

CABE works. Here's how.

Annual review 2005/06



Presented pursuant to schedule 2, sections 9(5)(b) and 10(3) of the Clean Neighbourhoods and Environment Act 2005. This incorporates the final annual report and accounts of CABE, the company limited by guarantee (company number 3831652), for the period up to 31 December 2005.

Ordered by the House of Commons to be printed 24 July 2006

HC 1510

London: The Stationery Office



£10

Published in 2006 by the Commission for Architecture
and the Built Environment.

Written by Howard Fletcher.

Design by 300million.

Printed by Roseheath on Starfine environmentally friendly paper.

All photography by Michele Turriani unless otherwise stated.

Cover photo: The Hub, Regents Park, London. The Hub was one
of 14 nominees for the 2006 Prime Minister's Better Public Building
Award, organised by CABE.

All rights reserved. No part of this publication may be reproduced, stored
in a retrieval system, copied or transmitted without the prior written
consent of the publisher except that the material may be photocopied
for non-commercial purposes without permission from the publisher.
This publication is available in alternative formats on request from
the publisher.

ISBN: 010294296 X

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

This annual review sets out CABE's progress in its work during the year
2005/06. A report of our financial statements for the same year has been
produced to accompany this review. If you need a copy of that report,
please do contact us.

CABE
1 Kemble Street
London WC2B 4AN
T 020 7070 6700
F 020 7070 6777
E enquiries@cabe.org.uk
www.cabe.org.uk

Contents

Foreword by CABE's chair	2
Chief executive's report	4
Helping the community fix its future	6
Remembering the past, regenerating the present	8
Renewing a city centre by renewing public interest	10
Raising the profile of championship design	12
Urban design on the curriculum	14
Laying the foundations for schools for the future	16
Creating a patient-centred healthcare facility	18
CABE's what, where, when and who of 2005/06	20
Performance against targets 2005/06	24

Making an impact

In the last few years, we have witnessed a transformation of the built environment in this country. Change is all around us, some of it inspirational. Our job at CABE is to make the best the norm. And, in so doing, we aim to have a positive, lasting impact on people's lives.

Although we're known as the government's design champion, we're not just interested in aesthetics. Beauty, however you define it, is one element of a great built environment. But the utility of the end product also matters. Good design is about making sure that this product – a building, a park, a neighbourhood or even a city – makes life better for anyone who comes into contact with it.

So how do you achieve good design in the built environment? There is no simple answer. But CABE has developed a number of ways to help make it happen. We may ask one of our enablers – design experts who work for CABE in the field – to work with a local council, offering practical, expert advice. Our enabler will encourage the project team to raise their sights, and give the client team confidence to reject lowest common denominator solutions. Or we may offer advice through our design review panel. Using a cast of experienced professionals to examine development proposals, we pull no punches in the argument to ensure that quality does not come second to speed or cost.

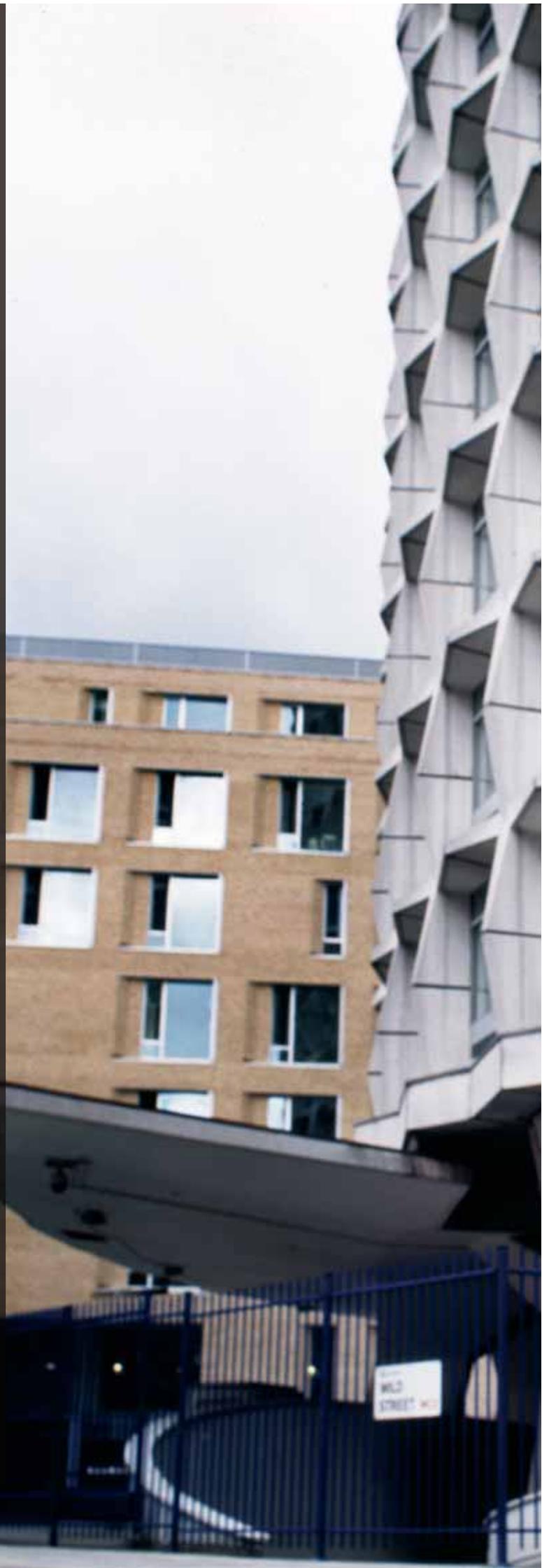
Whichever way we work, CABE always looks at places through the eyes of a user. These are the people who'll enjoy, or suffer, the quality long after the professionals have moved on. And it's through this public lens that you can best discern the value of our work. The design of new hospitals and healthcare buildings that CABE has advised on will directly affect the quality of care offered to 20 million patients nationwide. And the procurement of new schools that we have supported will impact on the performance of 130,000 pupils each year.

There is still a massive challenge ahead of us. In many places, bad design surrounds us. But this report describes projects through which architects, planners, residents and politicians have come together and shown how good design can transform the world we live in.



John Sorrell CBE
Chair, CABE

Facing the challenge: John Sorrell at CABE's London headquarters



A man with grey hair and a beard, wearing a dark blue suit jacket over a light-colored shirt, stands in front of a modern building with a distinctive grid-like facade of concrete and glass. The building's facade is composed of large, rectangular panels that create a complex, geometric pattern. The man is looking slightly to the right of the camera with a slight smile. The lighting is bright, suggesting daytime.

'We pull no punches
in the argument
to ensure that
quality does not
come second
to speed or cost'

Raising our game

CABE is now more than six years old and many of the projects we've advised are taking shape on the ground. These range from the Gulbenkian prize-nominated Lincoln Collection to a tough regeneration project in north Sheffield. You should also get a sense in this report of the change in culture and skills which has taken place since 1999 across the construction and regeneration sectors. The quality of places is still frustratingly inconsistent, but it is becoming much harder to sideline good design in the development process.

2005 was the year that climate change finally moved centre stage for the media at least, and stayed there. But the truth is that only a learning society can become a sustainable society. People change because they have learned to see themselves and the world in a different way. CABE promotes high standards in architecture and the built environment by improving, influencing and inspiring people and projects. We will need all three strategies if sustainability is going to be properly recognised as intrinsic to great design.

During the year, our design review service looked at 319 significant proposals. These ranged from the abject – the initial Cape Hill Brewery plan within the Birmingham-Sandwell housing market renewal pathfinder area failed both as urban design and architecture – through to the very tall – the DIFA tower proposal in the City of London.

Part of our work to influence design quality also involves understanding the pressures that drive it down. In 2005, our audit of housing schemes in the north of England revealed that only 6 per cent could be described as good. So, with major volume housebuilders, we have begun a very positive dialogue exploring the value of investment in design, through a series of tailored urban design workshops.

Low-quality design is often due to low aspirations. In the past this was dismally apparent in the healthcare sector, so our campaign, 'Designed with care', has targeted clients and contractors and showcased inspiring healthcare buildings that are leading the way. 'Parkforce', organised by CABE Space, proved our most high-profile inspirational campaign. Through this initiative, we are pressing the case for on-site staff in parks. Park rangers from New York City toured England to talk about the transformation achieved in that city's Central Park through a multi-skilled parkforce.

The 2012 Olympic and Paralympic Games are an opportunity to showcase the best in British architecture and landscape design and leave an important legacy for east London. We seconded our deputy chief executive to the Olympics team during the year to provide expert design advice. As with the wider public building programme, it is imperative that we focus on quality as much as the cost and speed of delivery, and in this respect the next 18 months of the Olympic programme will prove absolutely critical. The London games will be an outstanding event only if people look back on the games and their legacy as having a lasting benefit for the UK and especially for east London.

We believe the same level of aspiration is needed for the Thames Gateway, that network of cities, towns and villages around the Thames estuary. Each is different and individual, but they all share a common belief that, however great their past was, the future will be better. We are determined that the work we are doing to define a vision and identity for the region will help the Thames Gateway Strategic Partnership to deliver that great future.

CABE has an amazingly talented team of staff, advisors and commissioners. We are making strong progress in putting good design back at the heart of development and regeneration. We know we can never do it alone. We have many allies and supporters. I would like to thank them and the team here for their hard work and commitment.

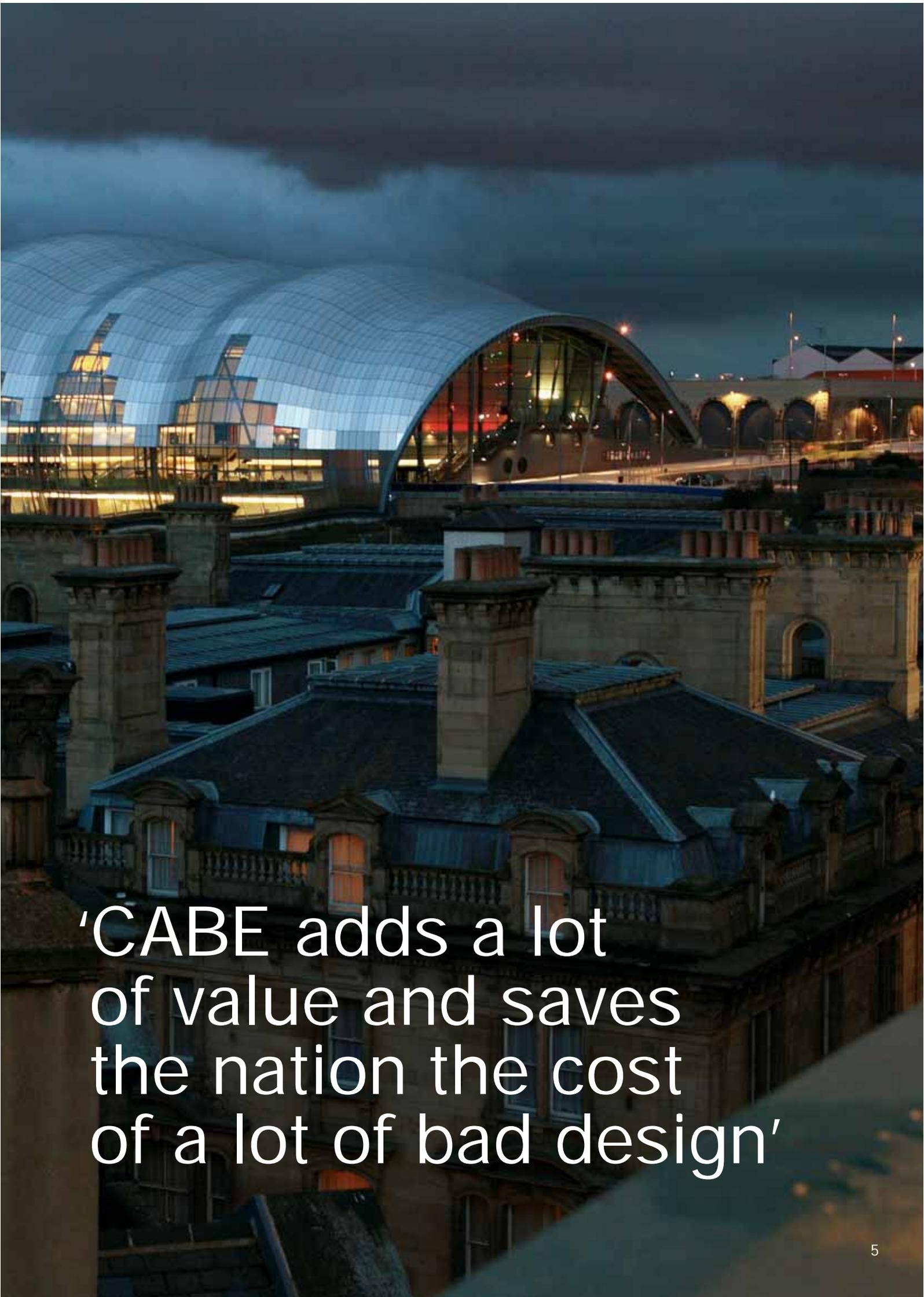
CABE costs a tiny fraction of the value of the schemes we see at design review. We add a lot of value and save the cost of a lot of bad design. We can do this only because so many people give us their time and expertise to make places better for others. We fully appreciate their contribution to this vital task.



Dr Richard Simmons
Chief executive

Urban renewal: the Sage, Gateshead
- focus for spectacular physical
and cultural regeneration





'CABE adds a lot of value and saves the nation the cost of a lot of bad design'

Southey Owlerton, Sheffield

Helping the community fix its future

Built on garden suburb principles in the 1920s and 30s, Southey Owlerton – five neighbourhood areas in north Sheffield – had gone into decline. But a consultant's proposals for comprehensive redevelopment of three of the neighbourhoods started a summer of demonstrations against demolition.

Open to a radically new approach, Sheffield City Council established a Southey Owlerton area regeneration board to work with the local community on defining a new future. The board established that high design quality was a prerequisite for funding individual projects. In need of professional expertise to support this approach, the board asked CABA to help with commissioning projects, starting with improvements to public spaces but extending to housing, streetscape and new public buildings. CABA helped set up a neighbourhood design panel, with two architects, a landscape architect and a masterplanner, to provide specialist advice and support to the community and regeneration teams.

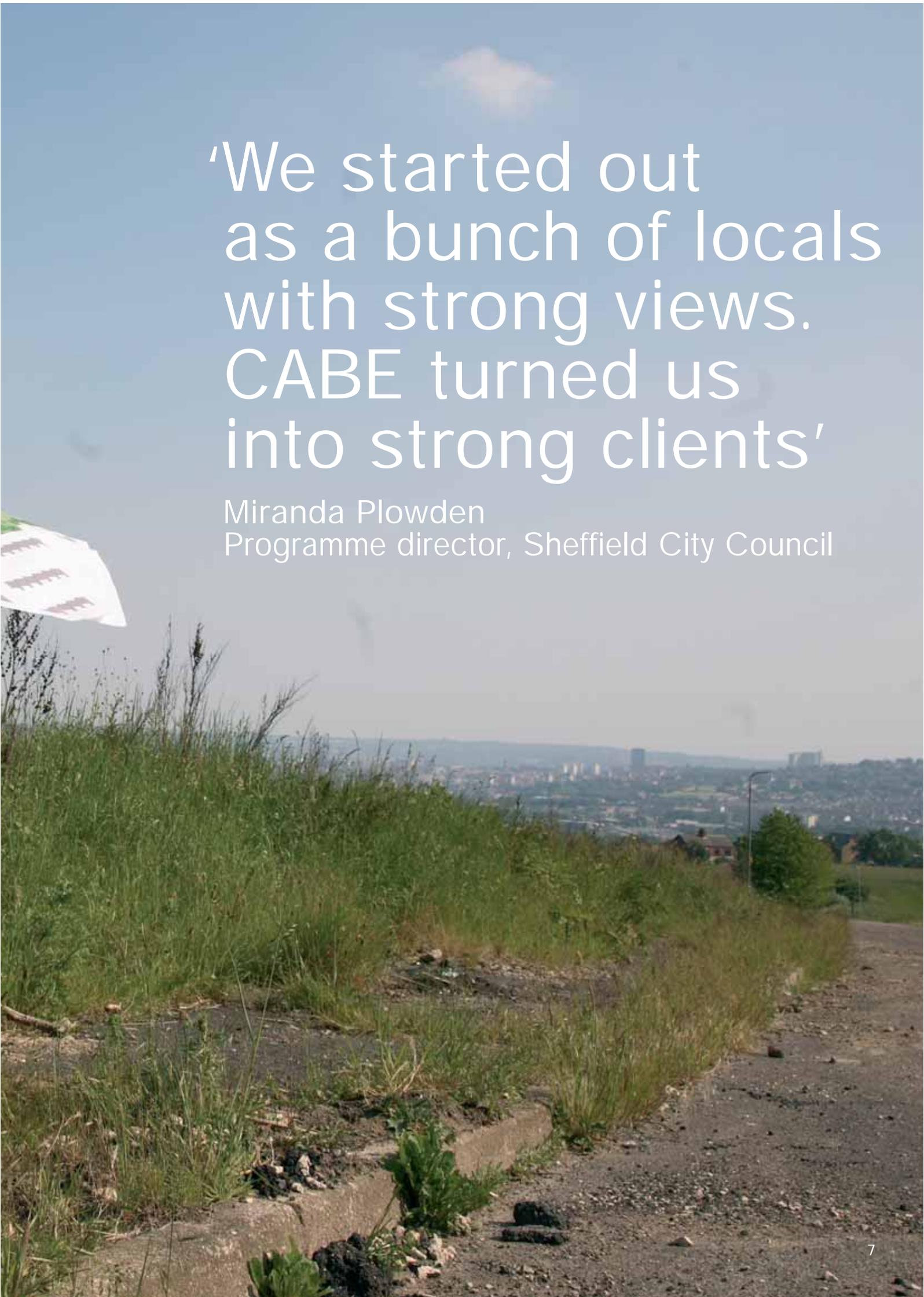
One priority was to help community representatives increase their confidence in demanding good design. Since seeing is believing, we arranged study tours to some of the best housing projects around the country, like BedZED in Surrey. We held workshops to explore what good design could offer to the quality of life. We gave them a better understanding of the design process, so that they could push for clear, simple design-led solutions. CABA Space organised workshops which investigated different options for long-term management of the public areas.

The close working relationship between the community and the CABA panel also increased the confidence of the council. The local authority committed fully to the regeneration plans, building mutual trust and reinforcing the concept of community engagement.

CABA's involvement helped to attract better consultants because they could rely on being taken through a quality design process. We think this shows the value of early investment in good design. There has been increased demand for social rented housing and a healthy developer interest in sites coming forward. But most importantly, our role in setting high standards contributed to a sense that the community could genuinely influence its own destiny.

Planning ahead: Miranda Plowden surveys the scene at Southey Owlerton





'We started out
as a bunch of locals
with strong views.
CABE turned us
into strong clients'

Miranda Plowden
Programme director, Sheffield City Council

The Collection, Lincoln

Remembering the past, regenerating the present

Lincoln's new museum contains over two million items spanning 300,000 years. It's quite a collection. But the museum doesn't just tell the story of the city. It shows how a landmark building can bring new life to a neglected area, and it illustrates the kind of contribution CABE makes to the creation of new public buildings across the country.

The museum was a joint project between the city and the county. The new building would play a crucial part in the regeneration of the Flaxengate area which forms a crucial link between the upper town around the cathedral and the lower, commercial part of town.

CABE's first job was to help the client team to select an architect. The client set up a competitive interview process and we helped them to choose seven potential contenders from a shortlist of 79. After on-site meetings with five firms, the client appointed Panter Hudspith.

CABE, the client, the architect and the Heritage Lottery Fund all agreed that the area around the museum site needed a well-considered masterplan. We supported the process and gave advice during the early design stages of the project. CABE teamed up with English Heritage to form a review panel and, after considering several sites, it was decided to demolish a 1960s extension to the nearby Usher Art Gallery to allow the two parts of the museum to be better integrated.

Our involvement early on helped steer the client away from decisions that could have proved more costly later on. In the end, improved access and connections with the surrounding buildings have helped to deliver a first-rate public arts facility for the region.

The new museum opened in October 2005. In the first three months alone, it attracted over 40,000 visitors, and stimulated visits to the gallery next door. In 2006, the museum was shortlisted for the Gulbenkian Prize for museums and galleries.

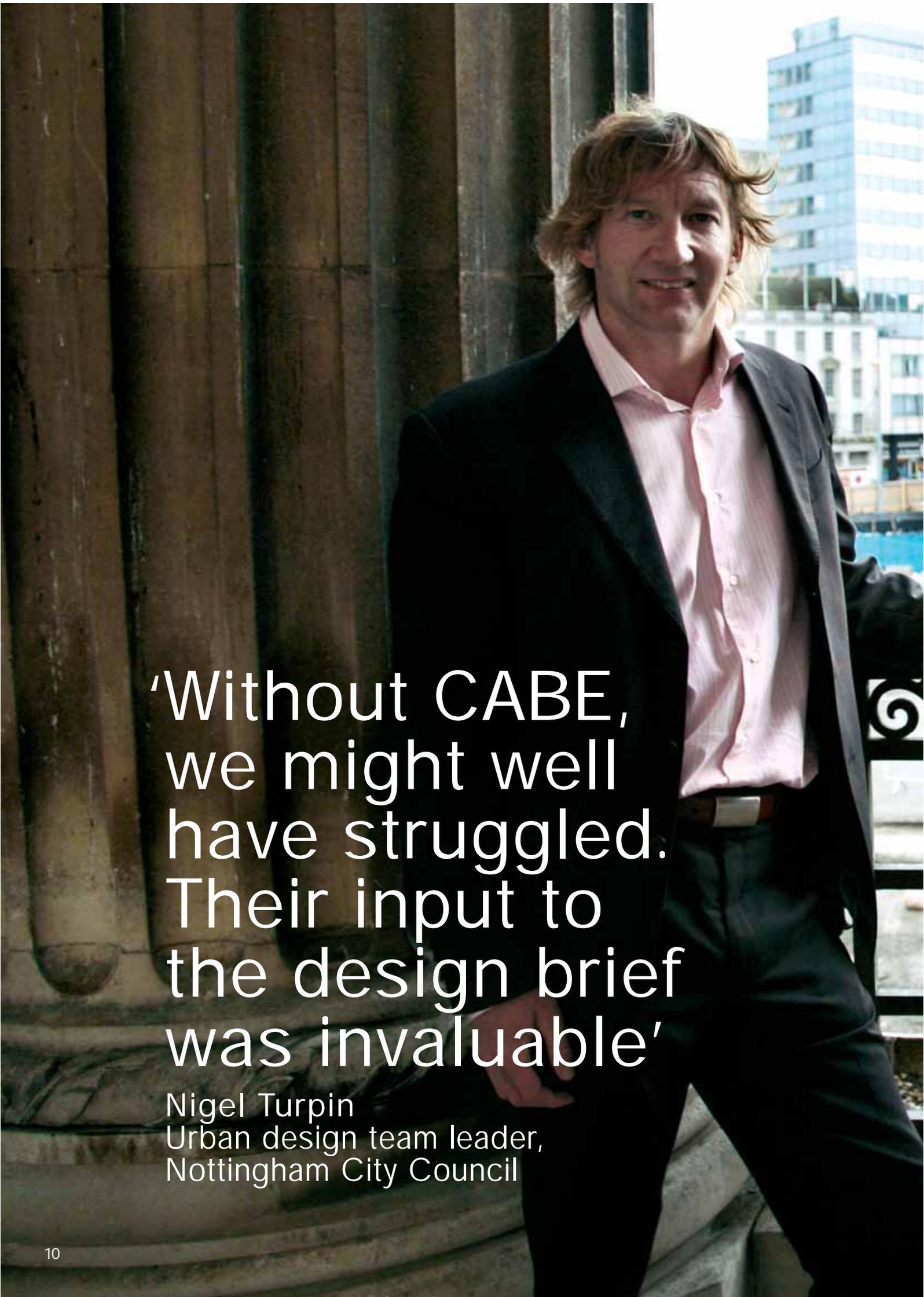
Exhibiting initiative: Jonathan Platt at the stunning Lincoln Collection building





'CABE acted
as a helpful,
informed advisor.
They worked hard
to help us secure
the right architect'

Jonathan Platt
Project director, The Collection

A man with wavy brown hair, wearing a dark suit jacket over a light pink shirt and dark trousers, stands in front of a building with large, dark stone columns. He is smiling slightly and looking towards the camera. In the background, a modern glass-fronted building is visible under a clear sky.

'Without CABE,
we might well
have struggled.
Their input to
the design brief
was invaluable'

Nigel Turpin
Urban design team leader,
Nottingham City Council



Old Market Square, Nottingham

Renewing a city centre by renewing public interest

Nottingham Old Market Square is one of Britain's largest public spaces, and a key pedestrian route linking city centre attractions. Unfortunately, the public wasn't too fond of its 1950s refurbishment and it became known as 'Slab Square', a place to be avoided.

Determined to create a world-class public space, Nottingham City Council approached CABI for support. It had decided on a far-reaching re-development plan, but needed advice and support to run a prestigious public realm design competition. We provided one of our enablers, a landscape architect, to advise the council's project team, to help prepare the design brief and promotional material.

There was a good response from the professionals, with high-quality entries from over 60 designers from the UK, Europe and North America. A CABI commissioner chaired the judging panel, while our enabler was able to clarify design objectives during the process and support the judges who didn't have a design or architectural background. London-based landscape architect Gustafson Porter was appointed. The firm later described the brief as 'clear and succinct, setting out exactly what was required'.

While attracting a high-quality response from the professionals, the competition also succeeded in raising public awareness for the redevelopment project. Unusually, the competition process included opportunities for designers to meet community stakeholders – a CABI innovation.

Old Market Square is at present a building site, but the transformation is eagerly awaited. Gustafson Porter's elegant scheme is based on clear geometry and clean lines. Easy, flat surfaces and much more generous seating will improve accessibility. There will be striking water terraces and flexible spaces to accommodate more events and markets. The hope now is that this public space will become a beautiful new heart for the city centre.

Square route: CABI's involvement helped Nigel Turpin and others to select the best design approach

Design champions

Raising the profile of championship design

Look back over the last 10 years – what's changed in our built environment? We have had massive investment: over £84 billion (yes, billion) into nearly 800 public/private partnership projects; a widely acclaimed urban renaissance in eight core cities; and individual examples of great new buildings and spaces across the country.

The problem is that good design is often still dependent on an individual. Someone who shows the kind of leadership that you need to create a building or a place that is functional, beautiful and inclusive. That is why 'design champions' are so important, and why they have remained a core focus of CABE's work.

Design champions now exist in almost every sector. By the end of the 2005/06 year, two thirds of local authorities had appointed a design champion, alongside 78 per cent of primary care trusts and 93 per cent of acute hospital trusts. At cabinet level, the culture secretary, Tessa Jowell, became the government's design champion. And for the first time, six of the 11 major volume housebuilders appointed one, too.

So who are they and how do they work? Take Beatrice Fraenkel, for example. She's the urban design champion for Liverpool City Council. Beatrice began her working life as an industrial design engineer, before becoming chair of South Liverpool Primary Care Trust. Her approach is not to campaign as much as persuade other people to recognise the value of investing in design.

She persuaded the American healthcare design guru Roger Ulrich to talk to people delivering healthcare buildings in Liverpool. She then brought in CABE's enabling team to run a special training session about designing community health buildings for the people involved in the city's 'LIFT' health project. She helped to galvanise the council to invest £16 million in the public spaces of the run-down Ropewalks district of Liverpool, an investment which is transforming the area's property market. It's this kind of leadership that we need if good design is to improve people's quality of life.

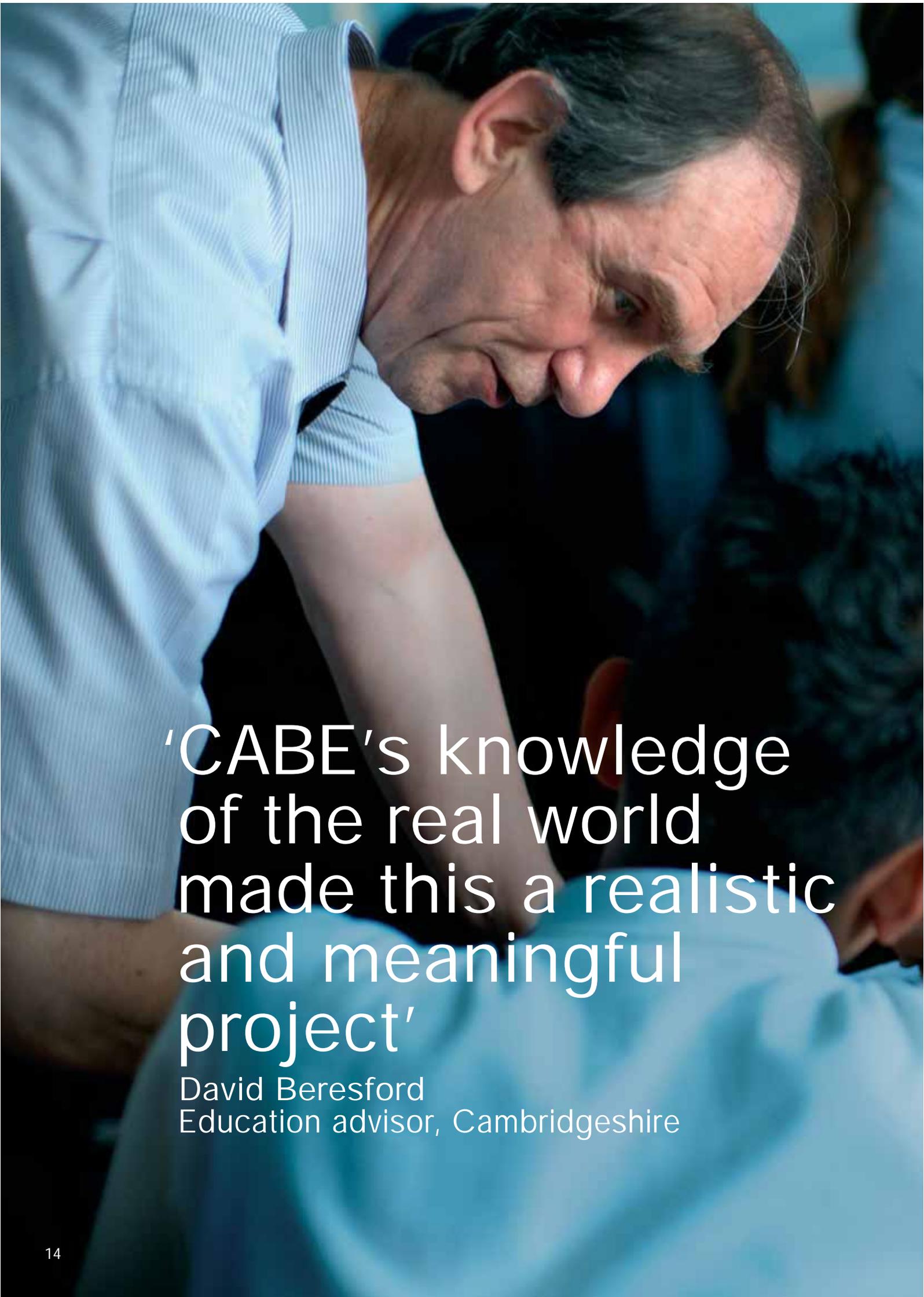
Championship form: Beatrice Fraenkel surveys Liverpool's Ropewalks development





'CABE helped us to develop Liverpool's design agenda. The package of support that they put in has been remarkable'

Councillor Beatrice Fraenkel
Design champion,
Liverpool City Council

A photograph of a man with grey hair, wearing a light blue striped shirt, leaning over and looking down at a child. The child is wearing a blue t-shirt. The background is blurred, showing other people in a similar setting. The overall tone is professional and focused.

'CABE's knowledge
of the real world
made this a realistic
and meaningful
project'

David Beresford
Education advisor, Cambridgeshire

Where will I live?

Urban design on the curriculum

How can we get schoolchildren to think about the quality of the built environment? How can we get urban design on to the school curriculum and promote citizenship at the same time? Given that we're not in the classroom every day, one obvious way is to team up with a professional teaching body. So that's what we did.

In 2005, we provided funding of £50,000 for joint work with the Geographical Association for a teachers' professional development programme. We chose the topic of housing as the way to help young people understand how decisions are made: it is of immediate interest to everyone and a focus of national debate – not least with five million new households expected in the next 20 years.

The Geographical Association devised the format of the programme, *Where will I live?*, with input from CABE education specialists. The project involved teachers from 16 schools in Cambridgeshire and East Lancashire – and some 500 pupils. For us, it was a chance to highlight the importance of design in creating good places to live. Pupils debate community, sustainability, design and especially interconnectedness, recognising that the places we live in are only understandable as parts of a broader national – even global – community, rather than discrete entities shaped by purely local concerns. For the association, it was an opportunity to give teachers an opportunity to be creative in the way they devised lessons.

Teachers have been encouraged by the positive reaction to the new material in the classroom. In the year following the pilot programme, everyone is still enthusiastic and using the material again.

CABE's education projects support this agenda in other ways. Our *Getting out there* 'local safari guides' offer practical advice to teachers on how to explore their town and the award-winning *360°* magazine offers articles and advice. And a building schools for the future workshop has brought together teachers, practitioners from building and design trades, planners and local government representatives.

Lessons learned: David Beresford emphasises the importance of architecture and design to his students

Caroline Chisholm School, Northampton

Laying the foundations for schools for the future

Northampton's Caroline Chisholm School shows what can be achieved through commitment and careful collaboration. This 'centre for learning' embraces inclusive education, a community hub and lifelong learning. It also acts as an exemplar design for architects, planners and educators as they deploy the £5.1 billion that's been allocated to the government's building schools for the future programme.

So, what actually happened at the Caroline Chisholm School to make it a success? For a start, there was a healthy degree of collaboration between the head teacher, the governors and the local authority. CABE's first task was to encourage the client team to work closely with the school community during the planning stages of the project. They set out to deliver a 50-place nursery, a 210-place primary school and a 1,460-place secondary school with a 260-place sixth form – alongside a public learning resource centre, two cafes and extensive indoor and outdoor sports facilities. There was real ambition behind this project.

CABE worked closely with local authority officials to create a brief for a building that could change over time. Teachers need a space that is flexible enough to adapt to different teaching methods. At Caroline Chisholm, the whole campus now provides an open environment and individual blocks can be used as out-of-hours community facilities. The central areas of the teaching blocks can be used in different ways, including breakout areas, space for lockers and a lecture theatre. The public shares the library with the school.

The school opened in September 2004. Over the next 13 years, the government plans to rebuild or refurbish 3,700 schools. It is a massive undertaking. We believe that, by working with the local authorities who will be commissioning these buildings, CABE is making a real difference to the day-to-day lives of young people, their teachers, their families and their communities.

Work and play: children at Caroline Chisholm benefit from their 'centre for learning' environment



'We wanted something fresh and innovative and CABE gave us the courage to go for it'

Gavin Milner
Project manager, Northamptonshire Council

Children and Young People's Centre, Lewisham

Creating a patient-centred healthcare facility

If you believe that architecture reflects back to us the way we think about society and ourselves, then the design of the new children and young people's health centre in Lewisham, south-east London, is an encouraging sign of the times. The artificial barriers between healthcare and social care are finally breaking down. This new building embraces child health, mental health, special educational needs and social care services – all under one roof.

Over the course of a year, CABI worked with the client team of the local primary care trust to help deliver the new facility. The trust had already decided that it wanted to run a design competition and we provided specialist advice from our enablers, talking through the therapeutic value of great healthcare buildings, helping the client to formulate a brief, and sitting on the judging panel.

The panel was impressed by the confident, efficient designs of van Heyningen and Haward Architects, who were duly appointed. Their design is disarmingly simple, featuring a garden courtyard visible from the corridors skirting the building's inside face. There is good natural light and the ground floor extends elegantly into the garden, forming a grass-roofed terrace.

The building was set to open in late 2006 at a cost of £13.3m. While the effectiveness of the design will only be proved over time, we're sure that the centre will show what can be achieved when a committed client works through a well-managed process, and retains a constant focus on quality, as well as speed and cost.

This project illustrates one dimension of CABI's health strategy. During 2005, we launched our 'Designed with care' campaign to showcase the best-designed neighbourhood healthcare facilities in Britain. And we have argued passionately that government should recognise the central role of the built environment in tackling public health issues. It's the combination of great buildings like the Lewisham centre and high-quality streets and parks that will serve the NHS and public best.

Health centred: project partner Meryl Townley on site at the new Lewisham centre



A photograph of a person's hand resting on a wooden railing. The background shows a modern building with large windows and a balcony. The image is overlaid with a red and grey gradient background for the text.

'I can't fault CABE's
input. Their support
helped us retain the
quality throughout
the process'

Meryl Townley
Project partner,
van Heyningen and Haward Architects

About CABE

CABE, the Commission for Architecture and the Built Environment, is a statutory body set up in 1999. It is sponsored by the Department for Culture, Media and Sport, with additional funding from the Department for Communities and Local Government.

CABE's principle purpose is to demonstrate the ability of great architecture and design to transform people's quality of life. Through practical advice and public campaigns, we seek to raise the aspirations, capacity and performance of everyone involved in creating and maintaining buildings and public space across England.

We believe that well-designed homes, streets, parks, workplaces, schools and hospitals are the fundamental right of everyone. We use our skills and resources to work for a higher quality of life for people and communities, with particular concern for those living in deprived areas. We do this by making the case for change, gathering hard evidence, providing education opportunities and through direct help on individual programmes and projects.

Organisation

CABE consists of 16 commissioners, appointed by the secretary of state for culture, media and sport.

CABE's services include:

Design review – offering advice, through our expert design review panel, on the design of selected development projects that will have a large strategic impact on an area

Enabling – providing support and advice to clients during the early stages of projects, through our staff and panel of professional enablers

Learning and development – providing opportunities for individuals, groups and places to become more informed, raise their aspirations and to participate in change; includes our regional team

Policy, communications and research – providing the argument and evidence to support the case for the best in architecture and design

CABE Space – aiming to bring excellence to the design and management of public spaces in our towns and cities.



Imagining. Inspiring. Influencing. CABE's when, what, where and who of 2005/06.

2005

April

The passage of the Clean Neighbourhoods and Environment Act puts CABE on a formal statutory footing.

CABE picks up two Geographical Association awards for *360°* magazine and the *Making places better* website.

CABE announces the winners of a unique Anglo-French architectural competition to design affordable housing. Homes are being built on both sides of the channel.

As a result of CABE's review of Willow Place, Corby, an area action plan was commissioned to integrate new shopping development into a better connected, pedestrian-friendly town centre.



Housing project, White City © B.C. Architects and Carvignat Piskard Architects

May

A CABE Space report argues for good design and management, not heavy-handed security, as the best approach to combating anti-social behaviour in parks and open spaces.

Business is advised to take more account of the links between good workplace design and improved business at the launch of a CABE report at the refurbished HM Treasury headquarters.

Philosopher Alain de Botton rehearses his thinking on architecture and beauty at a lecture hosted by CABE.



HM Treasury building



Parklife © David Miller

June

Selina Mason is appointed director of architecture and design review, succeeding founding director of design review Peter Stewart.

CABE's second urban design summer school brings together key agencies involved in the regeneration of East Lancashire to debate the future vision for the region.

CABE publishes forward thinking on the concept of 'physical capital' by three authors including former Downing Street head of strategy Geoff Mulgan.



Selina Mason © Mervin Turan

July

Black and ethnic minority professionals face greater career barriers than their white counterparts, CABE reveals in a new report.

A strong vision for public space and a strategic approach to delivery are vital to the success of the housing market renewal and housing growth areas, CABE Space argues in *Start with the park*.

CABE announces six new awards for artists' regeneration projects through the PROJECT initiative, run in partnership with Arts and Business – bringing the total awarded in the year to £220,000.

CABE's *Making places* booklet offers young people an inviting summary of careers in the built environment.



Anti People © Simon Rawles

August

CABE extends its role as a champion of 'inclusive design', taking on responsibility for support of the government's advisory body on the built environment needs of disabled people.

Design review supports the new scheme for the Royal Arsenal development in Woolwich, south London, after the original proposals and design team were replaced following earlier CABE criticism.



© Masha Turant



© Masha Turant

September

After five years at premises on London's Waterloo, CABE moves to new headquarters in Covent Garden.

CABE is given a key role in the build-up to the 2012 London Olympics after seconding its deputy chief executive, Joanna Averley, to the Olympic Delivery Authority.

Every urban park in England should have dedicated staff on site during daylight hours, argues CABE Space as it launches the Parkforce campaign.



Parkforce © David Miller



1 Kemble Street © Katherine Heaton

October

Park rangers from New York City begin a week-long tour across the country to explain how a multi-skilled parkforce can help turn neglected parks back into successful, vibrant community spaces.

Brighton's new PFI-funded public library beats 14 other schemes to scoop the 2005 Prime Minister's Better Public Building Award. The £8 million library demonstrates how PFI projects can succeed when the client champions design quality.

CABE publishes two guides to improving school design under the building schools for the future programme, one using the 'design quality indicator' tool for schools.



US Park Rangers © Deborah Fox



Jubilee Library, Brighton - winner of the Prime Minister's Better Public Building Award 2005

November

CABE's audit of new housing built in the north of England finds that 94 per cent of new schemes by the 10 largest volume housebuilders fail to measure up on design quality.

Frank Gehry's bold Brighton and Hove scheme receives qualified support from CABE: the design review panel needs to see more affordable housing included before it can give full support.

CABE calls for a common vision for the Thames Gateway growth area. Chair John Sorrell stresses his determination to see successful development in the Gateway, and promises to work with stakeholders to establish an identity for the area.



Proposed development of the King Alfred Waterfront, Brighton & Hove © Gerry Fairman

2006

December

CABE welcomes the recognition in Chancellor Gordon Brown's pre-budget statement that we need to be creating well-designed, sustainable communities – not just building more houses.

Badly located and poorly designed workplaces are not only bad for employees and the environment – they are also bad for business, says CABE in a new report produced with the British Council Offices and the British Property Federation.

CABE Space contributes to new research behind the Department for Transport's *Manual for streets*.



A badly designed workplace © Michael Harding



Highgate, Dunm © David Milington Photography

January

CABE announces almost £1.9 million for the national network of architecture and built environment centres over the next two years. The programme promotes and advances education, participation and design quality.

CABE names the design champions of 2005 in its annual *Festive five* awards, which recognise new thinking and extraordinary motivation in the public and private sectors.

Deputy prime minister John Prescott attends CABE's first major conference and praises the organisation for its work in helping to promote great design in the built environment.



Maggie's Highlands, Inverness © Mark Ellis and Ashby Birmingham, ICD Ltd

February

Too few local authorities know how much they are spending or what they get for their money when investing in parks and green spaces, new research from CABE Space reveals.

CABE launches *Designed with care*, a campaign to raise design standards in neighbourhood healthcare buildings.

Up to 300 new homes in England will be built by some of Europe's best young architectural talent, after CABE announces the winners of Europan, a competition encouraging architects to address social and economic change in towns and cities.

CABE launches its new website, www.cabe.org.uk, and user visits and publication orders soar.

March

Minister for culture David Lammy announces four new CABE commissioners: Joyce Bridges, MJ Long, Deyan Sudjic and Lorna Walker.

Six of Britain's biggest housebuilders appoint design champions at board level to ensure design issues play a central role in business strategy and planning.

The government announces £300 million for 85 infrastructure areas to support new housing in growth areas, with money earmarked for design advice from CABE.

Design review comments on the Bath Western Riverside residential proposal, admiring the developer's commitment to provide high-quality public realm and internal spaces.

Culture secretary Tessa Jowell urges MPs to champion high-quality design.



David Lammy, Minister for Culture

Performance against targets 2005/06

The following targets formed part of CABE's funding agreements with the Department for Culture, Media and Sport (DCMS) and the then Office of the Deputy Prime Minister (ODPM). The ODPM has since been renamed the Department for Communities and Local Government.

1	Members of CABE education network. Target: 1,500 Performance: 1,372	7	Increase in the number of digital library case studies championing high-quality architecture and urban design and disseminating best practice. Target: 230 case studies Performance: 233 case studies
2	Target: To consolidate the architecture and built environment centre (ABEC) network at around its current size (16 ABECs + ABEC posts = 19) and improve the quality and reach of its activities by offering a regional funding round that prioritises the engagement of local communities and young people Performance: The architecture centres continued to provide an exciting and diverse programme of work, ranging from exhibitions and public consultations to out reach work and public art schemes. CABE made a total grant of £1.86 million to 18 centres across England, plus the architecture centre network, for work to April 2008	8	Entries to the Prime Minister's Better Public Building Award from key sectors. Target: 40 DCMS-sector buildings 30 Health/education buildings Performance: 18 DCMS-sector buildings 49 Health/education buildings Performance against this target is dependent on the volume of schemes being developed in the sectors concerned as well as the number of voluntary entries.
3	Target: 50,000 high-quality engagements by young people with buildings and spaces by 31 March 2008 Performance: Proposals agreed about how to deliver 50,000 visits for young people to remarkable buildings and public spaces	<div style="background-color: #f4a460; padding: 20px; text-align: center;"> <h1 style="font-size: 48px; margin: 0;">1,061</h1> <p style="font-size: 24px; margin: 0;">schemes were submitted to CABE for design review</p> </div>	
4	Increase in use of design champions by public bodies. Target: 73 per cent Performance: 70 per cent		
5	Use of advisory panels by public bodies. Target: 25 per cent Performance: 23 per cent	9	Number of design review cases of strategic importance. Target: 350 cases, of which 5 per cent are from DCMS sectors Performance: 319 cases, of which 20 per cent were from DCMS sectors
6	Increase in use of Green Flag criteria by local authorities as a tool in the management of their green spaces. Target: 73 per cent Performance: 69 per cent	10	Number of schemes submitted to design review. Target: 1,000 Performance: 1,061 submissions

11 Increasing the openness of design review.

Target: CABE to open up design review

Performance: Two new publications and a DVD launched in summer 2006 to increase the transparency of the design review process

60

applications were made for the Building for Life standard

12 Media coverage.

Target: 260 national + 480 regional/local mentions

Performance: 270 national + 620 regional/local mentions

13 Average number of weekly visits to the CABE website.

Target: 24,000 user sessions per week

Performance: 24,024 user sessions per week

14 Total website visits to web pages dedicated to the *Home buyer's guide*.

Target: 65,000

Performance: 84,490

15 Twenty per cent of total CABE national media coverage to be related to housing.

Target: 20 per cent

Performance: 32 per cent

16 Deliver a minimum of six training sessions aimed at senior managers and board members from the 15 major volume housebuilders.

Target: 6 training sessions

Performance: 6 training sessions

17 Number of applications for a Building for Life standard.

Target: 25 applications

Performance: 60 applications

18 Evidence-based research projects related to areas of ODPM policy.

Target: 5 published, 3 commissioned

Performance: 8 published, 5 commissioned

19 Design reviews.

Target: 350 schemes

Performance: 319 schemes

20 Percentage of new ODPM-funded projects in HMR and housing growth areas.

Target: 80 per cent

Performance: 85 per cent

21 To build successful relations and strengthen partnership working with a broad range of delivery partners at local, regional and national level.

Target: To be measured by one-off postal survey of a specific partnership group to be agreed during 2005/06. Survey satisfaction baseline from 03/04: 89 per cent

Performance: This will be part of the larger stakeholder review in Q4 05/06 and Q1 06/07

22 Decrease in number of complaints received.

Target: 14

Performance: 19

The majority of these complaints were of a minor nature and rectifiable.

23 Target: Increased levels of public awareness about CABE in pilot areas

Performance: CABE conducted extensive research into how its regional pilot programmes (RPPs) are working. 83 per cent of respondents said RPPs added value over and above CABE's other work. 88 per cent said RPPs were valuable or very valuable (none said they were not valuable). 70 per cent felt local ownership had been achieved

Performance against targets 2005/06

24 Training sessions provided across all target audiences at a minimum of 97 per cent satisfaction.

Target: 2,000 training sessions @ 97 per cent satisfaction

Performance: 2,038 training sessions @ 100 per cent satisfaction

2,038

was the number of training sessions we ran at 100 per cent satisfaction

25 To help raise standards of delivery across the sector, by supporting ODPM in developing its 'How to...' guides and academies, and by increasing the use/uptake of CABA Space's best practice guidance/advice.

Target: Uptake of CABA Space guides to be measured by a survey of a sample group

Performance: This will be a part of the larger stakeholder review in Q4 and Q1 2006/07

26 To give local authorities one-to-one advice about strategies and projects (including improvements to the public realm, individual green space projects and recipients of safer stronger communities funding) to help them deliver better spaces for their communities.

Target: 75 projects supported

Performance: 75 projects supported

27 To increase public awareness and demand-led improvements to public and green space through the use of targeted campaigns.

Target: One successful campaign

Performance: 123 councils signed up to the Parkforce campaign, which received record levels of media coverage for a CABA campaign

123

councils signed up for Parkforce, which received record levels of media coverage

28 To build an evidence base that demonstrates the value of good quality green and public space by completing and publishing research projects.

Target: 2 studies completed and published
1 study commissioned

Performance: 1 study completed and published,
3 studies commissioned

29 To commission and publish policy papers to generate debate and feed into policy making on public space issues.

Target: Two policy papers published

Performance: Two papers in development

30 To advise and assist the Olympics Delivery Agency and its shadow bodies in establishing its approach to design, and in delivering a superbly designed Olympic Games in 2012 that demonstrates the best of architecture and design and which will leave a legacy of buildings and public spaces that are sustainable, inclusive and of the highest design quality.

Target: Senior-level CABA secondment to the ODA

Performance: CABA service level agreement with ODA, allowing the agency to access CABA's advice.

CABE is concerned with architecture, design and people's quality of life. We champion well-designed buildings and public space. Our aim is to influence and inspire the decision-makers, so they choose good design. We run public campaigns and we provide expert, practical advice. We work with planners, designers, clients and architects, offering them guidance on projects that will shape all our lives. Fundamentally, we work on behalf of the public. They, after all, are the people left behind after the planners and architects have moved on. This review sets out our progress in all these areas during the year 2005/06.

1 Kemble Street
London WC2B 4AN
T 020 7070 6700
F 020 7070 6777
E enquiries@cabe.org.uk
www.cabe.org.uk

Commission for Architecture
and the Built Environment

The government's advisor
on architecture, urban design
and public space

ISBN: 010294296 X

Published by TSO (The Stationery Office) and available from:

Online

www.tso.co.uk/bookshop

Mail, Telephone, Fax & E-mail

TSO

PO Box 29, Norwich NR3 1GN

Telephone orders/General enquiries 0870 600 5522

Fax orders 0870 600 5533

Order through the Parliamentary Hotline Lo-call 0845 7 023474

E-mail book.orders@tso.co.uk

Textphone 0870 240 3701

TSO Shops

123 Kingsway, London WC2B 6PQ

020 7242 6393 Fax 020 7242 6394

68-69 Bull Street, Birmingham B4 6AD

0121 236 9696 Fax 0121 236 9699

9-21 Princess Street, Manchester M60 8AS

0161 834 7201 Fax 0161 833 0634

16 Arthur Street, Belfast BT1 4GD

028 9023 8451 Fax 028 9023 5401

18-19 High Street, Cardiff CF10 1PT

029 2039 5548 Fax 029 2038 4347

71 Lothian Road, Edinburgh EH3 9AZ

0870 606 5566 Fax 0870 606 5588

The Parliamentary Bookshop

12 Bridge Street, Parliament Square,

London SW1A 2JX

Telephone orders/General enquiries 020 7219 3890

Fax orders 020 7219 3866

TSO Accredited Agents

(see Yellow Pages)

and through good booksellers



ISBN 0-10-294296-X



9 780102 942965

CABE Annual report 2005/06

Financial statements
and accounts

Presented pursuant to schedule 2, sections 9(5)(b) and 10(3) of the Clean Neighbourhoods and Environment Act 2005. This incorporates the final annual report and accounts of CABE, the company limited by guarantee (company number 3831652), for the period up to 31 December 2005.

Ordered by the House of Commons to be printed 24 July 2006

HC 1510

London: The Stationery Office

£10



Financial statements for the nine months ended 31 December 2005

Commission for Architecture and the Built Environment
A company limited by guarantee
(registered number 3831652)

Chief executive's foreword to the accounts

I am pleased to introduce the published accounts of CABE, the Commission for Architecture and the Built Environment, for the nine months ended 31 December 2005.

CABE was established on 1 September 1999 as a company limited by guarantee and a non-departmental public body sponsored by the Department for Culture, Media and Sport. At 31 December 2005, it consisted of 16 commissioners appointed by the secretary of state for culture, media and sport. Commissioners were also directors of the limited company.

Under the Clean Neighbourhoods and Environment Act 2005, CABE the company was dissolved on 31 December 2005 and a new statutory body also called CABE was established on 1 January 2006. The functions, assets and liabilities of the old body have been transferred to the new body and it is on this understanding that the accounts have been prepared on a going concern basis. These financial statements will therefore be the last set of accounts of CABE, company limited by guarantee.

In September 2005 CABE moved to new offices at 1 Kemble Street London WC2, from their old offices in Waterloo, London SE1.

CABE receives core funding from the Department for Culture, Media and Sport (DCMS) and the Office of the Deputy Prime Minister (ODPM), now the Department for Communities and Local Government (DCLG). DCMS acts as the principal sponsor department, and I am accountable to parliament through the permanent secretary at DCMS.

Each year, funding agreements between CABE and its funding departments, DCMS and DCLG, set out targets that should be achieved in the year. These include both operational and outcome targets. Full details of the targets and performance against each is shown in the annual report for the year ended 31 March 2006, which incorporates the results of both the old and the new body.



Dr Richard Simmons
Chief executive and accounting officer

Commissioners' report

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

Principal activity of the commission

The commission's principal activity is to advance, for the public benefit, education, including aesthetic education in architecture, and good design in the built environment, by promoting and encouraging the promotion of high standards in all areas of architecture and by promoting an understanding of architecture and design amongst members of the public.

Financial performance

The accounts for the period ended 31 December 2005 show a surplus of income over expenditure of £3,788 (2005: £5,749). Net assets at 31 December 2005 amounted to £36,180 (2005: £32,392). Further details can be found in the management commentary on page 3.

Creditor payment policy

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

For the nine-month period ending December 2005 the percentage of invoices paid within 30 days was 92 per cent (2005: 92 per cent).

Code of best practice on corporate governance

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

Financial statements for the nine months ended 31 December 2005

Open government

Under the open government code, the commission does not charge fees for requested information. No requests have been refused in the period to December 2005.

Future developments

Under the Clean Neighbourhoods and Environment Act 2005, CABE the company was dissolved on 31 December 2005 and a new statutory body, also called CABE, was established on 1 January 2006. The functions, assets and liabilities of the old body have been transferred to the new body and it is on this understanding that the accounts have been prepared on a going concern basis. These financial statements will therefore be the last set of accounts of CABE, the company limited by guarantee.

The planned development of CABE's activities until the end of the financial year 2006/07 is set out in the published summary of its corporate strategy for 2005-2007.

Commission members

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

The following persons were members of the commission during the nine-month period ended 31 December 2005:

Mr John Sorrell CBE (Chair)
Mr Paul Finch OBE (Deputy Chair)
Mr Alan Barber
Ms Irena Bauman
Mr Brian Boylan
Ms Anthea Case CBE
Ms Louisa Hutton
Mr Paul Morrell
Mr Robin Nicholson CBE
Mr Ben Page
Mr Sunand Prasad
Mr Jason Prior

Mr Dickon Robinson CBE
Sir Nicholas Serota
Dr Ken Shuttleworth
Mr Les Sparks OBE.

Chief executive

The chief executive and accounting officer is Richard Simmons.

Members of the audit committee

Sir Nicholas Serota (Chair)
Mr Paul Finch OBE
Ms Anthea Case CBE
Mr Paul Morrell
Mr Sunand Prasad.

Register of members' interests

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

Political and charitable gifts

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

Employee relations and communications

Due to the size of the organisation, consultation and communication with employees takes place on an informal basis.

Equality of opportunity

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

The commission's policy is that disablement is no bar to recruitment or to advancement within its workforce.

Health and safety

In accordance with the Health and Safety at Work etc. Act, it is the commission's policy to provide and maintain safe and healthy working

conditions, equipment and systems of work for all its employees, and to provide such information, training and supervision as they need for the safe conduct of operations. The commission also accepts its responsibility under the Act for the health and safety of others who may be affected by its activities. A health and safety committee has been established to monitor safety performance.

Environmental policy

The commission has adopted the 'green housekeeping strategy' promulgated by its sponsor department, DCMS, as far as is practicable.

Auditors

PKF (UK) LLP undertakes the commission's audit. The audit fee for the period ended 31 December 2005 is £21,150. The value of non-audit services provided during the period was £4,230 for VAT advice and £247 for taxation advice.

As a result of the change in status to a statutory body CABE will, from 1 January 2006, be audited by the National Audit Office.

Disclosure of information to auditors

The commissioners confirm that, as far as they are each aware, there is no relevant audit information of which the auditors are unaware, and each commissioner has taken all the steps that he/she ought to have taken to make himself/herself aware of any relevant audit information and to establish that the auditors are aware of that information.

Management commentary

Development and performance during the period

Income and expenditure for the period to 31 December are comparable to that of the same period for the previous year.

CABE moved office during the period and the new offices have a conference suite at which events can be held. This has reduced costs of using outside accommodation and has also greatly improved our ability to showcase the work that we do in a better environment. The new office also provides better access and facilities for the disabled than our previous offices.

Our website has been redesigned and relaunched and has attracted many more visits. It has also enabled us to put many of our publications available for download directly from the site.

Position at the end of the year

The reserves at the end of the period to December 2005 stand at £36,180.

Cash management

Cash balance decreased by £883,883 in the period to December 2005. Most suppliers' invoices were paid in accordance with guidelines. Credit control measures were effective in limiting exposure to the risk of bad debts.

Fixed asset management

Fixed assets were checked at the time of the move to new offices in September and those which were no longer useful or in good condition, were sold or scrapped.

Performance against targets

A detailed report of performance against targets can be found in the annual review for the year to 31 March 2006, which accompanies these financial statements.

Management trends and factors underlying performance during the period

CABE is increasingly being seen as the national centre for excellence in the work that we do. We ran a very successful Parkforce campaign which included many of the local authorities in the country. This campaign will continue over the next year.

We have also been very involved in the work done in the period after London's successful bid to host the 2012 Olympics on the design of the Olympic Park. A CABE director has been seconded to the Olympic Development Agency to assist in the work and a joint design review panel is being established.

Trends and factors affecting future performance

Strategies

The strategic aims of CABE for the next year are to inspire the nation on the merits of good architecture, influence decisions on design of buildings and planning to improve on what is being built.

CABE aims to retain its core values and belief in people's right to live and work in buildings which inspire as well as being functional and fit for purpose. CABE will continue to prove in the coming year that great architecture can improve people's lives.

Conflicts of interest

None of the directors in the senior management team held any directorships or other significant interests during the year that, in the opinion of the directors, may conflict with their management responsibilities.

Remuneration report

Remuneration policy

The remuneration of the chief executive and his terms and conditions of employment on appointment must be approved by the DCMS. For all

other directors, CABE determines their terms and conditions of employment subject to an agreed annual pay negotiating remit, which will be subject to the agreement of the DCMS, and, where required, HM Treasury.

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

Service contracts

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

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

Salaries of the other staff, including directors, are determined by a performance management scheme. In addition all staff, other than the chief executive, are eligible, funds permitting, for a team bonus.

All of the directors covered by this report hold appointments that are open-ended until they reach the normal retiring age of 60. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the civil service compensation scheme.

Salaries and pension benefits (audited)

The chief executive was the highest paid employee. His total emoluments for the nine months to 31 December 2005, were £71,250 (seven months 2004/05: £50,775 – appointed September 2004).

The remuneration of the other members of the senior management team fell within the ranges set out above. We were unable to get cash equivalent transfer value (CETV) figures for the nine-month period to 31 December 2005 so the figures provided are for the full year to March 2006.

Financial statements for the nine months ended 31 December 2005

Salaries and pension benefits

Figure in £000's	Nine months to December 2005	2004/05	Real increase in pension and related lump sum	Total accrued pension at age 60 and related lump sum	CETV at 31/03/05	CETV at 31/03/06	Real increase in CETV
Joanna Averley Deputy chief executive and director of enabling	Consent to disclosure withheld						
Matthew Bell Director of policy and communications	45-50	60-65	0-2.5	2.5-5	13	31	10
Jonathan Davis Acting director of learning and development	Consent to disclosure withheld						
Paula Harris Director of resources	50-55	0	0-2.5	0-5	0	19	16
Julia Thrift Director of CABE Space	45-50	55-60	0-2.5	2.5-5	16	36	11
Selina Mason Director of architecture and design review	45-50	0	0-2.5	0-5	15	42	20
Richard Simmons Chief executive officer	70-75	50-55	0-2.5	0-5	12	44	26

Remuneration

'Remuneration' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation. The report is based on payments made by CABE and thus recorded in these accounts. No amounts have been paid in the period in respect of compensation to former senior managers.

Benefits in kind

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

Pensions

Pension benefits are provided through the civil service pension

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

Employee contributions are set at the rate of 1.5 per cent of pensionable earnings for classic and 3.5 per cent for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition a lump sum

equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earning for each year of service. Unlike classic, there is no automatic lump sum (but members may give up some of their pension to provide a lump sum), classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3 per cent and 12.5 per cent (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3 per cent

of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Further details about the PCSPS arrangements can be found at the website, www.civilservice-pensions.gov.uk

For the nine-month period to December 2005, employers' contributions of £459,076 were payable to the PCPS (2004/05: £406,856) at one of the four rates in the range of 16.2 to 24.6 per cent of pensionable pay based on salary bands. There were no payments to stakeholder pensions.

Columns 5 and 6 of the table opposite show the cash equivalent transfer value (CETV) of the members' pension benefits accrued at the beginning and the end of the reporting period. A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total service, not just their current appointment. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Column 7 reflects the real increase in the value of the CETV. It takes account of the increase in accrued pension due to inflation and contributions paid by the employee and is calculated using common market valuation factors for the start and end of the period.

emuneration of commission and committee members (audited)

The total cost of external commission appointments in the period was £104,131(2004/05: £116,523) and wholly relate to basic fees in respect of their duties as commissioners and members of advisory committees and panels. No commissioner received any performance-related fees. The emoluments of the chair, John Sorrell, the highest-paid commissioner were £21,588 (2004/05 – three months, appointed in December 2004: £12,762).

The emoluments of the other commissioners were as follows:

	Nine months to 31 December 2005 £0,000	2004/05 £0,000
Mr Paul Finch OBE (Deputy chair) (Acting chair from July to Dec 04)	4	20
Mr Alan Barber	3	5
Ms Irena Bauman	3	5
Mr Brian Boylan	3	5
Ms Anthea Case CBE	3	2
Ms Louisa Hutton	3	5
Mr Paul Morrell	3	5
Mr Robin Nicholson CBE	4	9
Mr Ben Page	3	5
Mr Sunand Prasad	3	5
Mr Jason Prior	3	5
Mr Dickon Robinson CBE	4	9
Sir Nicholas Serota	3	5
Dr Ken Shuttleworth	3	5
Mr Les Sparks OBE	4	9

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



Dr Richard Simmons
Accounting officer
and company secretary

Financial statements for the nine months ended 31 December 2005

Statement on internal control

Scope of responsibility

- As accounting officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of CABE's aims and objectives, whilst
- Safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Government accounting*, and
- Ensuring compliance with the requirements of CABE's management statement and financial memorandum and the CABE-DCMS-ODPM relationship protocol.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve aims and objectives; it can therefore provide only reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of CABE's aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in CABE, the company, for the nine-month period ended 31 December 2005 and up to the date of approval of the annual report and accounts, for the new statutory body, and accords with Treasury guidance.

Capacity to handle risk

Overall responsibility for risk management rests with the chief executive, supported by the risk management committee. The risk

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

The risk and control framework

A risk register was created and adopted during 2002/03, and further developed in 2003/04. A comprehensive risk management strategy was developed in accordance with HM Treasury guidance and adopted by the audit committee. The key elements of the strategy are as follows:

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

An internal audit service is provided by RSM Robson Rhodes, which operates to standards defined in the government internal audit manual. They submit regular reports to the audit committee that includes their independent opinion on the

adequacy and effectiveness of the commission's system of internal control together with recommendations for improvement. The audit committee met three times between April and December 2005.

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

Review of effectiveness

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

Audit committee

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

Internal audit

Internal audit functions are provided by RSM Robson Rhodes. They provide an independent and objective opinion on all aspects of CABE's work including its risk management and conflict of interest registers.

They attend all meetings of the audit committee as well as providing an annual review of all the work covered in the year.

Their work will also be reviewed externally to ensure compliance.

Significant internal control problems in the period to 31 December 2005

I am aware of no significant internal control problems that would prejudice my assurance for the period.

Due to a misunderstanding CABE paid its staff their annual salary increase before gaining approval for its pay remit. Systems have now been put into place to ensure that this is not repeated.



Dr Richard Simmons
Accounting officer
and company secretary

Statement of the commission and chief executive's responsibilities

The commission is required to prepare a statement of accounts for each financial year in the form and on the basis directed by the secretary of state for culture, media and sport, with the consent of the Treasury. The accounts are prepared on a full resource accounting basis and must show a true and fair view of the commission's state of affairs at the year end and of its income, expenditure and cash flows for the financial year.

In preparing the accounts the commission is required to:

- Observe the accounts direction issued by the secretary of state for culture, media and sport, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis

- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed as set in the financial reporting manual, and disclose and explain any material departures in the financial statements
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the commission will continue in operation.

The accounting officer for the Department for Culture, Media and Sport has designated the chief executive of the Commission for Architecture and the Built Environment as the accounting officer for the commission. His relevant responsibilities as accounting officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out in the *on-departmental public bodies' accounting officers' memorandum*, issued by HM Treasury and published in *Government accounting*.

The commissioners are responsible for ensuring that the foreword, the commissioners' report including the management commentary and other information included in the annual report is prepared in accordance with applicable law and United Kingdom generally accepted accounting practices, together with its accounts direction.

Independent auditors' report to the members of the Commission for Architecture and the Built Environment

We have audited the financial statements of the Commission for Architecture and the Built Environment for the period ended 31 December 2005, which comprise the income and expenditure account, the balance

sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Financial statements for the nine months ended 31 December 2005

espective responsibilities of the commission, the chief executive and auditors

The commission and chief executive's responsibilities for preparing the annual report and financial statements, in accordance with relevant legal and regulatory requirements and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practices), and for ensuring the regularity of financial transactions, are set out in the statement of the commission and chief executive's responsibilities. The commission and chief executive are also responsible for the preparation of the foreword.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985 and with the accounts direction issued by the secretary of state for culture, media and sport; and 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. We also report to you if, in our opinion, the foreword and commissioners' report are not consistent with the financial statements, if the commission has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding commissioners' remuneration and transactions with the commission is not disclosed.

We review whether the statement on page 6 reflects the commission's compliance with HM Treasury's guidance on the statement on internal control and we report if it does not.

We are not required to consider, whether the accounting officer's statements on internal control cover all risks and controls, or to form an opinion on the effectiveness of the commission's corporate governance procedures or its risk and control procedures.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the foreword, the commissioners' report and the unaudited part of the remuneration report. We consider the implications for our audit report if we become aware of any apparent mis-statements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK Ireland) issued by the Auditing Practices Board. An 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 judgements made by the commission and chief executive in the preparation of the financial statements, and of whether the accounting policies are appropriate to the commission's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us 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 mis-statement, whether caused by fraud or other irregularity

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 our opinion, we have also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- The financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the Commission for Architecture and the Built Environment affairs at 31 December 2005 and of the surplus, for the period then ended
- The financial statements have been properly prepared in accordance with the Companies Act 1985 and with the accounts direction issued by the secretary of state for culture, media and sport
- The information given in the commissioners report is consistent with the financial statements, and
- 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.

PKF(UK)LLP

PKF (UK) LLP
Registered auditors
London, UK
21 July 2006

**Income and expenditure account
as at 31 December 2005**

	Notes	Nine months to 31 December 2005 £	Year to 31 March 2005 £
Income			
Grant-in-aid	2	7,443,540	11,111,223
Release of deferred grant-in-aid	11	270,256	322,507
Other operating income	3	268,545	395,285
Interest receivable		38,675	26,948
Other income		6,206	922
Total income		8,027,222	11,856,885
Expenditure			
Staff costs	4	3,232,321	3,805,441
Other operating costs	5	4,784,719	8,042,774
Total expenditure		8,017,040	11,848,215
Operating surplus for the year		10,182	8,670
Reversal of notional cost of capital	1.8	954	1,104
Surplus for the year before taxation		11,136	9,774
Taxation	6	7,348	4,025
Surplus for the year after taxation		3,788	5,749
Accumulated surplus brought forward		32,392	26,643
Accumulated surplus carried forward	12	36,180	32,392

All income and expenditure from operations transferred to CABE, the new statutory body.
There were no recognised gains or losses other than the surplus for the year.

Financial statements for the nine months ended 31 December 2005

Balance sheet as at 31 December 2005

	Notes	31 December 2005 £	31 March 2005 £
Fixed assets	7	1,479,570	242,686
Current assets			
Debtors	8	347,170	879,875
Cash at bank and in hand		1,994,575	2,878,458
		2,341,745	3,758,333
Creditors			
Amounts falling due within one year	9	(2,305,565)	(3,725,941)
Net current assets		36,180	32,392
Total assets less current liabilities		1,515,750	275,078
Deferred capital grant	11	(1,479,570)	(242,686)
Net assets		36,180	32,392
Financed by: capital and reserves			
Accumulated surplus	12	36,180	32,392
Government funds	13	36,180	32,392



Dr Richard Simmons
Accounting officer
and company secretary
20 July 2006



John Sorrell
Chairman
18 July 2006

Cash flow statement for the nine months ended 31 December 2005

	Notes	Nine months to 31 December 2005 £	Year to 31 March 2005 £
Net cash (outflow)/inflow from operating activities	14	(922,558)	1,672,777
Returns on investment and servicing of finance			
Interest received		38,675	26,948
Taxation paid		–	–
(Decrease)/increase in cash	15	(883,883)	1,699,725

Notes to the accounts for the nine months ended 31 December 2005

Accounting policies

1.1 Basis of accounting

The accounts have been prepared in accordance with a direction issued by the secretary of state for culture, media and sport.

The accounts have been prepared under the modified historical cost convention. Without limiting the information given, the accounts meet the accounting and disclosure requirements of the Companies Act 1985 and the accounting and financial reporting standards issued or adopted by the Accounting Standards Board in so far as these requirements are appropriate. The direction exempts the commission from the requirement to produce a note of historical cost profits and losses.

As set out in the foreword to the accounts, on 31 December 2005 the company was dissolved and a new statutory body, also called CABE, was established on 1 January 2006. All of the functions, assets and liabilities of the company were transferred to the new body and accordingly the accounts are prepared on the going concern basis.

1.2 Fixed assets

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

Computer software is treated as an intangible item and expensed in the year of purchase. Surpluses or deficits on revaluation are taken

to the revaluation reserve, except for any impairment which is charged to the income and expenditure account when recognised.

1.3 Depreciation

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

- Fixtures and fittings – three years
- Leasehold improvements – five years (or the length of the building lease if less)
- Office and IT equipment – three years

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

1.4 Grant-in-aid

Grant-in-aid provided for revenue expenditure purposes is credited to the income and expenditure account on receipt. Grant-in-aid applied to the purchase of tangible fixed assets is credited to the deferred capital grant account and released to the income and expenditure account over the estimated operational lives of the related assets.

1.5 Operating income

Operating income is shown gross of VAT as the commission is not registered for VAT.

1.6 Pensions

Past and present employees are covered by the provisions of the civil service pension scheme which is described in the remuneration report. The defined benefit element of the scheme is unfunded and is non-contributory except in respect of dependents' benefits. The commission recognises the

expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the principal civil service pension scheme (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the scheme, the commission recognises the contributions payable for the year.

1.7 Foreign currency

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

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

1.8 Capital charge

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

1.9 Grants paid

Grants paid are accounted for on an accruals basis.

1.10 Operating leases

Payments made under operating leases are charged to the income and expenditure account on a straight line basis over the term of the lease.

Financial statements for the nine months ended 31 December 2005

2 Grant-in-aid

	Nine months to 31 December 2005 £	Year to 31 March 2005 £
Grant-in-aid received	8,705,680	11,533,074
Transferred to deferred capital grant account in respect of purchase of fixed assets (note 11)	(1,507,140)	(6,851)
Deferred grants (415,000)	245,000	
Total	7,443,540	11,111,223

Grant-in-aid of £3,681,295 was made available by the Department for Culture, Media and Sport and £5,209,297 was made available by the Office of the Deputy Prime Minister. This included £184,912 for CABE Education Foundation (see note 16).

3 Other operating income

	Nine months to 31 December 2005 £	Year to 31 March 2005 £
NHS Estates	19,949	0
Arts Council of England	23,699	61,735
Housing Corporation	42,834	65,135
Department for Education and Skills	56,982	0
English Heritage	0	17,537
Higher Education Funding Council for England	0	54,000
Home Office	1,168	10,757
English Partnerships	0	18,515
MLA Council	0	92,225
Department for Constitutional Affairs	5,771	0
Other income	118,142	12,881
Corporation of London	0	62,500
Total	268,545	395,285

4 Staff costs

	Nine months to 31 December 2005 £	Year to 31 March 2005 £
Salaries and wages	2,457,221	2,968,568
Temporary staff costs	109,134	189,462
Social security costs	206,890	240,555
Superannuation	459,076	406,856
Total	3,232,321	3,805,441

Staff numbers

	Nine months to 31 December 2005 No.	Year to 31 March 2005 No.
Corporate	16	16.6
Learning and development	21.5	15.6
Policy and communications	19.6	18.8
Enabling	18.2	12.2
Design review	9.4	7.8
Space	12	12
Total	96.7	83

5 Other operating costs

	Nine months to 31 December 2005 £	Year to 31 March 2005 £
Programme costs	1,971,032	4,425,634
Grants	873,672	1,623,081
Administration expenses	401,381	622,887
Rent, rates and maintenance	930,655	641,803
Depreciation	270,256	322,507
Professional fees	110,783	162,430
Travel, subsistence and allowances	195,318	215,922
Auditors' remuneration	30,668	16,500
Non-audit fees	0	10,906
Notional cost of capital (Note 1.8)	954	1,104
Total	4,784,719	8,042,774

Remuneration of commissioners and the management team

Details of the remuneration and pension benefits of commissioners and the management team are given in the remuneration report starting on page 3.

Superannuation

The PCSPS is an un-funded multi-employer defined benefit scheme, but CABE is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at March 2003. PCSPS prepares its own scheme statements.

For the nine-month period to December 2005 employers' contributions of £459,076 were payable to the PCSPS (2004-05 £406,856) at rates in the range of 16.2 to 24.6 per cent of pensionable pay, based on salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the government actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Staff numbers

The commission counts the number of staff in post to include all permanent, fixed term and temporary staff of all types who are paid as employees through the payroll. On this basis the average number of whole-time equivalent persons (including senior management) employed for the period to December 2005 was 96.7 (2005: 83).

During the nine months to 31 December 2005 the commission made payments under operating leases in respect of land and buildings of £195,102 (2005: £444,138)

Financial statements for the nine months ended 31 December 2005

6 Taxation

	Nine months to 31 December 2005 £	Year to 31 March 2005 £
Corporation tax @ 19	7,348	4,025

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

7 Tangible fixed assets

	Office equipment £	Leasehold improvements £	Fixtures and fittings £	IT equipment £	Total £
As at 1 April 2005	15,923	680,945	222,906	398,340	1,318,114
Additions	–	1,406,585	100,555	–	1,507,140
Disposals	–	(680,945)	(3,317)	–	(684,262)
As at 31 December 2005	15,923	1,406,585	320,144	398,340	2,140,992
Accumulated depreciation					
As at 1 April 2005	9,518	614,663	169,373	281,874	1,075,428
Charge for year	3,981	156,342	47,292	62,641	270,256
Disposals	–	(680,945)	(3,317)	–	(684,262)
As at 31 December 2005	13,499	90,060	213,348	344,515	661,422
Net book value					
As at 31 December 2005	2,424	1,316,525	106,796	53,825	1,479,570
As at 31 March 2005	6,405	66,282	53,533	116,466	242,686

8 Debtors

	31 December 2005 £	31 March 2005 £
Amounts falling due within one year:		
Trade debtors	133,577	333,542
Inter-company account	184,912	496,926
Prepayments	28,681	49,407
	347,170	879,875
Debtors includes amounts owing to:		
Local authorities	39,323	76,250
Other government bodies	110,567	257,289
Others	197,280	546,336
	347,170	879,875

9 Creditors

	31 December 2005 £	31 March 2005 £
Amounts falling due within one year:		
Trade creditors	619,876	1,596,367
Other creditors	350,145	654,291
Accruals and deferred income	1,335,544	1,475,283
	<u>2,305,565</u>	<u>3,725,941</u>
Creditors includes amounts owing to:		
Local authorities	17,915	31,514
Other government bodies	1,032,318	624,039
Others	1,255,332	3,070,388
	<u>2,305,565</u>	<u>3,725,941</u>

10 Operating leases

	Within one year £'000	Between 2-5 years £'000	Over 5 years £'000
Annual commitments in respect of leases expiring:			
Buildings	0	0	722

11 Deferred capital grant

	Nine months to 31 December 2005 £
Balance at 1 April 2005	242,686
Grant-in-aid received for the purchase of tangible fixed assets	1,507,140
Release of deferred grant in respect of depreciation of tangible fixed assets	(270,256)
Balance at 31 December 2005	<u>1,479,570</u>

Financial statements for the nine months ended 31 December 2005

12 Reserves

	Nine months to 31 December 2005 £
Accumulated surplus	
Balance brought forward as at 1 April 2005	32,392
Surplus for the nine months to December 2005	3,788
Balance carried forward as at 31 December 2005	36,180

13 Reconciliation of movements in government funds

	Nine months to 31 December 2005 £
Net funds at 1 April 2005	32,392
Surplus for the period	3,788
Net funds at 31 December 2005	36,180

14 Reconciliation of the operating deficit to net cash flow from operating activities

	Nine months to 31 December 2005 £	Year to 31 March 2005 £
Operating surplus/(deficit)	10,182	8,670
Decrease /(Increase) in debtors	532,708	(54,403)
(Decrease)/Increase in creditors	(1,420,379)	1,748,379
Cost of capital charge	954	1,104
Interest received	(38,675)	(26,948)
Depreciation	270,256	322,507
Taxation	(7,348)	(4,025)
Release of deferred grant in respect of depreciation and loss on disposal of fixed assets	(270,256)	(322,507)
Net cash (outflow)/inflow from operating activities	(922,558)	1,672,777

15 Analysis of changes in cash during the period

	At 1 April 2005 £	Cash inflow £	At 31 December 2005 £
Cash at bank and in hand	2,878,458	(883,883)	1,994,575

16 Related party transactions and connected bodies

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

The CABE Education Foundation, a registered charity and company limited by guarantee, is also regarded as a related party. There were various transactions with the Education Foundation throughout the year. CABE provides management services to the Education Foundation and these are charged at cost.

The trustees of the foundation are either current or former CABE commissioners. Those serving as trustees during the year were:

Sophie Andreae – chair – former CABE commissioner

Brian Boylan – current CABE commissioner

Robin Nicholson – current CABE commissioner

Dickon Robinson – current CABE commissioner

Gillian Wolfe – former CABE commissioner

Secretary
Ben Spencer (resigned 27 January 2006) – CABE staff member.

The company was dissolved on 5 May 2006. At the time of the dissolution the company had no assets. Expenditure for the nine months to 31 December 2005 totalled £184,912. These costs were met directly by CABE and then re-charged to CABE Education Foundation. In order to enable CABE Education Foundation to meet these costs, CABE made a matching donation of £184,912. A copy of the Education Foundation financial statements are available from the commission's offices.

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

- Arts Council of England
- English Heritage.

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

- Department for Constitutional Affairs
- Department for Education and Skills
- English Partnerships
- Home Office
- Housing Corporation.

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

- Irena Bauman, a commissioner, is a director of Bauman Lyons Architects which received £701 as payment in respect of enabling services.
- Paul Finch, a commissioner, is editorial director of EMAP Construct which received payment of £2,566 in respect of advertisements.

- Louisa Hutton, a commissioner, is an external examiner for the University of Westminster which received fee payments of £16,382
- Jason Prior, a commissioner, is managing director of EDAW plc which received payment of £7,758 in respect of providing enabler services.
- Les Sparks, a commissioner, is a commissioner for English Heritage. He is also a visiting professor for the University of the West of England, which received payments of £2,250.
- Sunand Prasad, a commissioner, is engaged in voluntary work for the Construction Industry Council, which received grant funding of £42,796.

17 Financial instruments

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

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

Interest rate risk: no exposure as the commission's main financial assets and liabilities carry nil or fixed rates of interest.

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

Financial statements for the three months ended 31 March 2006

Commission for Architecture and the Built Environment

Chief executive's foreword to the accounts

I am pleased to introduce the published accounts of CABE, the Commission for Architecture and the Built Environment, for the three months ended 31 March 2006.

CABE was established on 1 September 1999 as a company limited by guarantee and a non-departmental public body sponsored by the Department for Culture, Media and Sport.

Under the Clean Neighbourhoods and Environment Act 2005, CABE the company was dissolved on 31 December 2005 and a new statutory body also called CABE was established on 1 January 2006. The functions, assets and liabilities of the old body have been transferred to the new body. This annual report contains the first set of accounts of CABE the statutory body.

CABE receives core funding from the Department for Culture, Media and Sport (DCMS) and the Department for Communities and Local Government (DCLG). DCMS acts as the principal sponsor department, and I am accountable to parliament through the permanent secretary at DCMS.

Each year, funding agreements between CABE and its funding departments, DCMS and DCLG set out targets that should be achieved in the year. These include both operational and outcome targets. Full details of the targets and performance against each is shown in the annual report for the year ended 31 March 2006, which incorporates the results of both the old and the new bodies, which accompanies these financial statements.



Dr Richard Simmons
Chief executive and accounting officer

Management commentary

Development and performance during the three months ended 31 March 2006

Our website has been redesigned and launched and has attracted many more visits. It has also enabled us to put many of our publications available for download directly from the site.

In January CABE held its first ever CABE 'family' conference which included all CABE staff and members of the CABE extended family. It is hoped that we can repeat this on a regular basis as it proved such a success.

Position at the end of the year

The reserves at the end of March 2006 stand at £1,432,428.

Cash management

Cash balances increased by £31,163 in the three-month period to 31 March 2006. Most suppliers' invoices were paid in accordance with guidelines. Credit control measures were effective in limiting exposure to the risk of bad debts.

Fixed asset management

Fixed assets are regularly reviewed to ensure that they are fit for the purpose for which they are being used.

Performance against targets

A detailed report of performance against targets can be found in the annual review for the year to 31 March 2006, which accompanies these financial statements.

Management trends and factors underlying performance during the three months ended 31 March 2006

The first spring school, modelled after our very successful summer school, was held over four days in March. The focus of this was on Space matters and the feedback received from the participants was positive enough for CABA to consider whether it could be made into an annual event and so assist in meeting the needs of the built environment sector among CABA's stakeholders.

Trends and factors affecting future performance

Strategies

The strategic aim of CABA for the next year is to inspire the nation on the merits of good architecture, influence decisions on design of buildings and planning to improve on what is being built.

CABA aims to retain its core values and belief in people's right to live and work in buildings which inspire as well as being functional and fit for purpose. CABA will continue to prove in the coming year that great architecture can improve people's lives.

Commissioners' report

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

Principal activity of the commission

The commission's principal activity is the promotion of education and high standards in, and understanding and appreciation of architecture, and the design, management and maintenance of the built environment.

Financial performance

The accounts for the period ended 31 March 2006 show a surplus of income over expenditure of £16. Total assets less current liabilities at 31 March 2006 amounted to £1,432,428.

Creditor payment policy

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

For the three months ending 31 March 2006 the percentage of invoices paid within 30 days was 92 per cent.

Code of best practice on corporate governance

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

Open government

Under the open government code, the commission does not charge fees for requested information. No requests have been refused in the three months ended 31 March 2006.

Future developments

The planned development of CABA's activities until the end of the financial year 2006/07 is set out in the published summary of its corporate strategy for 2004/05-2006/07.

Commission members

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

The following persons were members of the commission as at 31 March 2006:

Mr John Sorrell CBE (Chair)
Mr Paul Finch OBE (Deputy chair)
Mr Alan Barber
Ms Irena Bauman
Mr Brian Boylan
Ms Anthea Case CBE
Ms Louisa Hutton
Mr Paul Morrell
Mr Robin Nicholson CBE
Mr Ben Page
Mr Sunand Prasad
Mr Jason Prior
Mr Dickon Robinson CBE
Sir Nicholas Serota
Dr Ken Shuttleworth
Mr Les Sparks OBE.

Chief executive

The chief executive and accounting officer is Richard Simmons.

Members of the audit committee

Sir Nicholas Serota (Chair)
Mr Paul Finch OBE
Ms Anthea Case CBE
Mr Paul Morrell
Mr Sunand Prasad.

Register of members' interests

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

Political and charitable gifts

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

Employee relations and communications

Due to the size of the organisation, consultation and communication with employees takes place on an informal basis.

Financial statements for the three months ended 31 March 2006

Equality of opportunity

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

The commission's policy is that disablement is no bar to recruitment or to advancement within its workforce.

Health and safety

In accordance with the Health and Safety at Work etc. Act, it is the commission's policy to provide and maintain safe and healthy working conditions, equipment and systems of work for all its employees, and to provide such information, training and supervision as they need for the safe conduct of operations. The commission also accepts its responsibility under the Act for the health and safety of others who may be affected by its activities. A health and safety committee has been established to monitor safety performance.

Environmental policy

The commission has adopted the 'green housekeeping strategy' promulgated by its sponsor department, DCMS, as far as is practicable.

Auditors

Since CABE became a statutory body on 1 January 2006, the accounts have been audited by the National Audit Office. The audit fee for the three months ended 31 March 2006 is £8,000.

Disclosure of information to auditors

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

Remuneration report

Remuneration policy

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

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

Service contracts

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

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

Salaries of the other staff, including directors, are determined by a performance management scheme. In addition all staff, other than the chief executive, are eligible, funds permitting for a team bonus.

All of the directors covered by this report hold appointments, which are open-ended until they reach the normal retiring age of 60. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the civil service compensation scheme.

Salaries and pension benefits (audited)

The chief executive was the highest-paid employee. His total emoluments for the three months to March 2006 was £40,661, comprising salary of £26,411, consolidated bonus of £3,483 and unconsolidated bonus of £10,767.

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

We were unable to get cash equivalent transfer value (CETV) figures for the three-month period to 31 March 2006 so the figures provided are for the full year to March 2006.

Remuneration

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

Benefits in kind

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

Pensions

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

Salaries and pension benefits

Figure in £000's	Salary three months to March 2006	Real increase in pension and related lump sum	Total accrued pension at age 60 and related lump sum 31/03/06	CETV at 31/03/06	CETV at 31/03/06	Real increase in CETV
Joanna Averley Deputy chief executive and director of enabling	Consent to disclosure withheld					
Matthew Bell Director of policy and communications	15-20	0-2.5	2.5-5	13	31	10
Jonathan Davis Acting director of learning and development	Consent to disclosure withheld					
Paula Harris Director of resources	15-20	0-2.5	0-5	0	19	16
Julia Thrift Director of CABE Space	15-20	0-2.5	2.5-5	16	36	11
Selina Mason Director of architecture and design review	15-20	0-2.5	0-5	15	42	20
Richard Simmons Chief executive officer	40-45	0-2.5	0-5	12	44	26

Employee contributions are set at the rate of 1.5 per cent of pensionable earnings for classic and 3.5 per cent for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earning for each year of service. Unlike classic, there is no automatic lump sum (but members may give up some of their pension to provide a lump sum), classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3 per cent

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

Further details about the PCSPS arrangements can be found at the website, www.civilservice-pensions.gov.uk.

For the three-month period to March 2006, employers' contributions of £159,455 were

payable to the PCSPS at one of the four rates in the range of 16.2 to 24.6 per cent of pensionable pay based on salary bands.

Columns 4 and 5 of the table show the cash equivalent transfer value (CETV) of the member's pension benefits accrued at 1 April 2005 and the end of the reporting period. A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. It is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the pension benefits they have accrued in their former scheme.

Financial statements for the three months ended 31 March 2006

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total service, not just their current appointment. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Column 6 reflects the real increase in the value of the CETV. It takes account of the increase in accrued pension due to inflation and contributions paid by the employee and is calculated using common market valuation factors for the start and end of the period.

emuneration of commission and committee members (audited)

The total cost of external commission appointments in the three-month period was £73,295 and wholly relates to basic fees in respect of their duties as commissioners and members of advisory committees and panels. No commissioner received any performance related fees. The emoluments of the chair, John Sorrell, the highest-paid commissioner, were £21,588.

The emoluments of the other commissioners were as follows:

	Three months to 31 March 2006 £000's
Mr Paul Finch OBE (Deputy chair)	4
Mr Alan Barber	3
Ms Irena Bauman	3
Mr Brian Boylan	3
Ms Anthea Case CBE	3
Ms Louisa Hutton	3
Mr Paul Morrell	3
Mr Robin Nicholson CBE	4
Mr Ben Page	3
Mr Sunand Prasad	3
Mr Jason Prior	3
Mr Dickon Robinson CBE	4
Sir Nicholas Serota	3
Dr Ken Shuttleworth	3
Mr Les Sparks OBE	4

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



Dr Richard Simmons
Accounting officer

Statement of the commission and accounting officer's responsibilities

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

Under the Clean Neighbourhoods and Environment Act 2005, the first financial year of the commission is the period starting on the appointed day, and ending on the following 31 March. The appointed day was designated as 1 January 2006.

In preparing the accounts the commission is required to comply with the requirements of the government financial reporting manual and in particular to:

- Observe the accounts direction issued by the secretary of state for culture, media and sport, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis
- State whether applicable accounting standards as set out in the government financial reporting manual have been followed, and disclose and explain any material departures in the financial statements
- Prepare the financial statements on a going concern basis.

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



John Sorrell
Chairman



Dr Richard Simmons
Accounting officer

Statement on internal control

Scope of responsibility

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve aims and objectives; it can therefore provide only reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of CABE's aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in CABE for the three months ended 31 March 2006 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

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

The risk and control framework

A risk register was created and adopted during 2002/03 and further developed in 2003/04. A comprehensive risk management strategy was developed in accordance with HM Treasury guidance and adopted by the audit committee. The key elements of the strategy are as follows:

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

An internal audit service is provided by RSM Robson Rhodes, which operates to standards defined in the government internal audit manual. They submit regular reports to the audit committee that includes their independent opinion on the adequacy and effectiveness of the commission's system of internal control together with recommendations for improvement. The audit committee met once between January and March 2006.

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

Financial statements for the three months ended 31 March 2006

Review of effectiveness

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

Audit committee

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

Internal audit

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

Significant internal control problems in the three months ended March 2006

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



John Sorrell
Chairman



Dr Richard Simmons
Accounting officer

The certificate and report of the comptroller and auditor general to the Houses of Parliament

I certify that I have audited the financial statements of the Commission for Architecture and the Built Environment for the three months ended 31 March 2006 under the Clean Neighbourhoods and Environment Act 2005. These comprise the income and expenditure account, the balance sheet, the cashflow statement and statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out within them.

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

The Commission for Architecture and the Built Environment and accounting officer are responsible for preparing the annual report, the remuneration report and the financial statements in accordance with the Clean Neighbourhoods and Environment Act 2005 and directions made thereunder by the secretary of state, with the consent of HM Treasury, and for ensuring the regularity of financial transactions. These responsibilities

are set out in the statement of commission and accounting officer's responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with international standards on auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with the Clean Neighbourhoods and Environment Act 2005 and directions made thereunder by the secretary of state, with the consent of HM Treasury.

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. I also report to you if, in my opinion, the annual report is not consistent with the financial statements, if the Commission for Architecture and the Built Environment has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed. I review whether the statement on pages 23 and 24 reflects the Commission for Architecture and the Built Environment's compliance with HM Treasury's guidance on the statement on internal control, and I report if it does not. I am not required to consider whether the accounting officer's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Commission for Architecture and the Built Environment's corporate governance procedures or its risk and control procedures.

I read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. This other information comprises only the management commentary, and the unaudited part of the remuneration report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

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

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the remuneration report to be audited are free from material misstatement, whether caused by fraud or error and that in all material respects the expenditure and income have been applied to the purposes intended by parliament and the financial transactions conform

to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the remuneration report to be audited.

Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Clean Neighbourhoods and Environment Act 2005 and directions made thereunder by the secretary of state, with the consent of HM Treasury, of the state of the Commission for Architecture and the Built Environment's affairs as at 31 March 2006 and of its surplus for the three months then ended;
- the financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with the Clean Neighbourhoods and Environment Act 2005 and directions made thereunder by the secretary of state, with the consent of the Treasury; and
- in all material respects the expenditure and income have been applied to the purposes intended by parliament and the financial transactions conform to the authorities which govern them.

I have no observations to make on these financial statements.



John Bourn
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
London
SW1W 9SP
24 July 2006

Financial statements for the three months ended 31 March 2006

Income and expenditure account for the three months ended 31 March 2006

	Notes	Three months to 31 March 2006 £
Income		
Grant-in-aid	2	3,284,149
Release of deferred grant-in-aid	11	114,658
Other operating income	3	344,603
Interest receivable		7,517
Other income		278
Total income		3,751,205
Expenditure		
Staff costs	4	1,282,379
Other operating costs	5	2,467,700
Total expenditure		3,750,079
Operating surplus for the year		1,126
Reversal of notional cost of capital		318
Surplus for the year before taxation		1,444
Taxation	6	1,428
Surplus for the year after taxation		16
Accumulated surplus brought forward		36,180
Accumulated surplus carried forward	12	36,196

All activities are continuing. There were no recognised gains or losses other than the surplus for the year.
The notes on pages 27 to 35 form part of these accounts.

Balance sheet as at 31 March 2006

	Notes	31 March 2006 £
Fixed assets	7	1,396,232
Current assets		
Debtors	8	417,659
Cash at bank and in hand		2,025,738
Creditors		2,443,397
Amounts falling due within one year	9	(2,407,201)
Net current assets		36,196
Total assets less current liabilities		1,432,428
Deferred capital grant		
Reserves		
Accumulated funds	12	36,196
Deferred government grant	11	1,396,232
Total reserves		1,432,428

The notes on pages 27 to 35 form part of these accounts.



Dr Richard Simmons
Accounting officer
20 July 2006



John Sorrell
Chairman
20 July 2006

Cash flow statement for the three months ended 31 March 2006

	Notes	Three months to 31 March 2006 £
Net cash (outflow)/inflow from operating activities	13	23,646
Returns on investment and servicing of finance		
Interest received		7,517
Payments to acquire tangible fixed assets		(31,320)
Financing		
Grant used for capital expenditure		31,320
Increase/(decrease) in cash	14	31,163

The notes on pages 27 to 35 form part of these accounts.

Notes to the accounts for the three months ended 31 March 2006

Accounting policies

1.1 Basis of accounting

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

The accounts have been prepared under the historical cost convention, and take account of the financial reporting manual 2005 and generally accepted accounting practice so far as considered appropriate or is modified by Treasury guidance.

The accounts are prepared on the going concern basis.

1.2 Fixed assets

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

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

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

Financial statements for the three months ended 31 March 2006

1.3 Depreciation

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

- Fixtures and fittings – three years
- Leasehold improvements – five years (or the length of the building lease if less)
- Office and IT equipment – three years

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

1.4 Grant-in-aid

Grant-in-aid provided for revenue expenditure purposes is credited to the income and expenditure account on receipt. Grant-in-aid applied to the purchase of tangible fixed assets is credited to the deferred capital grant account and released to the income and expenditure account over the estimated operational lives of the related assets.

1.5 Operating income

Operating income is shown gross of VAT as the commission is not registered for VAT.

1.6 Pensions

Past and present employees are covered by the provisions of the civil service pension scheme which is described in the remuneration report. The defined benefit element of the scheme is unfunded and is non-contributory except in respect of dependents' benefits. The commission recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the principal civil

service pension scheme (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the scheme, the commission recognises the contributions payable for the year.

1.7 Foreign currency

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

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

1.8 Capital charge

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

1.9 Grants paid

Grants paid are accounted for on an accruals basis.

1.10 Operating leases

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

2 Grant-in-aid

	Notes	Three months to 31 March 2006 £
Grant-in-aid received		3,146,469
Transferred to deferred capital grant account	11	(31,320)
Deferred grants		169,000
Total		3,284,149

Grant-in-aid for the three months ended 31 March 2006 of £1,928,705 was made available by the Department for Culture, Media and Sport (DCMS) and £1,441,703 was made available by the Department for Communities and Local Government (DCLG). This included £223,939 for the CABE Education Foundation (see Note 15)

3 Other operating income

	Three months to 31 March 2006 £
NHS Estates	80,051
Arts Council of England	54,669
Housing Corporation	20,000
Department for Education and Skills	148,832
English Heritage	29,637
Home Office	3,075
English Partnerships	2,235
Other income	6,104
Total	344,603

Financial statements for the three months ended 31 March 2006

4 Staff costs

	Three months to 31 March 2006 £
Salaries and wages	999,486
Temporary staff costs	26,789
Social security costs	96,649
Superannuation	159,455
Total	1,282,379

Staff numbers

	Three months to 31 March 2006 No.
Corporate	18
Learning and development	18
Policy and communications	23
Enabling	19
Design review	9
Space	14
Total	101

Superannuation

As the PCSPS is an unfunded multi-employer defined benefit scheme, CAGE is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: civil superannuation (www.civilservice-pensions.gov.uk).

For the three months to 31 March 2006, employers' contributions of £159,455 were payable to the PCSPS at rates in the range of 16.2 to 24.6 per cent of pensionable pay, based on salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the government actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Staff numbers

The commission counts the number of staff in post to include all permanent, fixed term and temporary staff of all types who are paid as employees through the payroll. On this basis the average number of whole-time equivalent persons (including senior management) employed for the three months to March 2006 was 101.

5 Other operating costs

Three months
to 31 March
2006
£

Programme costs	1,513,100
Grants	345,363
Administration expenses	172,604
Rent, rates and maintenance	159,448
Depreciation	114,658
Professional fees	65,085
Travel, subsistence and allowances	89,124
Auditors' remuneration	8,000
Non-audit fees	0
Notional cost of capital (Note 1.8)	318
Total	2,467,700

During the three months ended 31 March 2006 the commission made no payments under operating leases in respect of land and buildings. CABE entered into a lease agreement on 3 June 2005 in respect of its offices at 1 Kemble Street. The lease allowed for the first year to be rent free.

6 Taxation

Three months
to 31 March
2006
£

Corporation tax @ 19	1,428
----------------------	-------

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

Financial statements for the three months ended 31 March 2006

7 Tangible fixed assets

	Office equipment £	Leasehold improvements £	Fixtures and fittings £	IT equipment £	Total £
As at 1 January 2006	15,923	1,406,585	320,144	398,340	2,140,992
Additions		17,184		14,136	31,320
Disposals	–	–	–	–	–
As at 31 March 2006	15,923	1,423,769	320,144	412,476	2,172,312
Accumulated depreciation					
As at 1 January 2006	13,499	90,060	213,348	344,515	661,422
Charge for the period	1,327	71,188	20,085	22,058	114,658
Disposals	–	–	–	–	–
As at 31 March 2006	14,826	161,248	233,433	366,573	776,080
Net book value					
As at 31 March 2006	1,097	1,262,521	86,711	45,903	1,396,232
As at 1 January 2006	2,424	1,316,525	106,796	53,825	1,479,570

Revaluations for the period are not included in the accounts due to immateriality.

8 Debtors

	31 March 2006 £
Amounts falling due within one year:	
Trade debtors	120,912
Inter-company account	223,939
Prepayments	72,808
Total	417,659
Debtors includes amounts owing to:	
Local authorities	40,592
Central government bodies	120,674
Others	256,393
Total	417,659

9 Creditors

	31 March 2006 £
Amounts falling due within one year:	
Taxation	8,776
Trade creditors	886,717
Other creditors	576,136
Accruals and deferred income	935,572
	2,407,201
Creditors includes amounts owing to:	
Local authorities	20,356
Central government bodies	1,058,456
Others	1,328,389
	2,407,201

10 Operating leases

	Within one year £'000	Between 2-5 years £'000	Over 5 years £'000
Annual commitments in respect of leases expiring:			
Buildings	0	0	450

11 Deferred government grant reserve

	31 March 2006 £
Balance at 1 January 2006	1,479,570
Grant-in-aid received for the purchase of tangible fixed assets	31,320
Release of deferred grant in respect of depreciation of tangible fixed assets	(114,658)
Balance at 31 March 2006	1,396,232

Financial statements for the three months ended 31 March 2006

12 Accumulated funds

	31 March 2006 £
Balance brought forward as at 1 January 2006	36,180
Surplus for the three months to 31 March 2006	16
Balance carried forward as at 31 March 2006	36,196

13 Reconciliation of the operating surplus to net cash flow from operating activities

	Three months to 31 March 2006 £
Operating surplus	1,126
(Increase) in debtors	(70,489)
Increase in creditors	101,636
Cost of capital charge	318
Interest received	(7,517)
Depreciation	114,658
Taxation	(1,428)
Release of deferred grant in respect of depreciation	(114,658)
Net cash inflow from operating activities	23,646

14 Analysis of changes in cash during the three months ended 31 March 2006

	At 1 January 2006 £	Cash inflow £	At 31 March 2006 £
Cash at bank and in hand	1,944,575	31,163	2,025,738

15 Related party transactions and connected bodies

CABE is sponsored by the Department for Culture, Media and Sport (DCMS) which is regarded as a related party. The only material transactions with the DCMS were in respect of grant-in-aid (note 2). In addition CABE receives further funding from the Office of the Deputy Prime Minister (ODPM) which has now been changed to the Department for Communities and Local Government (DCLG). The material transactions with the DCLG were in respect of grant-in-aid (note 2).

The CABE Education Foundation, a separate registered charity, and a company limited by guarantee, is also regarded as a related party. There were various transactions with the Education Foundation throughout the year. CABE provides management services to the Education Foundation and these are charged at cost. The trustees of the foundation are either current or former CABE commissioners. Those serving as trustees during the year were:-

Sophie Andreae – chair – former CABE commissioner

Brian Boylan – current CABE commissioner

Robin Nicholson – current CABE commissioner

Dickon Robinson – current CABE commissioner

Gillian Wolfe – former CABE commissioner.

Secretary

Ben Spencer (resigned 27 January 2006) – CABE staff member.

The company was dissolved on 5 May 2006. At the time of the dissolution the company had no assets.

Expenditure for the three months to 31 March 2006 totalled £233,939. These costs were met directly by CAFE and then re-charged to CAFE Education Foundation. In order to enable CAFE Education Foundation to meet these costs, CAFE made a matching donation of £233,939. No further expenditure was incurred between the 31 March 2006 and 5 May 2006.

A copy of the Education Foundation financial statements are available from the commission's offices.

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

- Arts Council England
- English Heritage.

During the period CAFE had material transactions with the following government departments and central government bodies:

- Department for Constitutional Affairs
- Department for Education and Skills
- English Partnerships
- Home Office
- Housing Corporation.

During the period CAFE had the following material transactions in which there was a related interest:

- Irena Bauman, a commissioner, is a director of Bauman Lyons Architects, which received £1,277 as payment in respect of enabling services.

- Louisa Hutton, a commissioner, is an external examiner for the University of Westminster, which received fee payments of £3,200

- Paul Morrell, a commissioner, is a director of Davis Langdon LLP, which received payment of £3,000. He is also the chairman of School Works Ltd, which received a grant of £20,000 from CAFE.

- Jason Prior, a commissioner, is managing director of EDAW plc, which received payment of £3,791 in respect of providing enabler services.

- Les Sparks, a commissioner, is a commissioner for English Heritage. He is also a visiting professor for the University of the West of England, which received payments of £2,250.

- Sunand Prasad, a commissioner, is engaged in voluntary work for the Construction Industry Council, which received grant funding of £24,342.

16 Post balance sheet events

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

17 Financial instruments

The commission is required to disclose the role financial instruments had during the period, in creating or changing the risks faced in undertaking its activities. The commission's activities and the way government bodies are financed, means that the commission is not exposed to the degree of financial risk faced by business entities.

The commission has no powers to borrow or invest surplus funds, and financial assets and liabilities generated by day-to-day operational activities are not held to change the risks facing the commission in undertaking its activities.

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

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

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

Commission for Architecture and the Built Environment

Income and expenditure account for the year ended 31 March 2006

CABE is not required to prepare an account for the 12 months ended 31 March 2006. The following account shows the income and expenditure for this period for comparative purposes, and does not form part of the audited financial statements.

	2006 £	2005 £
Income		
Grant-in-aid	10,727,689	11,111,223
Release of deferred grant-in-aid	384,914	322,507
Other operating income	613,148	395,285
Interest receivable	46,192	26,948
Other income	6,484	92
Total income	11,778,427	11,856,885
Expenditure		
Staff costs	4,514,700	3,805,441
Other operating costs	7,252,419	8,042,774
Total expenditure	11,767,119	11,848,215
Operating surplus for the year	11,308	8,670
Reversal of notional cost of capital	1,272	1,104
Surplus for the year before taxation	12,580	9,774
Taxation	8,776	4,025
Surplus for the year after taxation	3,804	5,749
Accumulated surplus brought forward	32,392	26,643
Accumulated surplus carried forward	36,196	32,392

These annual accounts show how we're funded and how we use these funds. They feature our 2005/06 financial statements, policies and auditors' reports. They detail our assets, debtors, creditors and cash flow. In revealing the ins and outs of our finances, they also prove our worth. Our costs are a tiny fraction of the value of the schemes we review. Our work to champion good design saves the long-term costs of bad design. Our influence, inspiration and expert advice add value.

1 Kemble Street
London WC2B 4AN
T 020 7070 6700
F 020 7070 6777
E enquiries@cabe.org.uk
www.cabe.org.uk

Commission for Architecture
and the Built Environment

The government's advisor
on architecture, urban design
and public space

ISBN: 010294296 X

Published by TSO (The Stationery Office) and available from:

Online

www.tso.co.uk/bookshop

Mail, Telephone, Fax & E-mail

TSO

PO Box 29, Norwich NR3 1GN

Telephone orders/General enquiries 0870 600 5522

Fax orders 0870 600 5533

Order through the Parliamentary Hotline Lo-call 0845 7 023474

E-mail book.orders@tso.co.uk

Textphone 0870 240 3701

TSO Shops

123 Kingsway, London WC2B 6PQ

020 7242 6393 Fax 020 7242 6394

68-69 Bull Street, Birmingham B4 6AD

0121 236 9696 Fax 0121 236 9699

9-21 Princess Street, Manchester M60 8AS

0161 834 7201 Fax 0161 833 0634

16 Arthur Street, Belfast BT1 4GD

028 9023 8451 Fax 028 9023 5401

18-19 High Street, Cardiff CF10 1PT

029 2039 5548 Fax 029 2038 4347

71 Lothian Road, Edinburgh EH3 9AZ

0870 606 5566 Fax 0870 606 5588

The Parliamentary Bookshop

12 Bridge Street, Parliament Square,

London SW1A 2JX

Telephone orders/General enquiries 020 7219 3890

Fax orders 020 7219 3866

TSO Accredited Agents

(see Yellow Pages)

and through good booksellers



ISBN 0-10-294296-X



9 780102 942965