as funding and credited directly to the Revenue Reserve.

**(j) Provisions**

The CRC provides for obligations arising from past events where the CRC has a present obligation at the balance sheet date, and where it is probable that it will be required to settle the obligation and a reliable estimate can be made. Where material, the future costs have been discounted using the rate of 2.2% as directed by HM Treasury.

The CRC operates an Early Retirement Scheme providing retirement benefits to qualifying employees under the rules of the Principal Civil Service Pension Scheme. The CRC bears the benefit costs up to retiring age of the employees retired under the Early Retirement Scheme. In the year that the employee takes early retirement, the total pension liability is charged to the operating cost statement.

A provision for future pension payments is provided and pensions and related benefits payments are charged annually against the provision.

**2. Income**

	<b>2008-09</b>
	<b>£'000</b>
<b>UK Income</b>	
Financial Inclusion - Department for Work and Pensions	<b>56</b>
<b>EU Income</b>	
Rural Development Programme for England – European Commission	<b>173</b>
UK National Rural Network - various	<b>20</b>
	<b>249</b>

There was no income from any source in 2007-08.

### 3. Staff Costs

	2008-09				2007-08
	£'000	£'000	£'000	£'000	£'000
	Total	Permanently Employed Staff	Chairman and Commissioners	Others	Total
Wages and Salaries	<b>2,438</b>	2,112	195	131	2,777
Social Security Costs	<b>213</b>	176	26	11	247
Other Pension Costs	<b>431</b>	394	23	14	489
Seconded Staff Costs	<b>97</b>	-	-	97	205
Agency Staff Costs	<b>215</b>	-	-	215	124
	<b>3,394</b>	<b>2,682</b>	<b>244</b>	<b>468</b>	<b>3,842</b>
Less Recoveries in respect of Outward Secondments	<b>(10)</b>				
Total Net Costs	<b>3,384</b>				
Early retirement costs	<b>(44)</b>				532
Redundancy Costs	<b>262</b>				206
	<b>3,602</b>				<b>4,580</b>

### Staff Numbers

During the year ended 31 March 2009, the average number of full time equivalent staff employed by the CRC were:

2008-09			2007-08
Total	Permanently Employed Staff	Others	Total
64	56	8	67

In addition to this were the Chairman and 10 Commissioners.

## 4. Defined Benefit Schemes

### Principal Civil Service Pension Scheme

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the CRC is unable to identify its share of the underlying assets and liabilities. The scheme Actuary valued the scheme as at 31 March 2007. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

For 2008-09, employer's contributions of £429,182 were payable to the PCSPS (2007-08 £488,609) at one of four rates in the range 17.1% to 25.5 % of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2009-10, the rates will be in the range 16.7% to 24.3%. The contribution rates are set to meet the cost of the benefits accruing during 2008-09 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £1,527 for 2008-09 (2007-08 £6,062) were paid to one or more of a panel of three appointed stakeholder pension providers.

Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £148 (2007-08 £483), 0.8% of pensionable pay were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £166. Contributions prepaid at that date were £nil.

## 5. Other Operating Costs

	<b>2008-09</b>	2007-08
	<b>£'000</b>	£'000 Restated
Research and Technical Consultancy	<b>545</b>	626
Consultancy Costs	<b>546</b>	714
IT Costs	<b>312</b>	418
Legal/Indemnity Costs	<b>(122)</b>	155
Publicity Information and Other Expenditure	<b>598</b>	440
Travel and Subsistence	<b>328</b>	370
Professional Fees	<b>8</b>	15
Estates Charges	<b>209</b>	293
Recruitment and Training	<b>225</b>	187
Conference and Seminar Fees	<b>142</b>	285
Administrative Costs	<b>81</b>	158
Telecoms	<b>52</b>	53
External Audit	<b>23</b>	22
	<b>2,947</b>	3,736

An adjustment has been made to the 2007-08 figures due to the reallocation of Facilities Management Charges between the Administrative Costs and Estates Charges lines.

Amount included under Estates Charges relating to operating leases was £153,000 in the reporting period (2007-08 £67,000).

## 6. Interest Receivable

	<b>2008-09</b>	2007-08
	<b>£'000</b>	£'000
Bank deposit interest	<b>8</b>	9
	<b>8</b>	9

## 7. Tangible Fixed Assets

	<b>IT Equipment 2008-09</b>	<b>Fixtures &amp; Fittings 2008-09</b>	<b>Total 2008-09</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<i>At cost or valuation</i>			
As at 1 April 2008	77	7	84
Additions during the year	5	-	5
Disposal during the year	-	-	-
As at 31 March 2009	<b>82</b>	<b>7</b>	<b>89</b>
<i>Less Depreciation</i>			
As at 1 April 2008	18	2	20
Charge for the year	14	2	16
Disposals	-	-	-
As at 31 March 2009	<b>32</b>	<b>4</b>	<b>36</b>
<i>Net Book Value</i>			
As at 31 March 2009	<b>50</b>	<b>3</b>	<b>53</b>
As at 31 March 2008	<b>59</b>	<b>5</b>	<b>64</b>

## 8. Intangible Fixed Assets

	<b>2008-09</b>
	<b>Software Licences</b>
	<b>£'000</b>
<i>At cost</i>	
As at 1 April 2008	13
Additions during the year	-
Disposal during the year	-
As at 31 March 2009	<b>13</b>
<i>Less Amortisation</i>	
As at 1 April 2008	4
Charge for the year	3
Disposals	-
As at 31 March 2009	<b>7</b>
<i>Net Book Value</i>	
As at 31 March 2009	<b>6</b>
As at 31 March 2008	<b>9</b>

## 9. Debtors

	<b>2008-09</b>	2007-08
	<b>£'000</b>	£'000
Trade Debtors	<b>136</b>	7
Prepayments	<b>34</b>	37
Staff Loans, Advances and Season Ticket Loans	<b>-</b>	2
	<b>170</b>	46

## 10. Creditors: amounts falling due in less than one year

	<b>2008-09</b>	2007-08
	<b>£'000</b>	£'000
Trade Creditors	<b>240</b>	447
Accruals	<b>306</b>	685
Other Taxation, Social Security	<b>172</b>	133
Other Creditors	<b>28</b>	76
Deferred Income	<b>62</b>	-
	<b>808</b>	1,341

## 11. Provisions

	<b>2008-09</b>	<b>2008-09</b>	<b>2008-09</b>	<b>2008-09</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	Redundancies	Legal	Early retirement	Total
Opening balance at 1 April 2008	14	155	532	701
Costs provided for in the year	-	-	-	-
Provision utilised in the year	(14)	-	(65)	(79)
Excess Provision released in year	-	(155)	(44)	(199)
Balance carried forward 31 March 2009	<b>-</b>	<b>-</b>	<b>423</b>	<b>423</b>

The early retirement costs are those additional costs of benefits beyond the normal PCSPS benefits, in respect of employees who retire early. These are met by the CRC by paying the required amount annually to the PCSPS over the period between early departure and the normal retirement date. The CRC provides for this in full when the early retirement programme becomes binding on the CRC by establishing a provision for the estimated payments. This provision has been discounted using the rate of 2.2% as directed by HM Treasury. As a result, an excess of £44,000 has been released in year.

A provision for legal costs incurred during the proposed move to Hartpury College was created in 2007-08 for £155,000. It was agreed with Defra during 2008-09 that the responsibility for this provision actually lay with Defra so the provision was released in full. A corresponding provision has been created in Defra's accounts.

## 12. Reconciliation from Net Operating Cost to Net Cash Outflow from Operating Activities (Note to cash-flow statement)

	2008-09	2007-08
	£'000	£'000
Net Operating Cost	<b>(6,311)</b>	(8,324)
Adjustment for non-cash transactions:		
Depreciation and Amortisation	<b>19</b>	17
Decrease in Provisions	<b>(278)</b>	(293)
Decrease in Stocks	<b>-</b>	4
Increase in Debtors	<b>(124)</b>	(7)
Decrease in Creditors	<b>(533)</b>	(565)
Net Cash Outflow from Operating Activities	<b>(7,227)</b>	(9,168)

## 13. Revenue Reserve

	2008-09	2007-08
	£'000	£'000
Reserve brought forward	<b>(913)</b>	(1,498)
Net Operating Cost for the Financial Year	<b>(6,311)</b>	(8,324)
Revenue Grant-in-aid	<b>6,739</b>	8,909
Reserve carried forward	<b>(485)</b>	(913)

## 14. Commitments under Operating Leases

The Commission is committed to making the following operating lease payments:

	2008-09	2007-08
	£'000	£'000
Land and Buildings		
Expiry within one year	<b>147</b>	152
Expiry between two and five years	<b>-</b>	-
Expiry thereafter	<b>-</b>	-
	<b>147</b>	152

## 15. Contingent Liabilities

There were no Contingent liabilities at 31 March 2009.

## 16. Post Balance Sheet Events

There have been no post balance sheet events.

These accounts were authorised by the Chief Executive Officer for issue on 3 July 2009.

## 17. Intra-Governmental Balances

	<b>2008-09</b>	2007-08	<b>2008-09</b>	2007-08
	<b>Debtors: Amounts falling due within one year</b>	Debtors: Amounts falling due within one year	<b>Creditors: Amounts falling due within one year</b>	Creditors: Amounts falling due within one year
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Balances with other central government bodies	129	7	303	67
Balances with local authorities	-	-	-	-
External to Government	41	39	505	1,274
Total at 31 March 2009	170	46	808	1,341

## 18. Related Party Transactions

The CRC is a body corporate sponsored by Defra. The Department is regarded as a related party. During the year, the CRC has had a number of material transactions with the Department. The CRC entered into transactions with Natural England, which shares the same parent Department. No other material transactions were entered into with other entities for which Defra is regarded as parent. In addition, the CRC has had no material transactions with other government departments and central government bodies. There were no related party transactions with individuals in 2008-09.

## 19. Financial Instruments

The CRC has no borrowings and relies primarily on departmental grants for its cash requirements and is therefore not exposed to the degree of financial risk faced by business entities. Financial assets and liabilities are generated by day-to-day operational activities rather than being held to change the risks facing the CRC in undertaking its activities.

Neither does the CRC have material deposits. All material assets and liabilities are denominated in sterling. The CRC, therefore, manages a continuing liquidity risk but is not exposed to an interest rate or to a currency risk.

The CRC does have Trade Debtors. As these Debtors are other government departments, these are considered to have minimal risk to the CRC.

### Financial Assets by category

	<b>Loans and Receivables</b>	Loans and Receivables
	<b>2008-09</b>	2007-08
	<b>Total</b>	Total
	<b>£'000</b>	£'000
Cash	<b>517</b>	1,010
Trade and other debtors	<b>136</b>	9
	<b>653</b>	1,019

None of the Financial Assets have been subject to impairment.  
The Debtors figure above does not include any prepayments.

### Financial Liabilities by category

	<b>Financial Liabilities</b>	Financial Liabilities
	<b>2008-09</b>	2007-08
	<b>Total</b>	Total
	<b>£'000</b>	£'000
Trade creditors and accruals	<b>574</b>	1,341
	<b>574</b>	1,341

All Financial Liabilities are payable within one year.  
The Creditors figure above does not include any deferred income or amounts owing to HM Revenue and Customs.



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