

# **CABE**

# **Annual report**

# **2006/07**

**Financial statements  
and accounts**

**HC 822**  
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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.

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# **CABE**

# **Annual report**

# **2006/07**

## **Financial statements and accounts**

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# Chair's foreword

CABE has now been in existence for eight years. It is worth recalling that in 1999, the organisation was set up with six staff and a small budget. Now we are recognised as the government's expert advisor on architecture, urban design and public space.

Over the past year, three areas of work have risen to the top of CABE's agenda: education, sustainable design, and quality of place. Much of our work is about helping other people create high-quality places. This idea drives our focus on residential development and the design and maintenance of streets, parks and the public realm. In 2006, CABE remained hard at work across all the major areas of housing growth and renewal. In these places, we have made expert, practical advice available to every single local authority and all the different players in a development team, giving them the confidence and skills to put quality first.

Simultaneously, CABE has targeted education. This means both the design of schools, and how pupils learn about the environment around them. Last year, we published the most comprehensive analysis to date of the quality of recently built secondary schools. And on the back of this report, the government invited CABE to scale up significantly the support we provide to each local authority involved in Building Schools for the Future.

We have also delivered the first year of a new learning programme called How Places Work, together with the national network of architecture centres. This takes young people to experience new buildings and spaces, in the company of inspiring designers. Just as every school building project offers a fantastic opportunity to help pupils learn about architecture and design, so this kind of built environment education is a critical way of

creating a culture in Britain which is better informed and more demanding of the quality of our surroundings.

Thirdly, CABE has been focusing ever more on sustainable design. We do this every week as our enabling and design review teams offer comment and advice on development proposals for arts and cultural buildings, retail centres, new housing schemes and much else besides. CABE's enabling and design review services involve some of the most experienced and skillful designers, planners, and landscape architects in the country. And it is through CABE that they are helping public sector clients to commission and procure sustainable places.

Today, CABE is a family of 100 staff and 400 enablers (each of whom gives us roughly 10 days a year). We are led by a group of 16 commissioners who invest extraordinary amounts of time and expertise in making CABE an organisation able to inform and inspire good design. I want to thank all of them for their commitment and dedication. This year, we said farewell to three commissioners whose maximum eight-year terms had been reached – Sunand Prasad, Sir Nicholas Serota and Les Sparks. We are hugely indebted to them for the advice and encouragement they offered to so many people. Their contributions are part of the reason why Tony Blair, shortly before stepping down as prime minister, commended CABE for having 'played a big part advising and encouraging excellence' in building design and construction. We now look forward to making the same kind of impact in the years ahead.



**John Sorrell CBE**  
Chair, CABE

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# Chief executive's introduction and management commentary

I am pleased to introduce the annual report of CABE, the Commission for Architecture and the Built Environment, for the year ended 31 March 2007.

CABE was established on 1 September 1999 as a company limited by guarantee and a non-departmental public body (NDPB) sponsored by the Department for Culture, Media and Sport (DCMS). 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 established on 1 January 2006. The functions, assets and liabilities of the old body were transferred to the new body. This annual report contains the first single set of full year accounts of CABE as a statutory body.

CABE receives core funding from DCMS and from Communities and Local Government (CLG). DCMS acts as the principal sponsor department, and I am accountable to parliament through the permanent secretary at DCMS. CABE is an executive NDPB and has a role to advise ministers on matters within their departments' spheres of interest.

Each year, funding agreements between CABE and its funding departments set out targets that should be achieved in the year. These include both operational and outcome targets. I am pleased to report that we achieved nearly all of our targets for the year. Full details of the targets and performance against each is shown on page 4 of this report.

Overall, this has been another year of significant development for CABE. Our design review and enabling services have both expanded in response to ministerial requests to offer expert advice on specific initiatives. We established a new schools design

assessment panel to respond to the Building Schools for the Future secondary schools programme and set up a new panel specifically to look at the London 2012 Olympic proposals.

Design review, involving expert peer review of new building proposals, remains one of our core services. During the year, over 1,100 schemes were submitted for review, of which we reviewed 400 of strategic importance.

Our work in the English regions grew apace and CABE funded the continued development of a network of architecture and built environment centres (ABECs) across the country. Demand in the regions for design review, along the lines of CABE's own design review service, remains high and we have encouraged the emergence of complementary regional design review panels with published guidance and tailored advice.

Education and training remain a top priority for CABE. In 2006, we launched How Places Work, an ambitious programme to engage young people in learning about the built environment. CABE's own network of education providers continues to grow, as does our training capability: we provided nearly 3,800 training sessions over the same period.

Research underpins all our programmes. In particular, we focus on investigating the quality and impact of the built environment. This year, we published the results of an assessment into the design quality of new secondary schools, and completed a three-year nationwide audit of the quality of new private housing. We also published a groundbreaking report which explored the identity of the Thames Gateway and set out new thinking on the idea of place making.

CABE Space, our specialist unit dealing with parks and streets, has launched initiatives designed to promote involvement in the design and management of public space. These included a new guide to community involvement and the launch of Spaceshaper, a practical toolkit for use by anyone – whether a local community group or a professional – to measure the quality of a public space before you invest in improving it.

Our remit to inform and inspire public demand for good design was delivered through a series of high-profile campaigns and events. CABE hosted a week of events focusing on health and design and held the first national event for design champions. Demand for our specialist publications has grown very fast, with more than 330,000 downloads from the website and print orders increasing apace. Web visits overall totalled 1.4 million.

In addition, we implemented an internal reorganisation during 2006/07, designed to respond to the changing external agenda. That saw the creation of a new knowledge and skills directorate, handling research and learning initiatives, and a merged campaigns and education team. We welcomed Sarah Gaventa to our senior management team as director of CABE Space, replacing Julia Thrift who moved on after nearly four years, while Jonathan Davis became director of knowledge and skills.

I wish them, and all associated with CABE, the best of luck and look forward to a rewarding year to come.



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

# Performance against funding agreement targets 2006/07

In this section we report on the progress we made in the year against our targets agreed with our funders at the Department for Culture Media and Sport (DCMS) and at Communities and Local Government (CLG) as part of our funding agreements. The targets provide indications of our success in meeting the objectives set out in our corporate strategy to the three strands of our work:

## Inspiring the nation to understand and demand better design by:

- providing leadership
- campaigning
- engaging the public, especially the young, in the built environment.

## Influencing decision makers to insist on and choose good design by:

- working with partners to promote good design
- researching and sharing best practice
- influencing government and its agencies.

## Improving the quality of what gets built by:

- advising and enabling clients
- improving skills and knowledge
- advising and supporting design champions.

## Our work is grouped into four specific themes:

- culture change
- homes and neighbourhoods
- public buildings – healthcare and education
- public space.

## In addition, we have two cross-cutting themes that inform all of our work:

- inclusive design
- climate change.

## What we said we would do

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Increase the number of members of the CABE education network to 1,500.

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Consolidate the architecture and built environment centre (ABEC) network at 19 centres and improve the quality and reach of activities by offering funding that prioritises the engagement of local communities and young people.

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Deliver 50,000 high-quality engagements by young people with buildings and spaces by 31 March 2008.

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Increase in the use of design champions by public bodies to 73 per cent.

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Increase in the use of advisory panels by public bodies to 25 per cent.

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Support an increase in the use of Green Flag criteria by local authorities as a tool in the management of green spaces to 73 per cent.

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Increase the number of case studies in the digital library which champion high-quality architecture and urban design to 245.

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Entries to the Prime Minister's Better Public Building Awards from key sectors. Target: 60 entries from the DCMS, health and education sectors.

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## Performance

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The number of network members has increased from 1,372 in 2005/06 to 1,538, demonstrating growing interest in built environment education amongst key stakeholders. The network includes teachers, built environment education practitioners and built environment professionals and is used as an advocacy and communication tool.

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CABE supported 19 ABECs across England through its regional funding programme, which provided £900,000 for projects to inform and inspire public demand for good design.

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This target has been met a year early with the number of engagements totalling 82,193. This has been delivered through project funding for ABECs, including CABE's How Places Work initiative.

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73.8 per cent of local authorities have a design champion, up from 70 per cent in 2005/06.

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30 per cent of local authorities have an advisory body – up from 23 per cent in 2005/06.

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70.3 per cent of local authorities use Green Flag criteria as a tool in the management of green spaces, compared to 69 per cent in 2005/06.

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Number of digital library case studies available on CABE's website rose from 233 to 259. The case study section of CABE's website is the most visited section, showing the interest in and demand for examples of well-designed buildings and spaces.

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93 entries received relating to the DCMS, health and education sectors.

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## What we said we would do

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Advise and assist the Olympic Delivery Authority and its shadow bodies in establishing its approach to design, and in delivering a superbly designed Olympic Games in 2012. 2006/07 targets:

- Set up Olympic design review
  - Explore the possibility of an architecture and built environment centre for the Olympics.
- 

Number of schemes submitted to design review.  
Target: 1,000.

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Design review at least 350 schemes of strategic importance with a minimum of 5 per cent from DCMS sectors.

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Increase the average number of visits to the CABE website to 26,000.

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Requests for publications received via CABE website.  
Target: 170,000.

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Ensure media coverage of at least 760 pieces of national and regional coverage and 750 pieces of trade coverage.

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Levels of satisfaction amongst CABE's government funders and partners that use CABE to assist in research and policy development. Target: 94 per cent as measured by a stakeholder review.

---

Educate the professionals and decision makers through a minimum of 2,000 training sessions provided across all target audiences at a minimum of 90 per cent satisfaction.

---

Inspire those responsible for creating and maintaining the built environment through evidence-based research projects related to areas of CLG policy. Target: 8 completed and 2 commissioned projects.

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Percentage of new CLG-funded projects in housing market renewal (HMR) and housing growth areas.  
Target: 80 per cent.

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Champion design quality in housing by ensuring at least 30 applications for the Building for Life Standard.

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Give local authorities strategic and site-based project advice to help them deliver better spaces for their communities. Target: 90 space enabling projects.

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To build successful relations and strengthen partnership working with a broad range of delivery partners at local, regional and national level. Target: 90 per cent as measured by a stakeholder review.

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## Performance

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2012 design review panel established. Feasibility study into an architecture and built environment centre for the Olympic Games completed.

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1,114 schemes were submitted, demonstrating awareness of and desire for design review.

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401 schemes of strategic importance were reviewed, 20 per cent of which were from DCMS sectors.

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Average number of visits to CABE's website per week: 26,291. This demonstrates an increase in use of the research, data, ideas and practical advice made available by CABE.

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332,949 requests for publications were received, demonstrating the interest in and demand for CABE's guidance, research and best practice.

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We had a record year of media coverage with 1,120 pieces of national and regional coverage and 942 pieces of trade coverage.

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CABE achieved a satisfaction level of 88 per cent.

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CABE delivered 3,779 training sessions with a 91 per cent satisfaction level including CABE's urban design summer school, CABE Space leaders programme and urban design training for housebuilders.

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We have delivered 10 completed and 3 commissioned research projects including *Housing audit*, *The cost of bad design* and *Assessing secondary school design quality*.

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86 per cent of new CLG projects and 91 per cent of all current CLG projects in HMR and housing growth areas.

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33 applications were received.

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94 space enabling projects.

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80 per cent satisfaction with partnership working with other organisations.

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# Commissioners' report

## Development and performance during year ended 31 March 2007

### Position at the end of the year

The reserves at the end of March 2007 stand at £1,357,301 (three months to March 2007 £1,432,428).

### Cash management

Cash balances decreased by £463,248 in the year to 31 March 2007. 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.

### Management trends and factors underlying performance during the year ended 31 March 2007

#### Trends and factors affecting future performance

##### Strategies

The strategic aim of CABE 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.

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. Our key outcomes include:

##### Culture change

- an increase in the number of people in England that think the quality of the built environment makes a difference to their quality of life.
- an increase in the number of geography, history, citizenship,

art and design teachers in secondary schools using the built environment as a learning resource in the classroom.

##### *Homes and neighbourhoods*

- design champions appointed to each of the top 10 housebuilding company boards, demonstrating a clear commitment to good housing design.
- an increase in housing schemes classified as 'good' by CABE's housing audits.
- an increase in the number of volume housebuilders, housing associations and planning departments using the CABE/Home Builders' Federation Building for Life criteria.

##### *Public buildings – healthcare and education*

- increase in design champions appointed to public bodies responsible for new buildings, eg local education partnerships, NHS trusts.
- an increase in the percentage of healthcare and education clients agreeing that CABE's support helped them to improve their buildings.

##### *Public space*

- an increase in the number of parks using Green Flag criteria as a management tool.

##### *Inclusive design*

- an increase in the number of local development frameworks and regional spatial strategy publishing guidance on inclusive design.

##### *Climate change*

- an increase in satisfaction expressed by CABE's stakeholders with regard to its work on sustainability/climate change.

## Accounts direction

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 2007 show a deficit of expenditure over income of £10,503,155. This is financed by grant income of £10,091,002. Total assets less current liabilities at 31 March 2006 amounted to £1,357,301.

CABE received 87 per cent of its funding from two main government departments £3,691,000 from DCMS and £6,400,000 from CLG to perform its role as government advisor. This amounts to total grant and grant-in-aid for the period to March 2007 of £10,091,002. In addition CABE secured other funding through service level agreements and bank interest, totalling £1,365,269.

The 2007 comprehensive spending review will set spending plans for the next three financial years and thus establish our grant-in-aid for those years. Any significant reduction will have an impact on our ability to continue to deliver the wide range of services that we currently do.

Our total expenditure for the year amounted to £11,903,726. Of this £2,071,412 (22.68 per cent) was spent on Space issues, £928,820 (7.75 per cent) was spent on

design review, £2,720,297 (22.68 per cent) was spent on enabling, £2,327,623 (19.41 per cent) was spent on regional work, £1,310,774 (10.93 per cent) was spent on communications and policy and £2,544,800 was spent on our other activities.

The financial position at the end of the year was that reserves at the end of March 2007 stand at £1,357,301 (March 2006 £1,432,428) a decrease of £75,127 over the position at the end of March 2006.

Cash balances decreased by £463,248 in the year to March 2007. Most suppliers' invoices were paid in accordance with the financial regulations. Credit control measures were effective in limiting exposure to the risk of bad debts.

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

The commission is firmly committed to equality of opportunity 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.

The senior management team and other managers undertook equalities training and a rollout of some form of equalities training is planned for the rest of the staff group in the coming year.

A staff forum was established during the year as a means of consulting and communicating with staff on matters affecting the staff body. The forum which is made up of representatives from the different directorates within CAGE meets quarterly and is chaired by the chief executive.

In March 2007 the gender profile of the staff of CAGE was 36 male (37.89 per cent) and 59 female (62.11 per cent) with 90.5 per

cent of the staff working full time and 9.5 per cent part time.

#### **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 year ending 31 March 2007 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 year ended 31 March 2007.

#### **Future developments**

The planned development of CAGE's activities until the end of the financial year 2007/08 is set out in the published summary of its corporate strategy for 2006/7-2008/9.

#### **Commission members**

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

The following were members of the commission as at 31 March 2007

Mr John Sorrell CBE (Chair)  
Mr Paul Finch OBE (Deputy chair)  
Mr Alan Barber  
Ms Irena Bauman  
Mr Brian Boylan

Ms Joyce Bridges CBE  
Ms Anthea Case CBE  
Ms Louisa Hutton  
Ms M.J. Long  
Mr Paul Morrell  
Mr Robin Nicholson CBE  
Mr Ben Page  
Mr Jason Prior  
Mr Dickon Robinson CBE  
Dr Ken Shuttleworth  
Ms Lorna Walker.

The following retired from the commission during 2006/2007:

Mr Sunand Prasad (retired 19 August 2006)  
Sir Nicholas Serota (retired 19 August 2006)  
Mr Les Sparks OBE (retired 19 August 2006).

#### **Chief executive**

The chief executive and accounting officer is Richard Simmons.

#### **Members of the audit committee**

Ms Anthea Case CBE (Chair)  
Mr Brian Boylan  
Mr Paul Finch OBE  
Mr Paul Morrell  
Mr Ben Page  
Mr Sunand Prasad (until 19 August 2006)  
Sir Nicholas Serota (Chair until 19 August 2006).

#### **Register of members' interests**

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

#### **Political and charitable gifts**

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

#### **Health and safety**

In 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.

Our health and safety performance continues to improve. We have introduced workplace assessments for all staff and have established training for all of our fire wardens.

We have also negotiated an occupational health contract to provide a necessary service for staff. We have renewed our contract to provide an employee assistance programme and have also introduced a healthcare package through Benenden as part of benefits to staff.

#### Environmental policy

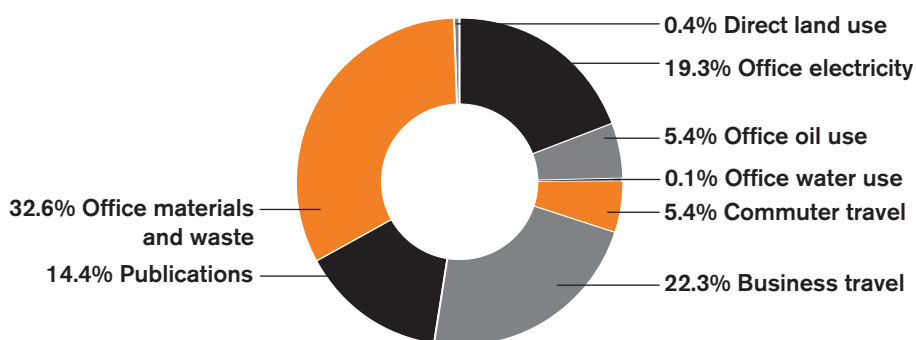
During the financial year we conducted a sustainability audit to assess our environmental impact. The audit looked at both how we could increase our impact through the work we do and also to identify how we could reduce our own environmental impact.

The report of our ecological and carbon footprint will be used as a benchmark against which we shall monitor and assess ourselves. The report showed that CABE is performing relatively well with regard to commuter travel, direct energy use and water use, though there was room for improvement in all areas. We have set ourselves some challenging targets to improve our performance over a five year period to reduce our ecological footprint and carbon dioxide emissions. We have also introduced a green travel policy for staff and plan to offset all foreign travel.

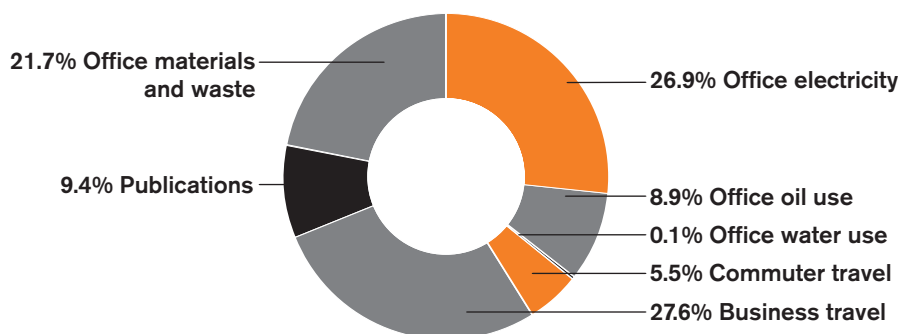
The benchmark figures against which we will monitor ourselves are shown in the graphs below.

	Ecological footprint (gha)	CO2 emissions (tonnes)
Office electricity	42.9	135.2
Office oil use	12.1	44.5
Office water use	0.1	0.5
Commuter travel	12.0	27.6
Business travel	49.6	138.7
Publications	32.03	47.21
Office materials and waste	72.5	108.9
Direct land use	1.0	0.0
<b>Total</b>	<b>222.23</b>	<b>502.61</b>

**Breakdown of CABE's total ecological footprint**



**Breakdown of CABE's total carbon footprint**



The activities creating the largest impacts are office electricity use, business travel, publications, and office materials. The report therefore recommended that if we took the following ten actions we would reduce our emissions by 20 per cent

- reduce electricity use by 8 per cent
- reduce office paper use by 50 per cent
- reduce heating fuel use by 25 per cent
- halve the amount of newspapers, journals and junk mail passing through the office
- reduce the amount of waste sent for incineration by a fifth
- replace half of UK mainland flights with train travel
- replace all flights to France, Switzerland and Germany with train travel
- take four fewer long-haul flights per year
- print the publications on as close as possible to 100 per cent recycled paper
- print 80 per cent of the publications using renewable energy.

We have formed an internal group which is carrying forward the recommendations of this report and will report to the operations sub-committee of the commission.

#### **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 year ended 31 March 2007 is £25,000.

#### **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.



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

# 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 based on an assessment of the team's performance against agreed targets. This assessment is made by the remuneration committee.

All of the directors covered by this report hold appointments, which are open-ended until they reach the normal retiring age of 65. Early termination, other than 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 officer (CEO) was the highest-paid employee. His total emoluments for the year to March 2007, was £122,830 (£40,661 in the three months to

March 2006) comprising salary of £99,750 (three months to March 2006 £26,411), and a bonus of £23,080. The CEO's contract provides that a maximum of 5 per cent of his bonus may be consolidated. Of the bonus of £23,080, £1,153 was consolidated (three months to March 06 £3,483) and £21,928 was unconsolidated (three months to March 06 £10,767).

The bonus paid in 2006/07 related to the 18-month period from September 2005 to March 2007, with £8,057 relating to the period September 2005 to March 2006 and £15,023 relating to the period April 2006 to March 2007. See table below.

	Relates to 2005/06 £	Relates to 2006/07 £	Payable in 2006/07 £
CEO bonus of which			
– Consolidated	403	751	1,154
– Unconsolidated	7,654	14,272	21,926
Total	8,057	15,023	23,080

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

	Salary year to March 2007 £'000	Real increase in pension and related lump sum £'000	Total accrued pension at age 60 and 31/03/07 and related lump sum £'000	Cash equivalent transfer value (CETV) at 31/03/06 £'000	CETV at 31/03/07 £'000	Real increase in CETV £'000
<b>Joanna Averley</b> Deputy chief executive and director of enabling	60-65	0-2.5	10-15	87	104	17
<b>Matthew Bell</b> Director of campaigns and education	65-70	0-2.5	0-5	31	44	12
<b>Jonathan Davis</b> Director of knowledge and skills	65-70	0-2.5	0-5	37	55	17
<b>Paula Harris</b> Director of resources and corporate governance	70-75	0-2.5	0-5	19	39	19
<b>Julia Thrift</b> Director of CABE Space (left 30/06/06)	15-20	0-2.5	0-5	36	50	14
<b>Selina Mason</b> Director of architecture and design review	65-70	0-2.5	0-5	42	56	14
<b>Richard Simmons</b> Chief executive officer	120-125	0-2.5	0-5	40	70	28
<b>Christopher Murray</b> Director of knowledge and skills (left 07/07/06)	15-20	0-2.5	5-10	117	113	0
<b>Sarah Gaventa</b> Director of CABE Space (started 09/10/06)	20-25	0-2.5	0-5	0	6	6

### **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).

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 principal civil service pension (PCSPS) arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)

For the year to March 2007, employers' contributions of £697,859 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 2006 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 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.

### **Remuneration of commission and committee members (audited)**

The total cost of external commission appointments in the year was £145,460 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 £44,529.

The emoluments of the other commissioners were as follows:

	Year to 31 March 2007 £'000	Three Months to 31 March 2007 £'000
Mr Paul Finch OBE (Deputy chair)	9	4
Mr Alan Barber	6	3
Ms Irena Bauman	7	3
Mr Brian Boylan	6	3
Ms Anthea Case CBE	6	3
Ms Louisa Hutton	6	3
Mr Paul Morrell	6	3
Mr Robin Nicholson CBE	9	4
Mr Ben Page	6	3
Mr Sunand Prasad (left August 06)	3	3
Mr Jason Prior	6	3
Mr Dickon Robinson CBE	9	4
Sir Nicholas Serota (left August 06)	2	3
Dr Ken Shuttleworth	6	3
Mr Les Sparks OBE (left August 06)	3	4
Ms Joyce Bridges	4	0
Ms Lorna Walker	6	0
Ms MJ Long	4	0

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.



**John Sorrell**  
Chair



**Dr Richard Simmons**  
Accounting officer

# Statement of the commission and accounting officer's responsibilities

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

In preparing the accounts the commission is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the accounts direction issued by the secretary of state for culture, media and sport, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on a going concern basis.

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



**John Sorrell**  
Chair



**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 CAFE'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 CAFE's management statement and financial memorandum and the CAFE-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 only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of CAFE'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 CAFE for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts, and accords with HM 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 CAFE's risk appetite and to review CAFE'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 is revised annually. 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:

- 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 was provided to March 2007 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 four times between April 2006 and March 2007.

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.

## 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 CAFE 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 CAFE's internal and external auditors are invited to all meetings and receive copies of all audit committee papers.

### *Internal audit*

Internal audit functions were provided by RSM Robson Rhodes in the year to March 2007. They provide an independent and objective opinion on all aspects of CAFE'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 year ended March 2007

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



**John Sorrell**  
Chair



**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 year ended 31 March 2007 under the Clean Neighbourhoods and Environment Act 2005. These comprise the consolidated income and expenditure account, the balance sheet, the cashflow statement and statement of recognised gains and losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the remuneration report that is described in that report as having been audited.

## Respective responsibilities of the Commission for 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 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 and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with the Clean Neighbourhoods and Environment Act 2005 and directions made thereunder by the Secretary of State. I report to you whether, in my opinion, certain information given in the Commissioners' report and the remuneration report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by

Parliament and the financial transactions conform to the authorities which govern them.

I review whether the Statement on Internal control reflects the Commission for Architecture and the Built Environment's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Commission for 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. 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 judgments made by the Commission for Architecture and the Built Environment and the Chief Executive 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.

## Opinions

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, of the state of Commission for Architecture and the Built Environment's affairs as at 31 March 2007 and of its deficit for the year then ended;
- the financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with the Clean Neighbourhoods and Environment Act 2005 and directions made thereunder by the Secretary of State; and
- information given within the Commissioners' report and the remuneration report is consistent with the financial statements.

## Audit opinion on regularity

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

I have no observations to make on these financial statements.



**John Bourn**

Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria, London SW1W 9SP

Date: 23 July 2007

# Income and expenditure statement for the year ended 31 March 2007

	Notes	Year to March 2007 £	3 months to March 2006 (re-stated) £
<b>Income</b>			
Other operating income	3	1,340,548	344,603
Interest receivable		20,492	7,517
Other income		4,229	278
Total income		1,365,269	352,398
<b>Expenditure</b>			
Staff costs	4	(5,006,935)	(1,282,379)
Other operating costs	5	(6,896,791)	(2,467,700)
Total expenditure		(11,903,726)	(3,750,079)
Operating (deficit) for the year		(10,538,457)	(3,397,681)
Reversal of notional cost of capital		39,400	318
Deficit for the year before taxation		(10,499,057)	(3,397,363)
Taxation	6	(4,098)	(1,428)
Deficit for the year after taxation		(10,503,155)	(3,398,791)

All activities are continuing.  
There were no recognised gains or losses for the year.  
The notes starting on page 20 form part of these accounts.

# Balance sheet for the year ended 31 March 2007

	Notes	Year to March 2007 £	3 months to March 2006 (re-stated) £
Fixed assets	7	1,319,247	1,396,232
<b>Current assets</b>			
Debtors	8	1,131,098	417,659
Cash at bank and in hand		1,562,490	2,025,738
		2,693,588	2,443,397
<b>Creditors</b>			
Amount falling due in one year	9	(2,655,534)	(2,407,201)
Net current assets		38,054	36,196
Total assets less current liabilities		1,357,301	1,432,428
<b>Reserves</b>			
General reserves	11	1,015,596	1,432,428
Revaluation reserve	13	341,705	0
Total reserves		1,357,301	1,432,428

The notes on starting on page 20 form part of these accounts.



**Dr Richard Simmons**  
Accounting officer

Date: 19 July 2007



**John Sorrell**  
Chair

Date: 19 July 2007

# Cashflow statement for the year ended 31 March 2007

	Notes	Year to March 2007 £	3 months to March 2006 (re-stated) £
Net cash inflow/(outflow) from operating activities	14	(10,551,454)	(3,259,076)
Returns on investment and servicing of finance			
Interest received		20,492	7,517
Taxation paid		(8,776)	(1,428)
Payments to acquire tangible fixed assets	15	(14,512)	(31,320)
Financed by			
Grant-in-aid – revenue	2	10,076,490	3,284,149
Grant in-aid – capital		14,512	31,320
Increase/(decrease) in cash	15	(463,248)	31,162

The notes starting on page 20 form part of these accounts.

# Notes to the accounts

## 1 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 HM 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 HM 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.

### 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*

3 years

*Leasehold improvements*

5 years (or the length of the building lease if less)

*Office and IT equipment*

3 years

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

### 1.4 Grant-in-aid

#### Change of Accounting Policy

With effect from the 2006/07 reporting period, the government *Financial reporting manual* requires non-departmental public bodies (NDPBs) such as CABE

to account for grant-in-aid received as financing because they are regarded as contributions from a controlling party which gives rise to a financial interest in the residual interests of NDPBs. This is a change in accounting policies from earlier periods where such items were recorded as income. The effect of this change on the certified accounts to March 2006, and the impact of the change on the results of the current year, is shown below. Note there is no impact on the net liability position of CABE as a result of this change in policy. The general reserve has been re-stated as an amalgamation of the former deferred government grant reserve and accumulated funds.

	At 31 March 2006 (as previously stated)	Impact of adopting the new policy	At 31 March 2006 (re-stated)
Net expenditure for 2005/06	16	(3,398,807)	(3,398,791)
General reserve	36,196	1,396,232	1,432,428
	At 31 March 2007 (without adopting the new policy)	Impact of adopting the new policy	At 31 March 2007 (Applying the new policy)
Retained surplus/ (deficit) for 2006/07	1,858	(10,509,691)	(10,507,833)
General reserve	38,054	977,542	1,015,596

Grant-in-aid received to finance activities and expenditure which support the statutory and other objectives of CABE is treated as financing and credited to the general reserve as it is regarded as a contribution from a controlling party.

### 1.5 Operating income

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

### 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 HM 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	Year to March 2007 £	3 months to March 2006 £
Grant-in-aid received – revenue	10,076,490	3,284,149
Grant-in-aid received – capital	14,512	31,320
	10,091,002	3,315,469

Grant-in-aid for the year ended 31 March 2007 of £3,691,002 was made available by the Department for Culture, Media and Sport (DCMS) and £6,400,000 was made available by Communities and Local Government (CLG).

### 3 Other operating income

	Year to March 2007 £	3 months to March 2006 £
NHS Estates	0	80,051
Arts Council of England	35,378	54,669
Housing Corporation	61,270	20,000
Department for Education and Skills	380,764	148,832
English Heritage	21,934	29,637
Home Office	0	3,075
English Partnerships	25,000	2,235
Other income	395,722	6,104
Communities and Local Government	159,660	0
Department for Culture, Media and Sport	32,586	0
Department of Health	27,275	0
English Nature	13,000	0
National Audit Office	19,050	0
National College of School Leadership	16,805	0
Olympic Delivery Agency	89,591	0
Play Council	23,299	0
Tees Valley	39,214	0
Total	1,340,548	344,603

#### 4 Staff costs

	Year to March 2007 £	3 months to March 2006 £
Salaries and wages	3,876,358	999,486
Temporary staff costs	136,420	26,789
Social security costs	296,298	96,649
Superannuation	697,859	159,455
Total	5,006,935	1,282,379

#### Superannuation

As the PCSPS is an unfunded multi-employer defined benefit scheme, CABE 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](http://www.civilservice-pensions.gov.uk)).

For the 12 months to 31 March 2007, employers' contributions of £697,859 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 twelve months to March 2007 was 102. Of this number 10 were part time staff and 92 were full time staff.

	Year to March 2007 no.	3 months to March 2006 no.
Corporate	18	18
Knowledge and skills	14	18
Campaigns and education	28	23
Enabling	19	19
Design review	13	9
Space	10	14
Total	102	101

## 5 Other operating costs

	Year to March 2007 £	3 months to March 2006 £
Programme costs	3,422,905	1,513,100
Grants	1,043,809	345,363
Administration expenses	661,288	172,604
Rent, rates and maintenance	824,869	159,448
Depreciation	433,202	114,658
Professional fees	150,627	65,085
Travel, subsistence and allowances	264,574	89,124
Auditor's remuneration	45,210	8,000
Non-audit fees	10,907	0
Notional cost of capital	39,400	318
Total	6,896,791	2,467,700

The figure for auditor's remuneration is made up of payments of £25,000 to the NAO, and £20,210 to PKF for the external audit of both CAFE and the CAFE Education Foundation for the previous financial year.

## 6 Taxation

	Year to March 2007 £	3 months to March 2006 £
Corporation tax @ 20%	4,098	1,428

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
<b>Cost £</b>					
As at 1 April 2006	15,923	1,423,769	320,144	412,476	2,172,312
Revaluations		341,705			341,705
Additions			12,241	2,271	14,512
Disposals	3,648		4,277	14,021	21,946
As at 31 March 2007	12,275	1,765,474	328,108	400,726	2,506,583
<b>Accumulated depreciation</b>					
As at 1 April 2006	14,826	161,248	233,433	366,573	776,080
Charge for the period	1,097	353,094	42,751	36,260	433,202
Disposals	3,648	0	4,277	14,021	21,946
As at 31 March 2007	12,275	514,342	271,907	388,812	1,187,336
<b>Net book value</b>					
As at 31 March 2007	0	1,251,132	56,201	11,914	1,319,247
As at 1 April 2006	1,097	1,262,521	86,711	45,903	1,396,232

There are no revaluations in the period for office equipment, fixtures and fittings and IT equipment as they are not material to the accounts.

## 8 Debtors

	Year to March 2007 £	March 2006 £
Amounts falling due within one year		
Trade debtors	833,436	120,912
Inter-company account	0	223,939
Prepayments	297,662	72,808
	1,131,098	417,659
Debtors include amounts owing from:		
Local authorities	109,618	40,592
Central government bodies	325,877	120,674
Others	695,603	256,393
	1,131,098	417,659

## 9 Creditors

	Year to March 2007 £	March 2006 £
Amounts falling due within one year		
Taxation	4,098	8,776
Trade creditors	1,096,494	886,717
Other creditors	484,008	576,136
Accruals and deferred income	876,157	935,572
Income tax and social security	194,777	
	2,655,534	2,407,201
Creditors include amounts owing to:		
Local authorities	22,421	20,356
Central government bodies	1,165,850	1,058,456
Others	1,467,263	1,328,389
	2,655,534	2,407,201

## 10 Operating leases

	within 1 year	2-5 years '000	Over 5 '000
Commitments in respect of leases expiring:			
Buildings	0	2,723	3,801

## 11 General reserve

£

Balance as at 1 April 2006	1,432,428
Deficit for the year to 31 March 2007	(10,503,155)
Adjustments to general reserve	(4,679)
Financed by	
Grant-in-aid for the year	10,091,002
Balance as at 31 March 2007	1,015,596

## 12 Government grant reserve

As stated in note 1.4, government grant reserve was transferred to the general reserve in 2006-07

## 13 Revaluation reserve

£

Revaluation of fixed assets	341,705
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**14 Reconciliation of the operating surplus to net cashflow from operating activities**

	Year to March 2007 £	3 months to March 2006 (re-stated) £
Operating deficit	(10,538,457)	(3,397,682)
(Increase) in debtors	(713,439)	(70,489)
Increase in creditors	248,332	101,636
Cost of capital charge	39,400	318
Interest receivable	(20,492)	(7,517)
Depreciation	433,202	114,658
Net cash (outflow) from operating activities	(10,551,454)	(3,259,076)

**15 Capital expenditure**

	Year to March 2007 £	3 months to March 2006 £
Acquisition of fixed assets	14,512	31,320
Proceeds from disposal of fixed assets	0	0
Total	14,512	31,320

**16 Analysis of changes in cash during the year ended 31 March 2007**

	At 1 April 2006 £	Cash outflow £	At 31 March 2007 £
Cash at bank and in hand	2,025,738	(463,248)	1,562,490

## 17 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 DCMS were in respect of grant-in-aid (note 2). In addition, CABE receives further funding from Communities and Local Government (CLG). The material transactions with CLG were in respect of grant-in-aid (note 2).

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

- Arts Council England
- Big Lottery Fund
- English Heritage
- Olympic Delivery Authority

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

- Community Development Foundation
- English Partnerships
- Housing Corporation

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
- Home Office

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 £500 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 £58,703.

- Paul Morrell, a commissioner, is a director of Davis Langdon LLP which received payment of £2,504. He is also the chairman of School Works Ltd which received a grant of £12,320 from CABE.

- Jason Prior, a commissioner, is managing director of EDAW plc which received payment of £2,153 in respect of providing enabler services and contract fees of £73,584.

- 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 £1,625.

- Sunand Prasad, a commissioner, is engaged in voluntary work for the Construction Industry Council, which received contract fees of £21,681. He is also president elect of RIBA from September 2007 which received sponsorship of £15,000.

- Lorna Walker, a commissioner, is engaged as a consultant to Mott MacDonalds, which received £7,854 in enabling fees. She is also a visiting professor at the University of Sheffield which received fee payments of £8,797.

- Robin Nicholson, a commissioner, is involved with The Construction Industry Council in a voluntary capacity, which received contract fees of £21,681.

- Joyce Bridges, a commissioner, is a commissioner for English Heritage. Her son is an associate director of Arup's Economics and planning

consultancy, and Ove Arup were paid £2,938 in fees.

- Ben Page, a commissioner, is employed by Ipsos-Mori who were paid £76,163 in fees.

## 18 Post balance sheet events

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

## 19 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.

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