

Item 4. Core Funding

1. Summary

This paper proposes an increase to the local authority contributions to the AONB core budget, principally to offset loss of income presently provided by the Blue Remembered Hills project.

2. Background

2.1. The division of contributions to the AONB core budget was established in the Memorandum of Agreement in 2004, shortly after the governance and staffing reviews were completed. The usual arrangement for AONB core budgets is that the 75% from Natural England (formerly the Countryside Agency) is matched by 25% from the local authorities in combination. There is no national formula for establishing how the local authority contributions are arrived at.

2.2. In Shropshire the contributions were based on a 'seat fee' for each authority (then of £1,231) plus a contribution based on a combination of the area and population of the AONB within each authority's area. In addition the funding formula included an 'earned income' figure; this has mainly come from contributions from the Blue Remembered Hills project and these will cease in December 2007.

2.3. The division of contributions (and amounts for 2007-8) are as follows:

Natural England	75%	£166,785
Shropshire County Council	9.8%	£21,693
South Shropshire District Council	8.2%	£18,531
Shrewsbury & Atcham Borough Council	1.5%	£3,300
Bridgnorth District Council	1.2%	£2,641
Borough of Telford and Wrekin	0.7%	£1,525
Earned income/donations	3.6%	£7,904

2.3. It would benefit the AONB Partnership to remove this 'earned income' heading from the core budget, and to share the full 25% of match funding between the local authorities. This arrangement would provide a stronger long-term funding basis and enable any earned income to be used by the Partnership to match against external project bids.

2.4. The amount of the earned income could be split according to the current percentage contributions, or equally, or some other way. The first two of these options are shown below, based on indicative figures for 2008-9:

	2008-9 budget	2008-9 revised, to old %	Increase	2008-9 revised, equal split	Increase
Shropshire County Council	£22,333	£26,035	£3,701	£23,961	£1,627
South Shropshire District Council	£19,077	£22,239	£3,162	£20,705	£1,627
Shrewsbury & Atcham Borough Council	£3,398	£3,961	£563	£5,025	£1,627
Bridgnorth Borough Council	£2,719	£3,169	£451	£4,346	£1,627
Borough of Telford & Wrekin	£1,570	£1,831	£260	£3,198	£1,627
Other income	£8,137	£0		£0	
TOTAL	£57,235	£57,235		£57,235	

N.B. The increases shown do not include the increase due to inflation, here calculated at 2.95%.

- 2.5. The proposal to raise the local authority contributions is also informed by the outcome of recent consideration of the AONB Partnership by Shrewsbury & Atcham Borough Council's Scrutiny Committee on 11 July. The Committee decided:

a) That this Committee was extremely satisfied with the performance of the Shropshire Hills Area of Outstanding Natural Beauty Partnership and the Council's involvement with that partnership be supported.

*b) That the following be recommended to Cabinet:
That additional funding be considered to enhance the important work undertaken by the Partnership within the Borough area.*

- 2.6. With this in mind, an option which raises the smaller contributions by a greater proportion may be justifiable, to give these authorities a greater stake in the AONB Partnership. As an alternative to the options shown above, this could be done by raising the seat fee.

3. RECOMMENDATION:

Members of the Management Board, and local authority representatives in particular, are requested to comment on the proposal and options. The Board is recommended to approve the proposal, subject to confirmation of budget availability within the local authorities.

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