



Commission for
Rural Communities

Tackling rural disadvantage

**Annual Report and Accounts
2012-13**



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Presented to Parliament pursuant to Article 3 of the Public Bodies
(Abolition of the Commission for Rural Communities) Order 2012 No.2654

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Foreword by Dr Stuart Burgess

I am pleased that the Commission has been able to be active throughout 2012-13, representing the interests of disadvantaged rural communities to Government and other decision-makers, and making important recommendations.

Following the passing of the Public Bodies Act, external consultation and completion of Parliamentary processes, the Department for the Environment, Food and Rural Affairs (Defra) Ministers took the expected decision to close the Commission for Rural Communities (CRC) in March 2013.

This year, against a background of economic difficulties, the Commission undertook two projects on the rural economy. We held an event for colleagues from Local Enterprise Partnerships (LEPs) and others in October, and followed it up with a report that highlights a number of areas of good practice for LEPs to engage with companies in rural areas. Later in the year, our report on rural micro-businesses highlighted a number of common themes that have enabled some to continue to be successful despite the recent recessions. In addition, the Commission released reports on social isolation, young people and housing in rural areas this year.


I am grateful to the eight Commissioners for continuing to support and participate in CRC activities. All of our projects have benefitted hugely from their guidance, and they have continued to raise the profile of rural issues with Government in meetings and correspondence. Similarly, I am grateful to the CRC's hard-working team of four staff, who have delivered a much more substantial work programme than might have been expected.

Stuart Burgess, CBE

Chairman of the Commission for Rural Communities, 2005-2013
March 2013

CRC's Chief Executive's Introduction

At the start of 2012-13 (the CRC's final year) Defra Ministers approved a business plan for the CRC which included commitments to deliver a number of specific projects. The Plan also set an expectation that the CRC would continue to carry out its advisory, advocacy and watchdog roles by participating in Government working groups, committees and through other more ad hoc processes. This section of the Annual Report and Accounts describes the CRC's work during 2012-13, and how the business plan was delivered.

A handwritten signature in black ink, appearing to read 'Jon Carling'.

Jon Carling

Commission for Rural Communities

27 March 2013

Performance review

The CRC's statutory purpose was to promote awareness of the social and economic needs of people who live and work in rural areas and help decision-makers across and beyond government to identify how those needs might best be addressed. The CRC was required to have particular regard to people suffering from social disadvantage and areas suffering economic under-performance. The CRC took the view that this was increasingly important in the challenging economic climate of 2012-13 and much of the CRC's work during the year concentrated on economic issues.

Policy Work

Two key reports

At the beginning of the year, the CRC concluded and launched two reports. These were:

- Barriers to employment, education and training for young people in rural areas.

This report drew on several months of research, visits to rural areas and conversations with local people, and with rural experts. The report made eleven recommendations for action by Government and other decision-makers, the most prominent of which was that there should be a more co-ordinated, strategic approach to improving education, employment and training for young people, and called for the creation of a Minister for Youth Affairs post to oversee this.

- Social Isolation experienced by older people in rural areas.

Also drawing on qualitative and quantitative research, this report made seven recommendations including about the provision of transport, housing and care services for older people. The report's first recommendation called for Government to commission research into the formula used to distribute funding for social care to local authorities.

Both reports made much of the practice of rural communities to work well together, and with service-providers, and highlighted a number of examples of case studies where services had begun to be delivered through such partnerships.

The reports were released in July and September, and attracted coverage in the local and national press and in the broadcast media.

Related to the Social Isolation report was a research paper produced for the Commission by the CRC's Commissioner, Professor Sheena Asthana of Plymouth University. The paper, 'Variations in access to social care for vulnerable older people in England: is there a rural dimension?' made comparisons between local authorities in urban and rural areas. The paper examined the levels of need for care services, in comparison with funding allocations to local authorities for care, and proposed that rural authorities, typically, were 'able to spend less on social care relative to underlying needs than their urban counterparts'.

In May 2012, the CRC published 'Rural housing at a time of economic change', which it had commissioned from the Cambridge Centre for Housing and Planning Research. The report considered the effects of changes in housing and benefit policy for rural areas, compared to urban.

Four legacy projects

The Commission decided, in its final year, to build on and update areas of policy which it had considered previously. The 2012-13 business plan refers to legacy workstreams around:

- Rural economy and Local Enterprise Partnerships
- Business growth in rural areas

- Localism and the Big Society in rural areas
- Rural Services: resources

The first two projects were completed and reports published.

The first, 'How are local interests being recognised within Local Enterprise Partnerships?' followed an engagement exercise led by the CRC in partnership with two LEPs. As well as drawing on the responses to a call for evidence, the CRC hosted a stakeholder workshop in London attended by over 30 LEPs and several other stakeholders. The degree of engagement in this project illustrated the importance amongst LEPs for engaging with businesses in rural areas, and also the appetite for examples of good practice – something which the report contains.

The second, 'Rural micro-businesses: what makes some thrive in a challenging economic climate?' highlights good practice amongst very small rural businesses. It demonstrates that, in addition to sound management, there are common factors such as diversification and networking which have contributed to the continued success of some businesses despite economic conditions. The report reflects a number of issues raised by rural businesses in the course of the research.

As the year progressed and some CRC staff found employment elsewhere in the face of redundancy, the capacity of the Commission to complete its work programme reduced and the third project, relating to localism, was re-specified to become an internal project which was submitted to Defra in February 2013. The fourth legacy project around resource allocation was withdrawn from the work programme.

The uplands

Following on from a report produced in June 2010 'High ground, high potential – a future for England's upland communities' Commissioners Howard Petch, Mark Shucksmith and Michael Winter worked with a group of stakeholders 'The Windsor Group'. The group was brought together by a consultation on the uplands which took place at St George's House, Windsor, in December 2012. The aim of this group is to encourage economic initiatives in the uplands and develop new ways to support and resource training and technology for existing and emerging businesses.

Positive partnership working between CRC and the Windsor Group has seen the development of a joint work programme which draws together the CRC report's recommendations and the objectives of the Windsor group.

A report of the December 2012 consultation is available at: www.stgeorgeshouse.org

Working with Government and responding to consultations

The CRC continued to be active in responding to live issues, and in particular in responding to Government consultations on issues that may affect rural communities. In this regard, the CRC have made the following responses:

- Response to EFRA Select Committee call for evidence for their Inquiry into Rural Communities – September 2012
- Response to the Department for Communities and Local Government technical consultation on business rate retention, September 2012
- Response to the Department for Business, Innovation and Skills consultation on changes to the EU Structural Funds, April 2012
- Participation in three regional consultation meetings relating to proposed changes to the EU Structural Funds, December 2012

In addition, the CRC has raised issues with Government relating to changes to the school funding formula, and has attended two meetings of the All Party Parliamentary Group on Rural Services to present their report on social isolation (June 2012), and as the CRC closed, to highlight issues facing disadvantaged rural communities (March 2013).

CRC attended Defra-led groups of rural Local Enterprise Partnerships and the Rural Development Programme for England (RDPE) Monitoring Committee.

At Commission meetings during the year, the CRC was invited by Defra to discuss the content of the Rural Statement, released in September 2012.

Communications

In its final form, the Commission no longer had a Communications Team, and neither was communications an element of the Service Level Agreement with Defra for the provision of back-office services. Communications activities included:

- Dr Burgess has appeared on television and local radio several times to discuss rural issues, and coinciding with the launch of CRC reports on social isolation, young people and micro-businesses in rural areas.
- Maintenance of the CRC website, as a repository for reports, press releases, minutes and other documentation produced by the organisation. The website was 'frozen' in February 2013, in line with Defra's, prior to being placed with the National Archives.
- An electronic newsletter, was sent to the same mailing list each quarter, giving updates on CRC activities, and copies of any reports, press releases and submissions to Government consultations.

CRC Management Structure

Commissioners (non-executive)

The CRC's Commissioners, led by the Chairman, set the strategic direction of the organisation and aimed to ensure that activities agreed in the Business Plan were delivered. In 2012-13, there were eight Commissioners, the minimum numbers required under the Natural Environment and Rural Communities Act.

The terms of office for the Chairman and all Commissioners were extended for a further year from 31 March 2012, by agreement of Defra Ministers and the Office of the Commissioner for Public Appointments. This recognised the transitory phase of the CRC, and the need to maintain continuity to undertake the Commission's statutory duties.

Commissioners were employed for 1.5 days a month and the Chairman was employed for 2.5 days per week. In addition, during 2012-13 funding was made available for 50 additional remunerated "Commissioner days" to enable Commissioners to represent the CRC at meetings, events or on initiatives such as follow-up work to the Uplands Communities. Other examples of how this time was used included influencing other government departments around planning issues, and preparing research papers on key issues affecting rural communities.

The Commission had four physical meetings during the year, and two teleconferences.

Commissioners

Dr Stuart Burgess CBE, Chairman

Professor Sheena Asthana*

Richard Childs*

John Mills CBE*

Howard Petch CBE*

Sue Prince OBE

Rachel Purchase

Professor Mark Shucksmith OBE

Professor Michael Winter OBE

* These Commissioners were also members of the Audit and Risk Committee, chaired by Howard Petch.

Jon Carling was Chief Executive for the year 2012-13.

Management Commentary

Statutory Background

The Commission for Rural Communities was an executive non-departmental public body (NDPB) established as a body corporate by the Natural Environment and Rural Communities (NERC) Act 2006. The CRC successfully vested on 1 October 2006 having for the previous 18 months operated as a division of the Countryside Agency which, under the NERC Act, ceased to exist on 30 September 2006. The CRC was abolished under the Public Bodies Act 2011, and formally ceased to exist from 31 March 2013.

Its main functions were set out in the NERC Act and required the CRC to promote:

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

Where 'rural needs' meant; the social and economic needs of persons in rural areas of England.

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

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

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

Advocate: representing rural needs

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

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

From 1 April 2011 the CRC transitioned to a streamlined body consisting of Commissioners and a small staff support team (3.5FTEs at the beginning of the year, and by March 2013 2 FTEs). It continued until March 2013 when, after, the Public Bodies (Abolition of the Commission for Rural Communities) Order 2012 laid in Parliament on 18 October 2012, came into force on 01 April 2013, it was abolished. Until abolition, the streamlined CRC retained its independence, and worked alongside the Rural Communities Policy Unit (RCPU) in Defra.

The Commission was required to undertake its statutory functions of Advice, Advocacy, and Watchdog as set out in the Natural Environment and Rural Communities (NERC) Act 2006; these functions were delivered by the Commissioners acting collectively and individually with staff support. Commissioners as individuals contributed to potential Government projects, being able to sit on steering groups and provide expertise, support and challenge to those projects. As a collective they continued to meet as a Board acting as a 'critical friend' to Government, and providing constructive challenge. The Commission also produced some focused reports to build upon existing evidence, on issues they highlighted as being of particular importance in their watchdog capacity.

The staff team consisted of a Chief Executive, Commission Secretary, Senior Policy Officer and part-time Administration Officer (until October 2012, after which administrative support was provided directly by Defra). Defra supplied the corporate functions of IT, HR, Finance, Legal Services and Internal Audit under terms set out in a Service Level Agreement. The CRC was largely a 'virtual' organisation, with people working from

home wherever possible or at an office in Barnwood, Gloucestershire. The team also made occasional use of touchdown facilities on others parts of the Defra Estate.

Accounts direction

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

Financial commentary

The accounts cover the year from 1 April 2012 to 31 March 2013.

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

The revenue expenditure of the CRC totalled £496,000 (2011-12, £625,000). Once Grant-in-aid funding of £457,000 (2011-12, £626,000) has been credited to the Revenue Reserve as well a non cash adjustment of £54,000 (2011-12, £48,000) and a provision transfer of £420,000 (2011-12, nil) there remains a reserve of £14,000 (2011-12, £421,000).

Register of interests

A register of interests of Commissioners and senior staff was maintained, with details being presented on the CRC's website. (www.defra.gov.uk/crc/).

Managing risk in financial instruments

The CRC had no borrowings and relied on departmental grants for its cash requirements. The CRC had no material deposits. All assets and liabilities were denominated in sterling. The CRC had no liquidity risk, and was not exposed to any interest rate or currency risks.

The CRC did have Trade Receivables. These were considered to have minimal risk to the CRC. All assets and liabilities were transferred to Defra on 1 April 2013.

The CRC is no longer a Going Concern

The legislation to close the CRC received Royal Assent on 14 December 2011 and, following the laying of an Order in Parliament, Public Bodies (Abolition of the Commission for Rural Communities) Order 2012 and subsequent scrutiny and debate, Defra Ministers took the decision to close the CRC on 31 March 2013. All assets and liabilities, following the CRC's closure, were transferred to Defra on 1 April 2013. In light of these events, the CRC can no longer be considered as a going concern. For this reason, the board adopted a basis other than going concern in preparing this report and financial statements.

Assets and liabilities at the point of closure of the CRC

Prior to closure some assets were either transferred to other organisations or disposed of. On 1 April 2013 all remaining assets were transferred to Defra. The assets in question were as follows:

- Cash balance for payment of outstanding creditors
- IT equipment: returned to IBM (Defra's IT service provider) or disposed of
- Office furniture: transferred to AHVLA or to Defra
- Sundry items of stationary and office equipment: larger items transferred to Defra; smaller items disposed of

On 1 April 2013 all remaining liabilities were transferred to Defra. Liabilities consisted of trade payables and accruals.

Pension liabilities

For details of available pension schemes and the way in which pension liabilities are treated, please refer to note 1.3 of the Accounting Policies and note 4 in the notes to the accounts. Prior to the closure of the CRC all pension liabilities transferred to Defra.

Payment of suppliers

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

The following statistics provide a year-on-year comparative settlement period analysis. By value, payment performance has remained at 95% (2011-12, 95%), and by number it has increased to 94% (2011-12, 81%).

	£'000	Number
Total invoices paid in period	112	134
Total invoices paid within target	106	126
Percentage of invoices paid within target	95%	94%

The average number of working days taken to pay invoices was 15 days (2011-12, 21 days).

Prompt Payment Guidance issued in March 2010 committed Government organisations to pay undisputed invoices within five days wherever possible. The CRC paid all invoices as soon as possible whilst maintaining adequate standards of financial control.

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

Sickness

There has been no sick leave during the year. (2011-12 no sick leave)

Personal Data Related Incidents

The CRC reported no incidents related to protected personal data to the Information Commissioner's Office in 2012-13.

Auditor

Under article 3 of the Public Bodies (Abolition of the Commission for Rural Communities) Order 2012 www.legislation.gov.uk/ukxi/2012/2654/article/3/made the Comptroller and Auditor General is required to examine, certify and report on the statement of accounts.

The external Audit Fee incurred in respect of 2012-13 was £8,000 (2011-12, £10,000).

During the year CRC did not purchase any non-audit services from its external auditor the Comptroller and Auditor General.

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

Bronwyn Hill

Accounting Officer, Department for Environment, Food and Rural Affairs
8 July 2013

Remuneration Report

Remuneration Policy

No members of staff were equivalent members of the Senior Civil Service. All staff were paid in accordance with Civil Service terms and conditions.

Service Contracts

Chief Executive

The Chief Executive was a Grade 6 Public Servant, working to standard Civil Service terms and conditions. His appointment was made in April 2011 in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition but also includes the circumstances when appointments may otherwise be made.

Unless otherwise stated below, the officials covered by this report held appointments which were open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. The Chief Executive was made redundant on the closure of the CRC.

Commissioners

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

- 'Commissioners are normally appointed for terms of three years, unless an extension of contract is granted. Commissioners shall not hold office for less than one year, unless the Secretary of State terminates the appointment for any of the following: physical or mental incapacity, absence from six consecutive meetings of the Commission unless approved and unfitness to discharge duties.
- After completion of the first year of office, the Secretary of State may also terminate a Commissioner's appointment upon giving three months' notice in writing. Commissioners may resign office by giving not less than one-month's notice in writing to the Secretary of State.'
- No compensation was payable for loss of office to the Commissioners.

For 2012-13, the Chairman (Dr Stuart Burgess) was contracted to a time commitment of 2.5 days per week. Commissioners were contracted to a time commitment of 1.5 days per month, with the option of additional paid days up to a maximum of 50 for the Commission as a whole. Further details can be found in the Management Structure section of the Annual Report.

The appointments of all the Commissioners were terminated on the closure of CRC on 31 March 2013.

Salary and pension entitlements

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

Remuneration – Chief Executive

	2012-13				2011-12			
	Salary	Bonus	Total	Benefits in kind ¹	Salary	Bonus	Total	Benefits in kind
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Jon Carling Chief Executive (1 April '12 to 31 March '13)	60-65*	0	60-65*	0	55-60	0	55-60	0

* Included in this figure is a payment of £6,141.45 for 'Payment in Lieu of Notice'. Jon Carling also received a compensation (redundancy) figure of £41,487.33 which is not included in the above figure.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. At the year-end as CRC had only two employees the requirement under the Government Financial Reporting Manual on all public sector entities to disclose the ratio of highest paid director to median staff remuneration does not apply.

The banded remuneration of the highest-paid director in the CRC in the financial year 2012-13 was £60-65,000 (2011-12, £55-60,000).

In 2012-13, no employees received remuneration in excess of the highest-paid director. Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind and payment in lieu of notice. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Commissioners

	2012-13		2011-12	
	Salary	Benefits in kind ²	Salary	Benefits in kind ³
	£'000	£'000	£'000	£'000
Dr. Stuart Burgess <i>Chairman</i>	45-50	6.7	45-50	10.6
Professor Sheena Asthana	5-10	0.3	15-20	0.5
Richard Childs	5-10	0.6	5-10	1.8
Elinor Goodman (to 31 January 2012)	n/a	n/a	5-10	0.7
John Mills	5-10	0.8	5-10	0.8
Howard Petch	5-10	1.4	5-10	2.3
Sue Prince	5-10	0	5-10	1.3
Rachel Purchase	5-10	0	5-10	0.5
Professor Mark Shucksmith	5-10	3.8	5-10	4.5
Professor Michael Winter	5-10	1.2	5-10	2.6

1, 2, 3 All listed benefits in kind are actually payments for travel to meetings on behalf of the CRC

Salary includes gross salary; performance pay or bonuses; overtime; recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation.

Benefits in kind

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

Pension Benefits

	Accrued pension at pension age as at 31/3/13 and related lump sum	Real increase in pension and related lump sum at pension age	CETV 31/3/13	CETV 31/3/12	Real increase in CETV	Employer pension contribution to partnership pension account to nearest £1000
	£'000	£'000	£'000	£'000	£'000	£'000
Stuart Burgess (Chairman)	12.1	1.1	171	157	15	2
Jon Carling (Chief Executive)	8.3	0.9	119	101	9	3

Commissioners

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

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

During the year contributions of £11,602 (2011-12, £11,602) were funded by the employer.

Civil Service Pensions

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

Employee contributions are set at between 1.5% and 3.9% of pensionable earnings for classic, and between 3.5% and 5.9% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 calculated as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

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

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

Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk.

Cash Equivalent Transfer Values (CETVs)

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. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual had accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

Bronwyn Hill

Accounting Officer, Department for Environment, Food and Rural Affairs
8 July 2013

Statement of the Commission's and Accounting Officer's Responsibilities

Under the Public Bodies (Abolition of the Commission for Rural Communities) Order 2012 No. 2654, Article 3 directed the Secretary of State for the Environment, Food and Rural Affairs to prepare a statement of accounts of the Commission for Rural Communities for the period from 01 April 2012 to 31st March 2013.

The accounts were prepared on an accruals basis and must give a true and fair view of the state of affairs of the Commission for Rural Communities and of its income and expenditure, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts, the Accounting Officer was 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, 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 had been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on a basis other than going concern.

The Accounting Officer of Defra designated the Chief Executive as Accounting Officer of the Commission for Rural Communities. 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 Rural Communities' assets, are set out in Managing Public Money published by HM Treasury. After the closure of CRC, the Accounting Officer of Defra assumed the responsibility of the Accounting Office for the CRC.

Governance Statement

As Accounting Officer, the CRC's CEO had responsibility for maintaining a sound system of internal control that supported the achievement of the CRC's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which he was personally responsible, in accordance with the responsibilities assigned to him in *Managing Public Money* until the closure of CRC on 31 March 2013.

Following the closure of CRC on 31 March 2013, as Accounting Officer for the Department for Environment, Food and Rural Affairs, I have assumed the role of CRC's Accounting Officer and I have relied on the information and assurances provided by Jon Carling to compile this statement. I am accountable for the discharge of my functions to the Minister of State at the Department for Environment, Food and Rural Affairs.

After the Government announced in 2010 its intention (subject to consultation and the passing of the Public Bodies Bill) to close the CRC the size and scope of the CRC was substantially reduced at the end of 2010-11, and the CRC's evidence functions were transferred to Defra's Rural Communities Policy Unit. From that time, the CRC was a small NDPB with 3.5 full time equivalent staff (by 31 March 2013 there were 2 full time equivalent staff), and an annual delivery budget of around £400,000. A further £150,000 non-delivery budget covered costs relating to the closure of CRC, and back-office support services which have been provided by Defra. The cost of the Defra sponsorship function (non delivery budget) reflects the Defra staff time associated with providing an appropriate degree of support and oversight to the CRC as an arm's length body.

1. Governance Arrangements

At the end of 2012-13, the CRC had eight Commissioners, plus Dr Stuart Burgess, the Chairman, and together they constituted the Commission's non-executive Board. They set the strategic direction of the organisation, agreed a draft business plan for approval by Defra Ministers, and sought to ensure that activities agreed in the business plan were delivered. The CRC's Board was the Commission which operated in the spirit of the Corporate Governance Code. However, that is a code for government departments so there were inevitable differences in Governance: Ministers were not members of the Board.

Eight Commissioners was the minimum number required by the Natural Environment and Rural Communities Act, 2006. In March 2012, the contracts of the Chairman and the other Commissioners were extended for a year, to 31 March 2013, by agreement with the Office of the Commissioner for Public Appointments. These extensions were to enable the closure of the CRC to take place whilst continuing to maintain the expertise and experience required to undertake the CRC's statutory duties.

Commissioners were employed for 1.5 days a month, whilst the Chairman was employed 2.5 days per week. In addition, 50 additional remunerated 'Commissioner days' were made available in 2012-13 to enable Commissioners to undertake policy-related activity in addition to their governance roles.

The Commission met four times during the year, and there were additional meetings and conversations by teleconference. In addition to open meetings, the Commission sometimes met in closed session. Average attendance at Commission meetings, teleconferences and ARC meetings were:

- Commission meetings: 72%
- Teleconferences: 94%
- Meetings and teleconferences combined: 80%

Attendance at CRC Commission meetings						
2012 – 2013	25-May 2012	Tel 16-July 2012	20-Sep 2012	03-Dec 2012	Tel 11-Jan 2013	27-Mar 2013
Dr Stuart Burgess	1	1	1	1	1	1
Professor Michael Winter	–	1	1	1	1	1
Professor Mark Shucksmith	–	1	1	–	1	1
Professor Sheena Asthana	1	1	1	–	1	1
Rachel Purchase	1	–	–	1	1	–
Howard Petch	1	1	1	1	1	1
John Mills	1	1	–	1	1	1
Richard Childs	1	1	–	1	1	–
Sue Prince	1	1	1	1	1	–

The Commission operated an Audit and Risk Committee (ARC) which oversaw and advised the Chief Executive on the organisation's accounting and risk management procedures, and reported any difficulties back to the Board. It advised the Chief Executive on these matters and held him to account. The ARC comprised four Commissioners including its Chairman, Howard Petch. The ARC met five times (twice by teleconference) during 2012-13 the attendance record was 75%.

Attendance at ARC meetings	25-May 2012	18 June 2012 Tel	03 Dec 2012	04 Feb 2013 Tel	27 Mar 2013
Howard Petch	1	1	1	1	1
John Mills	1	1	1	1	1
Richard Childs	1	0	1	1	0
Professor Sheena Asthana	1	1	0	1	1

CRC ARC discussions focused on risk assessment, expenditure against the CRC's budget's profile, plans for and outcomes of internal and external audits, and it took an overview of the processes around the closure of the organisation. The ARC received financial performance data from Defra's finance team, under the service level agreement, and has been pleased with the content and presentation.

Jon Carling was Chief Executive from 1 April 2011 to 31 March 2013. As Chief Executive and Accounting Officer he had responsibility for the delivery of the CRC's business plan, and advised the Commission on the discharge of its responsibilities and on the management of risks and resources. He reviewed the progress against the business plan at every Commission meeting, and spoke to the Chairman about relevant issues at least twice a week.

The Commission's meetings focused on the delivery of projects in the 2012-13 Business Plan, mainly relating to Local Enterprise Partnerships (LEPs), rural micro-businesses, and localism, and on the CRC's views on various aspects of wider Government activity. Discussions also included policy around upland communities, and the Rural Statement. The Commission welcomed opportunities at CRC meetings to discuss the work of Defra's Rural Communities Policy Unit (RCPU), which leads cross-Government policy relating to rural communities and was also the CRC's sponsor team. Defra's RCPU and sponsor team attended 100% of the CRC Commission and ARC meetings.

CRC applied the principles of Treasury's Code of Good Practice for Corporate Governance in the context of its own circumstances in so far as it is practical and relevant.

2. Relationship with Defra

Defra and the CRC agreed a Framework Document which set out clear lines of accountability between Defra, the sponsor department, the Chairman and Commissioners and the CRC's CEO and Accounting Officer.

All open Commission meetings were attended by members of Defra's Rural Communities Policy Unit (RCPU – the sponsor team), and there were regular meetings between the Chief Executive and RCPU colleagues. There were also two meetings during the year between the Chairman and Chief Executive of the CRC and Defra Ministers, during which progress against the CRC's Business Plan was reviewed.

The SLA with Defra included provision for a number of back-office services to be delivered for the CRC. These included finance and accounting, human resources, ICT support, legal services, internal audit, and accommodation. There follows a short narrative describing the delivery of services for each of those in 2012-13.

Finance/accounting

Defra provided the day-to-day service of carrying out financial transactions for the CRC, managing bank accounts and maintaining a record of spend against profile. This record was provided to the Chief Executive on a monthly basis. Defra also produced quarterly financial accounts and presented these to the Audit and Risk Committee.

Human resources

The CRC call on Defra's HR support was higher this year than in 2011-12, as voluntary and then compulsory redundancy schemes needed to be put in place in preparation for the closure of the organisation. Defra HR and the sponsor team also helped staff gain access to CSJobs, as a consequence of which one CRC employee found a new post within Defra.

ICT support

The ICT support services provided by Defra were effective. There was satisfactory day-to-day support, and assistance with closure of the organisation was helpful.

Legal services

Legal services attended all Transition Board meetings during 2012-13. The Transition Board was established to oversee and co-ordinate the transition of the closure of the CRC. During the abolition process Legal services advised the CRC of parliamentary procedures and timescales. CRC staff and Commissioners also called upon Legal services throughout 2012-13 to provide ad-hoc expert advice.

Internal audit

An internal audit plan was put in place at the start of the year and all planned audit assignments were delivered, efficiently and helpfully. These audits enabled CRC to identify and address several important issues.

Accommodation

Accommodation from 1 April 2011 was established in a Defra building at Barnwood, Gloucester, although CRC has largely operated as a 'virtual' organisation, with most staff home-based. Support requirements at Gloucester were minimal, albeit satisfactory.

Defra Sponsor team

The Defra Sponsor team (attached to the Rural Communities Policy Unit) provided operational support throughout 2012 – 13. The RCPU gave expert policy advice and input into CRC published reports to the CRC Staff and Commissioner via attendance at commission meetings. The sponsor team set up and managed four Transition Board meetings to provide a forum for Defra and the CRC to align organisational transition alongside the abolition processes, timeline and procedures. The Sponsor team provided the main point of contact with Defra for the CRC'S CEO on operational activity, offering advice and information on communication activity and Government positions in relation to the CRC's research findings.

3. Risk Management

The risk register drawn up in April 2011 was kept up to date and monitored by the CRC ARC. Key points on the risk register were also reported to the Commission by the Chairman of the ARC. Actions were put in place to mitigate the risks identified. At its meeting on 3 December 2012, the ARC identified three risks as 'high'. Those three 'high' risks, and actions taken to mitigate them, were as follows:

<i>Risk</i>	<i>Mitigation</i>	<i>Outcome</i>
Confusion re downsized CRC jeopardises stakeholder confidence	Communications policy approved and included four e-newsletters from CEO to stakeholders each year, plus press activity	Government continued to engage with CRC and there are examples of Government responding positively to CRC recommendations in 2012-13
Defra support services do not adequately fulfil commitments set out in SLA	Chief Executive and staff raise concerns with Defra as soon as they arise; kept under close scrutiny following audits in 2011-12, and recent internal audit of the SLA	Support was satisfactory across a range of support services
CRC fails to carry out necessary tasks to effect closure at end of March 2013	CRC has closure plan in place, monitored by ARC and by Internal Audit. Monthly meetings in place to review completion of tasks in closure plan	CRC closed on time and with outstanding tasks transferred to Defra sponsor team.

4. Review of internal controls

The CRC's CEO review of the effectiveness of the CRC's internal controls was informed by the work of internal auditors, and by the finance team, both of which were provided by Defra under the SLA. During 2012-13 three internal audits took place.

The first audit covered the Defra/CRC Service Level Agreement (SLA), the controls and processes in place were found to be 'sufficient'. Recommendations around sharper performance standards, and a clearer route for escalating issues, were implemented.

The second audit tested key controls. This also received a 'sufficient' opinion, with significantly more positive comments than those applied to a similar audit conducted a year earlier, reflecting efforts made by CRC and Defra to improve controls. Recommendations around financial reporting arrangements were implemented.

The other internal audit related to the CRC's closure plan, and was in two stages. The first, in October, provided comments on the draft closure plan, and the second, in January, considered implementation. The audit opinion was classified 'substantial' and found that a strong control framework had been operated by the CRC over closure arrangements. In the run up to the closure of the CRC it became clear a number of outstanding actions that were due to be completed by the CRC staff were not complete, these were passed to the Defra sponsorship team.

The CRC reported no incidents related to protected personal data to the Information Commissioner's Office in 2012-13.

5. Review of effectiveness

The CRC has continued to perform effectively during 2012-13. The business plan was delivered as far as possible, and the CRC was active in responding to Government announcements. CRC stakeholders continued to be aware of the organisation's outputs and have responded to the two calls for evidence around LEPs and around micro-businesses.

The Board has overseen and monitored delivery of the CRC's work programme, and Commissioners played a part in the development of projects, as well as working with Government on a wide range of policy issues.

Bronwyn Hill

Accounting Officer, Department for Environment, Food and Rural Affairs

8 July 2013

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Commission for Rural Communities for the year ended 31 March 2013 under the Public Bodies (Abolition of the Commission for Rural Communities) Order 2012. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Commission, Accounting Officer and auditor

As explained more fully in the Statement of the Commission's and Accounting Officer's Responsibilities, the Commission and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Public Bodies (Abolition of the Commission for Rural Communities) Order 2012. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Commission for Rural Communities' circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Commission for Rural Communities; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on Regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the Commission for Rural Communities' affairs as at 31 March 2013 and of its net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Public Bodies (Abolition of the Commission for Rural Communities) Order 2012 and Secretary of State directions issued thereunder.

Emphasis of Matter – Going concern

Without qualifying my opinion, I draw attention to Note 1.1 of the financial statements. Following the enactment of the Public Bodies (Abolition of the Commission for Rural Communities) Order 2012 the Commission for Rural Communities was closed on 31 March 2013 and the assets and liabilities were transferred to the Department for Environment, Food and Rural Affairs on 1 April 2013. As a consequence the accounts have been prepared on a basis other than going concern.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Public Bodies (Abolition of the Commission for Rural Communities) Order 2012.; and
- the information given in the CRC Management Structure and Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept; or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse

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

09 July 2013

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Financial Statements

Statement of Comprehensive Net Expenditure for the year ended 31 March 2013

		2012-13	2011-12
		£000	£000
	Note		
Expenditure			
Staff costs	3	353	437
Depreciation and Amortisation	7, 8	1	5
Other Expenditures	5	75	135
Restructuring/Redundancy Costs	3	67	48
		496	625
Income			
Income from Activities	6	0	(5)
		496	620

The notes on pages 32 to 43 form part of these accounts.

Statement of Financial Position as at 31 March 2013

		31 Mar 2013	31 Mar 2012
		£000	£000
	Note		
Non-current assets:			
Property, plant and equipment	7	0	2
Intangible assets	8	0	0
Total non-current assets		0	2
Current assets:			
Trade and other receivables	10	0	19
Cash and cash equivalents	11	101	36
Total current assets		101	55
Total assets		101	57
Current liabilities			
Trade and other payables	12	(87)	(86)
Provisions	13	0	(113)
Total current liabilities		(87)	(199)
Non-current assets plus/less net current assets/liabilities		14	(142)
Non-current liabilities			
Provisions	13	0	(279)
Total non-current liabilities		0	(279)
Assets less liabilities		14	(421)
Taxpayers' equity			
General reserve	SCTE	14	(421)
		14	(421)

CRC was abolished on the 31 March 2013. As at 1 April 2013, all remaining assets and liabilities transferred to the Department for Environment, Food and Rural Affairs (Defra).

	£000
Balance at 31 March 2013	14
Transfer cash balance to Defra	(101)
Transfer trade and other payables to Defra	87
Balance at 1 April 2013	0

The notes on pages 32 to 43 form part of these accounts.

Bronwyn Hill

Accounting Officer, Department for Environment, Food and Rural Affairs

8 July 2013

Statement of Cash Flows for the year ended 31 March 2013

		2012-13	2011-12
		£000	£000
	Note		
Cash flows from operating activities			
Net expenditure after interest	SCNE	(496)	(620)
Adjustments for non-cash transactions		54	48
Depreciation and Amortisation	7, 8	1	5
Provisions provided in year	13	29	0
(Increase)/Decrease in trade and other receivables		19	(4)
Increase/(Decrease) in trade payables and other payables		1	(1,043)
Use of provisions	13	0	(203)
Net cash outflow from operating activities		(392)	(1,817)
Cash flows from investing activities			
Adjustment to Right of Use Contract		0	0
Disposal of Right of Use Asset		0	0
Net cash outflow from investing activities		0	0
Cash flows from financing activities			
Grants from sponsoring department		457	626
Net financing		457	626
Net increase/(decrease) in cash and cash equivalents in the period		65	(1,191)
Cash and cash equivalents at the beginning of the period	11	36	1,227
Cash and cash equivalents at the end of the period	11	101	36

The notes on pages 32 to 43 form part of these accounts.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2013

	2012-13
	£000
Balance at 31 March 2011	(475)
Changes in Taxpayers' Equity 2011-12	
Net Expenditure in year	(620)
Non-Cash Adjustment	48
Grant-in-aid Revenue	626
Balance at 31 March 2012	(421)
Changes in taxpayers' equity for 2012-13	
Net Expenditure in year	(496)
Transfer of provisions to Defra	420
Grant-in-aid Revenue	457
Non-Cash Adjustment	54
Balance at 31 March 2013	14

The notes on pages 32 to 43 form part of these accounts.

Notes to the Accounts

1. Statement of accounting policies

These accounts have been prepared by the CRC in compliance with the 2012-13 Government Financial Reporting Manual (FReM) and the Accounts Direction issued by the Secretary of State for the Department for Environment, Food and Rural Affairs. The accounting policies contained in the FReM follow International Financial Reporting Standards (IFRS) to the extent that this is meaningful and appropriate to the public sector. Where the FReM permits a choice of accounting policy, the accounting policy, which has been judged to be most appropriate to the particular circumstances of the CRC for the purpose of giving a true and fair view, has been selected. They have been applied consistently in dealing with items considered material to the accounts.

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

1.1 Going Concern

The legislation to close the CRC received Royal Assent on 14 December 2011 and, following the laying of an Order in Parliament, Public Bodies (Abolition of the Commission for Rural Communities) Order 2012 and subsequent scrutiny and debates, Defra Ministers decided that the CRC should close on 31 March 2013 and all assets and liabilities were transferred to Defra on 1 April 2013. In light of these events, the CRC can no longer be considered as a going concern. For this reason, the board adopted a basis other than going concern in preparing this report and financial statements. Details of the assets and liabilities transferred on 1 April 2013 are given below the Statement of Financial Position

1.2 Accounting Convention

(a) Non-Current Assets

The FReM states that all non-current assets should be valued using the revaluation model as prescribed in IAS16. The CRC has not revalued its remaining assets in accordance with the FReM as the effects of revaluation are immaterial due to the current net book value of those assets. The depreciated historic cost model has therefore been adopted for those assets.

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

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

Fixtures & Fittings – 3 years

IT equipment – 5 years

Software Licences (Amortisation) – 5 years

A full month's depreciation is charged to the Operating Cost Statement in the month following acquisition and in the month of disposal. All assets were either disposed of or were transferred to Defra and other organisations.

(b) Income

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

Income is credited to the Statement of Comprehensive Net Expenditure on an accruals basis. During 2012-13 CRC did not receive any income.

(c) Taxation

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

(d) Expenditure

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

(e) Insurance

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

(f) Grant-in-aid

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

(g) Provisions

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

The CRC operates an Early Retirement Scheme providing retirement benefits to qualifying employees under the rules of the Principal Civil Service Pension Scheme. The CRC bears the benefit costs up to retiring age of the employees retired under the Early Retirement Scheme. In the year that the employee takes early retirement, the total pension liability is charged to the Statement of Comprehensive Net Expenditure. A provision for future pension payments is provided and pensions and related benefits payments are charged annually against the provision. Provisions are discounted at the HM Treasury prescribed rate of 2.2%. At the start of 2012-13 the provision was transferred to the Defra.

(h) Estimation Techniques

The annual leave accrual required under IAS 19 is based on employees' annual leave records as at the end of the financial year. The value is calculated using employees' average daily gross cost rates based on a working year of 260 days. No leave was accrued for 2012-13.

(i) Departmental Resource Accounts

All income and expenditure falls under the Administration classification in Departmental Resource Accounts.

1.3 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme. Please refer to Note 4 for comprehensive details of the scheme offered.

1.4 Newly issued accounting standards not yet effective

No new standards, amendments to standards and interpretations that are not yet effective have been applied in these financial statements ahead of their implementation date. Due to the abolition of CRC on the 31 March 2013, any assessment of future impact is not applicable.

2. Statement of Operating Costs by Operating Segment

	2012-13					2011-12		
	Legacy Project	Advice, Advocacy & Watchdog Project	Transition Work	Other	Total	Ongoing Function	Back Office Costs	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Pay Costs	184	199	37	0	420	361	184	545
Non Pay Costs	16	19	2	39	76	39	36	75
Total	200	218	39	39	496	400	220	620

In 2012-13 the segments relate to the separate CRC projects, and are divided by Pay Costs and Non Pay Costs. This is a change from 2011-12 when the segments under consideration were costs relating to ongoing activity and costs relating to back office functions provided by Defra, other corporate costs supported through the SLA, and the costs of the residual team retained to complete the 2010-11 annual accounts. This change has arisen because this project split is how CRC have reported to management during 2012-13.

3. Staff numbers and related costs

	2012-13			2011-12
	£000	£000	£000	£000
Staff costs comprise:	Total	Permanently employed staff	Chair & Commissioners	Total
Wages and salaries	220	124	96	293
Social security costs	19	12	7	34
Other pension costs	36	25	11	49
Notional salary costs	49	49		48
Sub Total	324	210	114	424
Early Retirement Costs	29			13
Restructuring/redundancies	67			48
Total net costs	420	210	114	485

During the year a total of £9,381 (2011-12 £62,452) was paid to staff for pay-in-lieu-of-notice and compensation-in-lieu-of-notice as a result of redundancy. There are notional salary costs of £48,536 (2011-12 £48,317) for the back office functions provided by Defra on behalf of the CRC under an SLA.

Average number of persons employed

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

Number	2012-13			2011-12
	Total	Permanent staff	Others	Total
Directly Employed	3	3	0	5
Notional staff	1	1	0	1
Total	4	4	0	6

As at 31 March 2013 no staff remain in post, as the CRC has been abolished. The notional staff figures represent the equivalent man hours spent by Defra staff from finance, internal audit, IT, and HR on CRC issues. Pay and benefits of the Board and Chief Executive are detailed in the Remuneration Report.

3.1 Reporting of Civil Service and other compensation schemes – exit packages

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
<£10,000						
£10,000 – £25,000	1	5			1	5
£25,000 – £50,000	1	1			1	1
£50,000 – £100,000						
£100,000 – £150,000						
£150,000 – £200,000						
Total number of exit packages	2	6	0	0	2	6
Total resource cost £000	67	146	0	0	67	146

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

The above costs include payments in respect of redundancy and pay in lieu of notice.

Pay and benefits of the Board and Chief Executive are detailed in the Remuneration Report.

4. Defined Benefit Schemes

Principal Civil Service Pension Scheme

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

For 2012-13, employer's contributions of £36,461 (2011-12 £37,617) were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2012-13 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution; however, none of the remaining CRC staff have chosen to do so. All contributions in 2012-13 were therefore £Nil (2011-12 £Nil).

5. Other Expenditure

	2012-13	2011-12
	£000	£000
Running Costs		
Research and Technical Consultancy	0	19
IT Costs	12	11
Publicity Information	4	9
Travel and Subsistence	38	52
Subscriptions	0	4
Estates Charges	(2)	0
Recruitment and Training	4	14
Conference & Seminar Fees	2	1
Administrative Costs	4	5
Telecommunications	4	7
External Audit Fee	8	10
Other Costs	0	3
Non-cash items		
Loss on disposal of property, plant and equipment	1	0
Total	75	135

6. Income

	2012-13	2011-12
	£000	£000
UK Income		
Project Income	0	5
EU Income	0	0
	0	5

7. Property, Plant and Equipment

	31 March 2013		
	Information Technology	Furniture & Fittings	Total
	£000	£000	£000
Cost or valuation			
At 1 April 2012	36	7	43
Additions	0	0	0
Disposals	(1)	0	(1)
At 31 March 2013	35	7	42
Depreciation			
At 1 April 2012	34	7	41
Charged in year	1	0	1
Disposals	0	0	0
At 31 March 2013	35	7	42
Net Book Value			
at 31 March 2012	2	0	2
at 31 March 2013	0	0	0
Asset financing:			
Owned	0	0	0
	31 March 2012		
	Information Technology	Furniture & Fittings	Total
	£000	£000	£000
At 1 April 2011	36	7	43
Additions	0	0	0
Disposals	0	0	0
At 31 March 2012	36	7	43
Depreciation			
At 1 April 2011	29	7	36
Charged in year	4	0	4
Disposals	0	0	0
At 31 March 2012*	34	7	41
Net Book Value			
at 31 March 2011	7	0	7
at 31 March 2012	2	0	2
Asset financing:			
Owned	2	0	2

There were no impairments, reclassifications or revaluation of assets in 2012-13. Due to rounding's figures do not sum.

8. Intangible assets

	31 March 2013
	Software Licences
	£000
Cost or valuation	
At 1 April 2012	13
Additions	0
Disposals	0
At 31 March 2013	13
Amortisation	
At 1 April 2012	13
Charged in year	0
Disposals	0
At 31 March 2013	13
Net Book Value	
at 31 March 2012	0
At 31 March 2013	0
	31 March 2012
	Software Licences
	£000
Cost or valuation	
At 1 April 2011	13
Additions	0
Disposals	0
At 31 March 2012	13
Amortisation	
At 1 April 2011	12
Charged in year	1
Disposals	0
At 31 March 2012	13
Net Book Value	
at 31 March 2011	1
at 31 March 2012	0

9. Financial Instruments

As the cash requirements of CRC are met through Grant-in-Aid provided by the Department for Environment, Food and Rural Affairs, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with the CRC's expected purchase and usage requirements and CRC is therefore exposed to little credit, liquidity or market risk.

10. Trade receivables and other current assets

	31 March 2013	31 March 2012
	£000	£000
Amounts falling due within one year:		
Trade receivables	0	16
Prepayments and accrued Income	0	3
	0	19

11. Cash and cash equivalents

	2012-13	2011-12
	£000	£000
Balance at 1 April	36	1,227
Net change in cash and cash equivalent balances	65	(1,191)
Balance at 31 March	101	36
The following balances at 31 March 2013 were held at:		
Commercial banks and cash in hand	101	36
Short term investments		
Balance at 31 March 2013	101	36

12. Trade payables and other current liabilities

	2012-13	2011-12
	£000	£000
Amounts falling due within one year		
Other taxation and social security	7	20
Trade payables	11	31
Accruals	69	35
	87	86

13. Provisions for liabilities and charges

	Provision in Lieu of Notice	Redundancy	Early Retirement	Total
	£000	£000	£000	£000
Balance at 1 April 2011	28	71	496	595
Provided in the year	0	0	0	0
Provisions not required written back	0	0	0	0
Provisions utilised in the year	(28)	(71)	(113)	(212)
Unwinding of discount	0	0	8	8
Balance at 31 March 2012	0	0	391	391
Balance at 1 April 2012	0	0	391	391
Provided in the year	0	0	29	29
Provisions not required written back	0	0	0	0
Provisions utilised in the year	0	0	0	0
Transfer to Defra	0	0	(420)	(420)
Unwinding of discount	0	0	0	0
Balance at 31 March 2013	0	0	0	0
<i>Analysis of expected timing of discounted flows</i>				
Not later than one year	0	0	0	0
Later than one year and not later than five years	0	0	0	0
Later than five years	0	0	0	0
Balance at 31 March 2013	0	0	0	0

The early retirement costs are those additional costs of benefits beyond the normal PCSPS benefits, in respect of employees who retire early. These are met by the CRC paying the required amount annually to the PCSPS over the period between early departure and the normal retirement date. The CRC provides for this in full when the early retirement programme becomes binding on the CRC by establishing a provision for the estimated payments. This provision has been discounted using the rate of 2.2% as directed by HM Treasury. As a result, an additional £Nil* (2011-12 8,424) has been provided for in year.

* The early retirement provision was transferred to Defra at the start of the year.

14. Capital Commitments

There were no capital commitments for the CRC in 2012 – 2013. (2011-12 nil).

15. Commitments under leases

CRC has no obligations under operating leases or finance leases in 2012-13. (2011 – 12 nil).

16. Other financial commitments

At 31 March 2013 CRC had no other financial commitments. (2011 – 12 nil).

17. Contingent liabilities disclosed under IAS 37

At 31 March 2013 CRC had no contingent liabilities. (2011 – 12 nil).

18. Events after the reporting period

In accordance with IAS 10: Events after the reporting period events are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Certificate and Report of the Comptroller and Auditor General.

All assets and liabilities were transferred on 1 April 2013. Due to the abolition of the CRC on 31 March 2013, there are no other adjusting events after the reporting period date to report.

19. Intra-Governmental Balances

	31 March 2013	31 March 2012
	Trade and other Receivables: Amounts falling due within one year	Trade and other Receivables: Amounts falling due within one year
Trade and other Receivables	£'000	£'000
Balances with other central government bodies	0	0
External to Government	0	19
Total	0	19
	Trade Payables and other Liabilities: Amounts falling due within one year	Trade Payables and other Liabilities: Amounts falling due within one year
Trade Payables and other Liabilities	£'000	£'000
Balances with other central government bodies	22	34
External to Government	65	52
Total	87	86

There are no trade payables and other liabilities falling due after more than one year.

20. Related-party transactions

The CRC is a body corporate sponsored by Defra. The department is regarded as a related party. During the year, the CRC has had a number of material transactions with the department. Grant-in-aid received totals £457,000 (2011-12 £626,000) whilst costs incurred total £14,000 (2011-12 £17,000). In addition to this, there is a year to date notional cost of £49,000 (2011-12 £48,000) relating to back office services provided by Defra. No other material transactions were entered into with other entities for which Defra is regarded as parent.

In addition, the CRC has had transactions with HMRC (£7,000) (2011-12 £12,000).

The Chairman of the CRC is also the Chairman of the Trustees of the Methodist International Centre. Accommodation and subsistence costs incurred by the CRC at the Methodist International Centre in London totalled £2,000 in 2012-13.

21. Third-party assets

The CRC had no third-party assets as at 31 March 2013.



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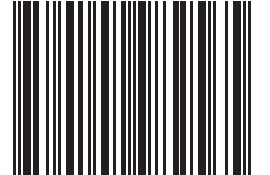
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