



ENGLISH HERITAGE

ANNUAL REPORT AND ACCOUNTS

2010/2011

English Heritage

Annual Report and Accounts 2010/2011

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Introduction


The past year has been particularly challenging for English Heritage, but it has also been creative and productive. As part of the Spending Review and the Government's review of public bodies, we have been under intense scrutiny. We were pleased, therefore, that the public bodies' review confirmed our national role as an independent and trusted expert body but, like many other publicly funded organisations, we will face a significant cut in resources over the next four years. Preparing for this has been one of the biggest challenges of the past year.

The work of internal restructuring and budgeting for savings has not, however, stopped us achieving what we are here to do. In fact, 2010/11 saw nearly as many visitors to our properties as we welcomed in 2009/10, a record-breaking year, and those people enjoyed refurbished and entirely new exhibitions and facilities at places such as Audley End in Essex and Mount Grace Priory, North Yorkshire.

Another core purpose of English Heritage is to reduce the amount of heritage at risk. Last year we highlighted places of worship at risk and provided practical support for congregations all over the country. This year our *Heritage at Risk Register* will include a special focus on a particularly fragile part of our heritage and one which tells a unique part of the story of our country – our industrial heritage.

We are also faced with other changes. The Coalition Government has put forward various policy proposals which have implications for heritage, not least those which will change the planning system. We will continue to advise Government and to work as effectively as we can to ensure that the historic environment does not suffer as a result of these changes.

As our Annual Report and Accounts makes clear however, we have many positive changes and much progress to report this year despite the fact that the year has been overshadowed by some extremely difficult decisions. My fellow Commissioners, our expert Committee and Panel members and each and every member of our staff has played their part with a dedication and a generosity of spirit for which I am enormously grateful. I know the care of the historic environment could not be in better hands.



Baroness Andrews OBE
Chair

Chief Executive's Report

This year English Heritage faced the stiffest examination of its purposes and efficiency that we have probably ever had. It is testament to the excellence of our staff that our role as an expert body performing key functions independently and impartially was recognised and valued as part of the Government's review of public bodies. Like all public bodies, our work has to continue within much tighter financial limits as a result of a severe reduction in Government funding.

We have used the National Heritage Protection Plan to concentrate our efforts on the most pressing priorities, the things only English Heritage can do, and we have restructured the organisation and its management to support this. We have already made substantial in-year savings, but must continue to drive down costs over the coming four years, while increasing our income.

The National Heritage Protection Plan

That all our resources must go further makes the publication of a National Heritage Protection Plan for England especially timely. The Plan will identify gaps in our knowledge about the historic environment and the threats it faces, and from that, effective and proportionate protection can be put in place. It will determine the direction of our conservation and protection work and, in time, provide a means for others involved in conservation to make informed and co-ordinated judgments as to what they spend time and money on.

The partners at the heart of so much of our work are local authorities but worryingly, local authority heritage staffing fell by 11% between 2006 and 2010. English Heritage has been working to develop a broader appreciation of heritage issues across local authority activity. A key tool has been elected member Heritage Champions who, with our support, are now in post in 77% of local authorities. They met to discuss issues in November at the third national Heritage Champions Conference. We continue to produce practical guidance, such as *Pillars of the community: the transfer of local authority assets*, and support training events under the HELM (Historic Environment-Local Management) banner for a range of local authority audiences.

Understanding and protecting England's heritage is of course our *raison d'être*. This year we have offered grants to support many buildings on the *Heritage at Risk Register*. At the Grade II* Byker estate in Newcastle we are supporting the creation of a community trust to manage the estate and have given £200,000 to the repair and reuse of the Grade II* Bolam Coyne area which has been on the 'at risk' Register since 2008. An English Heritage grant of £140,000 to Weoley Castle on the outskirts of Birmingham has helped repair the ruins of this 13th century fortified manor house. The project is part of a wider scheme which included the construction of a new community and education building, and the appointment of a Development Officer by the City Council to encourage community engagement.

Our Caring for Places of Worship campaign launched in July 2010 found that nationally one in nine churches are in a poor or very bad condition. Listed places of worship at risk will be added to the *Heritage at Risk Register* for the first time this October.

English Heritage advice and grants help owners and custodians protect the places in their care. Last year we made grant offers worth nearly £24.5 million in support of rescue and restoration projects for heritage at risk. Strawberry Hill, Horace Walpole's seminal example of Gothic revival architecture, opened to the public on 2 October following a two-year restoration project costing £8.9 million. The house, near Twickenham in outer London, had fallen into disrepair and had been on the 'at risk' Register since 1991. The restoration, led by the Strawberry Hill Trust, was funded by the Heritage Lottery Fund, a £0.7 million English Heritage grant, and support from charitable trusts, national and international donors. We are very disappointed that because of the severe cut to our Grant in Aid from Government last October we have to reduce our grant funding. Fortunately this comes at a time when the Heritage Lottery Fund is able to increase its available grant funds and so the net effect on those seeking funding for heritage should be limited.

English Heritage was consulted on 17,302 planning cases in 2010/11. We were pleased to see our support for plans to revitalise Crystal Palace Park in south London come to fruition and we have worked closely with Manchester City Council during the development of its £160 million project to transform the Grade II* listed Town Hall and Central Library. At Hayle in Cornwall we objected to proposals for a large supermarket and car park

Chief Executive's Report

which would have had a detrimental effect on the Cornwall and West Devon Mining Landscape World Heritage Site and the Hayle Conservation Area. We will work with the developer to explore whether a more sympathetic plan is feasible.

Helping owners and custodians care for and protect the heritage is at the heart of the Heritage Crime Initiative English Heritage launched in February to tackle crimes and anti-social behaviour. Under the strategic guidance of English Heritage, the Police and the Crown Prosecution Service, a nationwide network is developing among enforcement bodies, local authorities, professional groups and amenity societies to systematically tackle and reduce offences such as architectural theft, criminal damage, illegal metal detecting, graffiti and arson.

One of the most direct ways of protecting something is through designation and this year, on English Heritage's advice, the Secretary of State has designated Penzance Harbour and the zebra crossing in Abbey Road made famous by The Beatles. In April we launched the National Heritage List for England, a new online database for all nationally designated assets which includes searchable maps. When accessed through the Heritage Gateway it will enable users to search across local and national, designated and undesignated records of England's historic sites and buildings, a major step towards a unified system of heritage protection.

The National Heritage Collection

The historic sites and the immense archives and collections of photographs, works of art and archaeology in our care are national treasures. Collected by the state over many generations, they represent a unique insight into English history and life over thousands of years. Their conservation to the highest standard is one of our prime roles. Investment in their ongoing maintenance and curation has been, and will continue to be, prioritised despite the reduction in our budgets. Our Asset Management Plan is helping us to get the best value for money from our investment in conservation and maintenance.

We continue to invest in the visitor experience at our properties primarily to extend the enjoyment and education they bring, but also to raise income levels. We were delighted to open the refurbished stable yard at Audley End House in May 2010, putting horses back into the stables and opening a new café with a themed children's play area that has proved hugely popular with local families. Membership taken out at Audley End House has grown 36% since the start of our investment in the site in 2008.

Wrest Park in Bedfordshire and its outstanding collection of historic garden buildings is one of the finest surviving eighteenth century landscapes in Britain. The revival of Wrest Park began with the restoration of the historic garden features funded by the Wolfson Foundation. In 2010 we secured a grant of £1.14 million from the Heritage Lottery Fund to restore the park and the J. Paul Getty Charitable Trust has also supported the project this year.

Support from the Heritage Lottery Fund will also enable us to digitise the recently acquired Aerofilms collection, a four year project that got underway this year to conserve 95,000 of the oldest and most valuable photographs from this historical aerial photographs archive and make them accessible online.

The biggest single participation event in the heritage calendar is the Heritage Open Days weekend with around 1 million people taking part each year. English Heritage has supported Heritage Open Days since 2001 but for the future we are looking to return the scheme to the voluntary sector.

In March 2011 English Heritage's Outreach department was disbanded as a result of the reduced budget and the need to refocus on activities only we can undertake. The work of the department was trail-blazing. It divided its efforts between community projects in deprived areas, projects at our sites, and towards making Heritage Open Days more inclusive. Between 2003 and 2011 the team ran and supported over five hundred projects. Over one million people connected with the historic environment which they would not have done otherwise. A legacy publication, *Outreach: Engaging new audiences with the historic environment*, is available on our website.

Reaching new audiences takes many forms and in January around 1.3 million people followed the Channel Four series *Rome Wasn't Built in a Day* as it recorded the re-creation of a Roman town house at our site at Wroxeter Roman City. Nearly 23,000 people have visited Wroxeter since the new villa opened, a 432% increase over the same period the year before.

Chief Executive's Report

Full planning permission for the Stonehenge Environmental Improvements Project was granted in June 2010 shortly before the Treasury announced, due to the economic situation, the withdrawal of the £10 million support for the scheme promised by the previous Government. However, English Heritage asked to be allowed to explore alternative funding for the project and a 'rescue package', including a generous grant from the Heritage Lottery Fund, was identified and approved by the Treasury in the second half of the year. In August English Heritage applied to the Department for Transport for a Stopping-up Order to the section of the A344 which runs adjacent to the Stones. The result of this application will be known in the spring of 2012 when it is hoped construction works will get underway.

Improving our service and efficiency

The new look English Heritage website was launched in May 2010 after a two year project that involved improving and expanding its content as well as its presentation. It has for the first time a dedicated area for heritage professionals, as well as new sections aimed at the public and at owners or custodians of historic sites and buildings. Visits to the site have increased by 13% compared to the same period the year before and we now have over 15,000 followers on Twitter.

English Heritage compared favourably to other DCMS sponsored bodies in Treasury published data on back office functions. Our costs are lower than the sector average across all the measures, apart from IT and this will be addressed by the new long-term management contract we have signed this year.



Dr Simon Thurley
Chief Executive

Progress Against Funding Agreement 2010/11

Heritage Protection Reform

DELIVERABLE	PROGRESS
Unified published List, unified designation system, and public access via the Heritage Gateway	A unified published list, the National Heritage List for England, was launched on 4 April 2011. A unified designation system and public access via the Heritage Gateway have also been achieved.
Published Selection Guides for all asset types	The programme is underway. Selection Guides for buildings will be published in May and guides for other asset types will be published by the end of 2011/12.
National strategic designation programme	A review of the quality and coverage of the statutory lists has been completed. It is informing future priorities for planned designation work which will be taken forward through the National Heritage Protection Plan.
Local Authority Historic Environment Records enhancement	English Heritage has now given a total of £400,000 to local Historic Environment Records to test and develop ways to upgrade to meet Heritage Protection Reform standards. Each HER is expected to publish their findings, with the reports available online by the autumn.
Draft Planning Policy Statement to replace Planning Policy Guidance 15 & 16	Planning Policy Statement 5 published in March 2010 is widely considered to be an improvement exemplifying the principles of HPR. English Heritage has supported the training of over 1,500 people since the launch in addition to the more than 1,000 engaged with during the consultation phase. English Heritage is now advising Government on the National Planning Policy Framework that will replace all Planning Policy Statements and Planning Policy Guidance.

Progress Against Funding Agreement 2010/11

Sustainable Development & Climate Change

DELIVERABLE	PROGRESS
<p>Hearth and Home research project</p>	<p>The updated English Heritage Sustainable Development and Climate Change Strategy and Action Plan were finalised in November. The Action Plan feeds into and supports the corresponding DCMS plans.</p> <p>Building on the successful u-value testing programme set up to improve our understanding of the factors affecting the energy profiles of historic buildings, English Heritage is carrying out on-site testing and monitoring at a Victorian terraced house, in partnership with Bolsover District Council. The findings will inform English Heritage's advice on improving the thermal efficiency of such buildings without compromising their architectural and historic significance. In addition to publishing guidance and practical advice, opportunities for community engagement and training are being considered.</p>
<p>Benchmarking English Heritage's own environmental performance</p>	<p>English Heritage is now required to produce a Sustainability Report. This is reproduced on page 18 of the Annual Report and Accounts.</p>
<p>Delivering the Climate Change and Your Home website</p>	<p>The Climate Change and Your Home website gives information and guidance about the impact of climate change on older homes and advice on how to improve their energy efficiency without compromising a building's performance or special character. The website's functionality and content have been enhanced this year, including the provision of an interactive decision-making 'toolkit' which guides users through a range of energy saving measures. Further detailed guidance on energy efficiency and historic buildings has also been published on the site. Interim guidance published to coincide with the revisions to Part L of the Buildings Regulations that came into effect on 1 October has now been produced in final form, supported by detailed guidance notes on the principles, risks, materials and methods for improving the energy efficiency of different elements of an older building.</p>
<p>Creating a model framework for a Works and Training contract for use by historic property owners and managers: adoption by English Heritage and at least 10 other public bodies by 2011</p>	<p>The recently published European Union guidance on socially responsible public procurement, <i>Buying Social: A Guide to Taking Account of Social Considerations in Public Procurement</i>, provides guidance on how English Heritage and other public bodies can include training within works contracts and has superseded the requirement for a model framework to be drawn up. English Heritage intends to run a pilot to include training in line with the guidance on a programme of works at Kenwood House.</p>

Progress Against Funding Agreement 2010/11

Better Places/Sustainable Communities

DELIVERABLE	PROGRESS
<p>HAR to include Scheduled Ancient Monuments, Designated Wrecks and Battlefields in 08/09; Conservation Areas in 09/10 and Places of Worship in 10/11</p>	<p>The 2011 <i>Heritage at Risk Register</i> will be published online in October 2011 and will include listed buildings, scheduled ancient monuments, protected wreck sites, registered battlefields, registered parks and gardens, conservation areas and places of worship at risk. The results of the industrial heritage at risk project will also be published in October.</p>
<p>Advice, information and support to deliver the historic environment components of the Rural Development Programme for England, including guidance on the LEADER programme.</p>	<p>English Heritage continues to provide strategic advice to Defra, including through membership of the Rural Development Programme for England Programme Monitoring Committee; and to Natural England, particularly through the provision of Heritage at Risk data. This happens through our contribution to the Selected Heritage Inventory for Natural England (SHINE) project for Historic Environment Records, and by providing advice on historic buildings prioritisation based on National Character Areas.</p>
<p>Delivery of the Aggregates Levy Sustainability Fund Grant Scheme</p>	<p>The Aggregates Levy Sustainability Fund concluded successfully: Government informed English Heritage and all the other distributing bodies that the Fund would cease as of 31 March 2011 (although the Levy continues). Marine ALSF has delivered very significant benefits: English Heritage disbursed £4.668 million on marine archaeological research and protection, including the first joint research project with the Welsh Assembly (ALSF Wales). Highlights include the reuse of £1.5 million worth of industry seismic data to map inundated prehistoric landscapes; provision of around 80% of seascape characterisation, data which is being used by Marine Management Organisation; one new Protected Wreck; and the British Marine Aggregate Producers Association protocols for voluntary reporting of discoveries made during dredging.</p>

Progress Against Funding Agreement 2010/11

Support for Places of Worship

DELIVERABLE	PROGRESS
Fifteen Support Officers by the end of 2010/11	New Support Officer appointments have been made this year in the dioceses of Canterbury, Durham, Lichfield, London, Ripon and Leeds, Gloucester, Hereford and to an ecumenical post in Staffordshire, bringing the total to 23 posts. There are 24 Officers as one post is a job share.

The Natural Environment

DELIVERABLE	PROGRESS
Supporting Defra in implementing the European Landscape Convention, including producing an English Heritage action plan	English Heritage's Action Plan published at the end of 2009/10 has been widely disseminated, and significant support has been provided to the UK ELC co-ordination committee. English Heritage has worked closely with Natural England this year on a range of related issues and provided support and sponsorship for the pan-UK ELC Conference held in Liverpool in November. The first UK landscape award was presented at the conference. The winner, Durham Heritage Coast, became the UK entry to the Council of Europe ELC landscape award for 2011.

Progress Against Funding Agreement 2010/11

Coastal and Marine issues

DELIVERABLE	PROGRESS
A new English Heritage policy statement on marine development and the historic environment by the end of 2008/09 in support of the Government's marine policy statement	English Heritage advised on the preparation of the UK Marine Policy Statement published in March 2011; the reform of the marine licensing system, including an exemption for diver trail projects on designated wreck sites, and new interim desk instructions have been produced to support casework advice. A Memorandum of Understanding with the Marine Management Organisation was signed in December 2010. English Heritage is fully engaged in the initiative to identify Marine Conservation Zones as provided for by the Marine and Coastal Access Act 2009, to ensure full attention and maximum benefit is obtained for the historic environment.
Rapid coastal zone survey to inform shoreline management and strategic coastal planning	Progress towards completion of the national survey has continued, with approximately 70% of the English coast now surveyed. This year reports have been produced for North East England, Yorkshire and Lincolnshire, New Forest, Severn Estuary and North West England and a publication is planned.
Continued delivery of the English Heritage component of the marine ALSF grant scheme	The Aggregates Levy Sustainability Fund ceased on 31 March 2011. Over the programme's nine years English Heritage funded 357 projects with a total value of £28.469 million. Highlights included the repair of twelve nationally designated monuments including Denge acoustic radar and Sinah Common gun emplacements, and the provision of 25 county aggregates resource assessments. English Heritage received a complimentary letter from Defra, and is in the process of winding up the programme. Two posts have been made redundant as a result. The chart below shows the figures disbursed over the life of the programme:

Capacity Building in the Heritage Sector

DELIVERABLE	PROGRESS
2010/11 – Seven Trainee Historic Environment Managers	The professional work placement Historic Environment Traineeship (HET) Scheme has been suspended due to the current recruitment freeze. The first intake of seven trainee Historic Environment Managers who began work with English Heritage in 2008 completed the scheme in September 2010. All seven have now secured jobs within the sector. The second intake who began working with English Heritage in 2009 have now completed their substantive secondments and are in the final six months of the scheme.

Progress Against Funding Agreement 2010/11

Education

DELIVERABLE	PROGRESS
<p>In partnership with CABE, and in discussion with DCMS, provide an appropriate share of resources, in money or kind, for Engaging Places.</p>	<p>Full financial and staff support was given to Engaging Places, including English Heritage's Education Director chairing its management group, until 31 March 2011 when CABE ceased to operate. Negotiations are currently taking place for the transfer of Engaging Places to a third party organisation.</p>
<p>Review of English Heritage's Education Strategy to take account of the changing needs of school audiences and families</p>	<p>A very successful broadcast media campaign last summer raised awareness of the education resource provided by local English Heritage properties. Teachers TV and 156 radio stations broadcast interviews with the Education Director and Education Managers reaching an audience of 925,000 and resulting in the busiest September on record for education bookings, an 18% increase on the same period the previous year. Overall, free education visits rose by 7.7% as a result of this marketing activity, follow up work with schools and the completion of a series of new teachers' resources. This year the Times Educational Supplement website has offered free downloads of these resources and highlights of our back catalogue of printed Teachers' Guides, resulting in 55,303 downloads from that site and 118,114 downloads overall.</p>

Progress Against Funding Agreement 2010/11

Engagement with the public

DELIVERABLE	PROGRESS
Work in partnership with The Women's Library, London Metropolitan University, to conduct research and create a web resource by June 2010 on women's history and the historic environment	English Heritage jointly launched a new web resource with The Women's Library at London Metropolitan University in November. Visible in Stone was based on original research in the collections of the NMR and London Metropolitan University Special Collections and tells the story of historic buildings that mark women's changing roles from 1850 to 1950. This was featured on BBC Radio 4 Women's Hour and in English Heritage's members' magazine <i>Heritage Today</i> . In the first 4 months the web pages received over 20,000 visits.
Undertake research for a web resource on Disability History and the Historic Environment in 2010-12	The scoping research for this project has been completed and a wealth of material relating to the historic environment has been identified. The project steering group will agree the final scope of the project and commission a researcher to carry out in-depth work during 2011. The web resource is expected to launch in November 2012, national Disability History Month.
Develop a methodology for longitudinal evaluation of outreach projects by April 2010 and implement thereafter	An evaluation framework has been developed to help track the social, economic and cultural impact of public engagement work, helping organisations to provide robust evidence for its value in the short, medium and long term. The framework is available for all through the Our Place Network.
Refocus the Outreach Strategy to deliver fewer, larger projects	English Heritage's Outreach department was disbanded in March 2011 and so this strategy has been set aside. An evaluation of the work of the Outreach team since its creation in 2003 has been published and is available on the English Heritage website.

Progress Against Funding Agreement 2010/11

Cultural Olympiad

DELIVERABLE	PROGRESS
Six further titles in the Played in Britain series by 2012	<i>Played in Tyne and Wear</i> was published in September, leaving two remaining titles to be published in the Played in Britain series: <i>The British Olympics</i> , due in December 2011, and <i>Played in London</i> , scheduled for March 2012.
Local outreach projects for the Lower Lea Valley	English Heritage has grant-aided the Creative Programmer posts since 2008 which act as the focal point for events being organised as part of the Cultural Olympiad. English Heritage has also been represented on the board of Discovering Places, one of the 'major projects' and the only heritage strand of the Cultural Olympiad. This evolved from an original project entitled Access All Areas which was grant funded directly by English Heritage; it will be delivered by the Heritage Alliance. In addition there are the Open Weekend events providing access to historic sites. Work continues on the refurbishment of historic buildings as part of the High Street 2012 initiative. English Heritage is working with Tower Hamlets in support of the Heritage Lottery Fund Townscape Heritage Initiative (THI) which is funding community engagement and outreach projects along High Street 2012. Finally, English Heritage has also been in discussions with former VisitEngland to develop potential tours and events for accredited press to the Olympics.

Caring for and opening English Heritage properties to the public

DELIVERABLE	PROGRESS
Condition surveys of all English Heritage properties leading to an Asset Management Plan and a costed 20 year maintenance programme	The English Heritage Asset Management Plan was published in May 2011. It contains details of the liabilities in respect of English Heritage's National Heritage Collection of historic sites and monuments and the priorities for the allocation of resources during the next spending round period.
Representation of circa 10% of English Heritage sites by 2011 (averaging at circa 15 per annum)	We have slightly exceeded our target over the Funding Agreement period, having introduced substantial new interpretation and presentational schemes at some 46 sites, 11% of the total. Work in 2010/11 has seen completely new schemes at nine free sites, larger exhibitions at Bolsover Castle, St Augustine's Abbey and Bessie Surtees House, and major new schemes at Dover Castle (exploring the evacuation from Dunkirk) and Wrest Park.

Progress Against Funding Agreement 2010/11

Stonehenge

DELIVERABLE	PROGRESS
Preparation for a new visitor centre by summer 2012	Planning permission was granted by Wiltshire Council on 23 June 2010 and an application for a Section 247 Stopping-up Order for the A344 was submitted in August. A Public Inquiry is to be held on 22 June 2011. Since the Government's announcement in June 2010 of the withdrawal of £10 million for the project, which made it impossible to achieve the original deadline, all work has been funded by private sources. A Heritage Lottery Fund Round 2 application submitted in August was successful and a grant of £10 million was announced in November. The rejuvenated landscape, gallery and visitor facilities will open in 2014.

Funding Agreement Key Performance Indicators 2010/11

Targets are **bold**. Non-bold indicators are for monitoring purposes.

CARING FOR HISTORIC ASSETS	2007/08	2008/09 Target/ Actual	2009/10 Target/ Actual	2010/11 Target/ Actual
A reduction in the number of heritage assets at risk:				*
Registered Battlefields	8 (19%)	8 (19%)/ 7 (16%)	7 (16%)/ 6(14%)	*
Protected Wreck Sites	10 (22%)	10 (23%)/ 9 (20%)	9 (20%)/ 8 (17.4%)	*
Scheduled Monuments	*	4,478 (23%)/ 3,535 (18%) baseline year	3,535 (18%)/ 3,395 (17.2%)	*
Registered Parks and Gardens		96 (6%) baseline year	96 (6%)/ 99 (6.2%)	*
Conservation Areas	*	*	baseline year	*
Places of Worship	*	*	*	baseline year
% of buildings and structural scheduled monuments removed from baseline 1999 'at risk' Register	45.5%	48.0%	50.4%	*
Number of listed buildings and structural scheduled monuments removed from the Register	57	69	69	*
Number of listed buildings and structural scheduled monuments added to the Register	69	64	62	*
Number of applications received to make changes to the statutory list (including changes to existing entries)	2,068	2,028	1,902	2,096

* Heritage at Risk data is an Official Statistic which will be published in October 2011.

AN EFFICIENT PLANNING SYSTEM	2007/08	2008/09 Target/ Actual	2009/10 Target/ Actual	2010/11 Target/ Actual
Number of applications processed	17,090	16,710	14,071	17,302
Percentage of applications dealt with within the agreed deadline	95%	95%/ 96%	95%/ 97%	95%/ 97%
Percentage of planning applications where pre-application discussions remove the need for English Heritage to make substantive comment	-	4.7% baseline year	4.9%	5.3%

CAPACITY BUILDING IN THE SECTOR	2007/08	2008/09 Target/ Actual	2009/10 Target/ Actual	2010/11 Target/ Actual
Total number of people attending HELM training events	1,178	1,300/ 1,317	2,000/ 1,505	3,000/ 1,949
Total number of people attending professional training events	710	1,266	878	1,326
Aggregated total of people attending all English Heritage training events	-	-	2,383	3,275
Percentage of local authorities with Heritage Champions	71%/ 71%	75%/ 76%	75%/ 76%	75%/ 77%

Funding Agreement Key Performance Indicators 2010/11

CAPACITY BUILDING IN THE SECTOR	2007/08	2008/09 Target/ Actual	2009/10 Target/ Actual	2010/11 Target/ Actual
Evaluation of HELM:				
- Awareness of HELM and, if aware, favourability towards it	63%/86%	70%/88%/ 76%/95%	survey autumn 2010	75%/90%/ 84%/95%
- Number of respondents who find HELM helpful to work and decision-making	55%/ 80%	60%/ 81%	-	70%/ 82%
Number of unique visitors to the HELM website	351,000	354,681	350,825	409,819

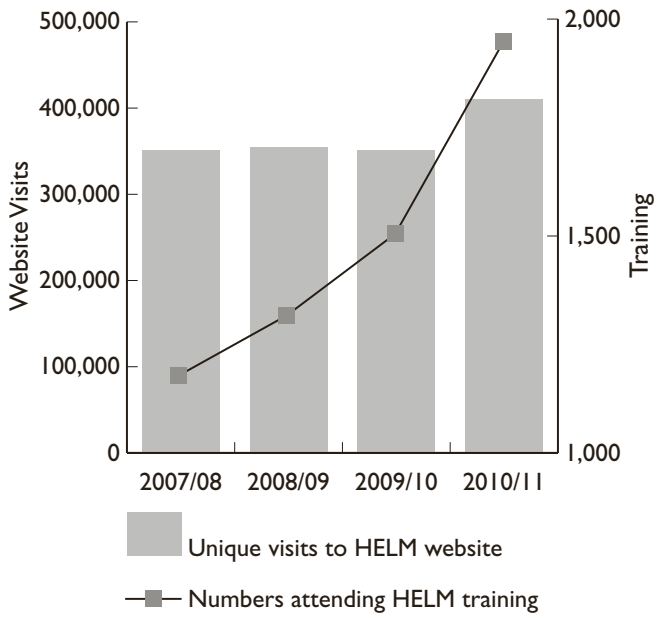
PUBLIC ENGAGEMENT	2007/08	2008/09 Target/ Actual	2009/10 Target/ Actual	2010/11 Target/ Actual
Number of visitors to staffed properties	5.2m	4.9m/ 5.0m	5.1m/ 5.6m	5.2m/ 5.5m
Number of visitors to unstaffed properties	6m (est)	6m (est)	6m (est)	6m (est)
Number of family visits	-	1.457m	1.50m/ 1.67m	1.55m/ 1.65m
Percentage of paying visitors to English Heritage sites from priority groups:	29%	28%	30%	30%
- Lower socio-economic groups	22%	24%	24%	25%
- Limiting disability	6%	5%	7%	7%
- Black and minority ethnic	2%	2%	2%	2%
Number of people from under-represented groups directly and indirectly engaged in outreach projects	33,477	41,289	44,897	22,176 [†]
Number of members including corporate members	937,000	957,000/ 972,800	977,000/ 987,050	997,000/ 1,026,000
Number of free educational visits		450,000/ 29,320	450,000/ 30,800	460,000/ 32,340
- of which number of children taking part in Discovery visits	450,000/ 27,000	458,175/ 39,300	416,386/ 44,276	438,866/ 44,314
Total number of learners engaged	-	844,049	706,962	709,392
Number of NMR records available on line	1.34m	2.04m/ 1.4m	2.1m/ 2.5m	2.2m/ 2.6m
Number of unique user sessions across all NMR websites	3.1m	3.4m/ 2.5m	3.75m/ 3.7m	4.12m/ 4.3m

[†] 2010/11 was the start of a new strategic period which was to focus on increasing impact rather than on project work. The decision to disband English Heritage's Outreach department was announced part-way through the year.

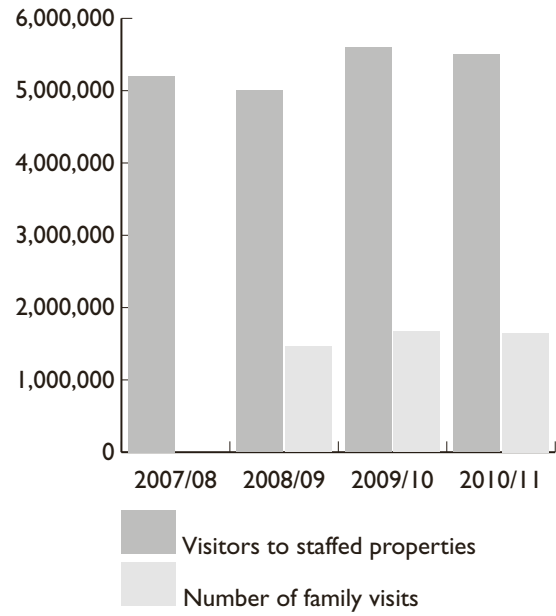
ELIMINATION OF THE OPERATING DEFICIT AT ENGLISH HERITAGE PROPERTIES	2007/08	2008/09 Target/ Actual	2009/10 Target/ Actual	2010/11 Target/ Actual
Operating deficit	£3.5m	£1.0m/ £2.5m	£0.5m/ £2.4m SURPLUS	£nil £4.3m SURPLUS
English Heritage earned income	£40.7m	£42.9m	£48.6m	£49.8m

The Year in Numbers 2010/11

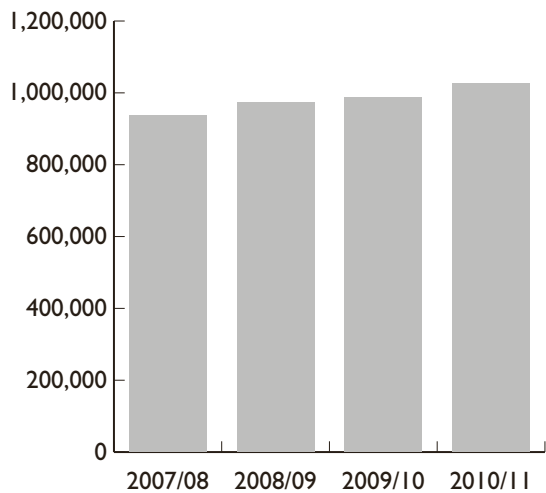
Capacity Building



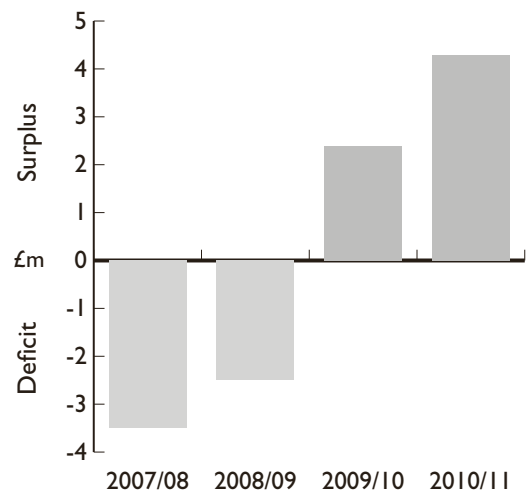
Visitors to Staffed Properties and Family Visits



Members Including Corporate Members

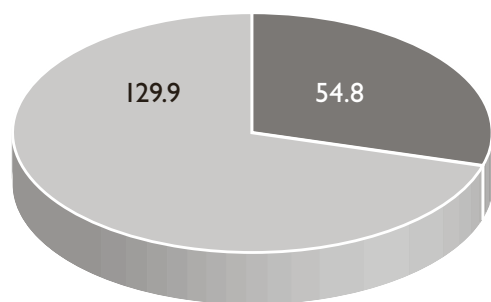


Net Surplus on Running the Properties



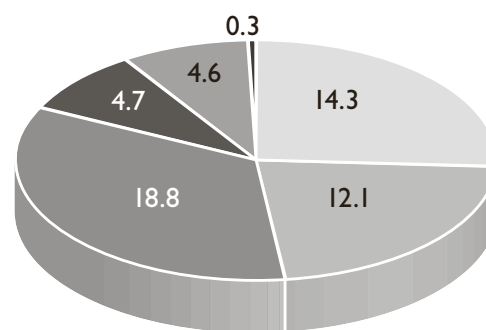
The Year in Numbers 2010/11

Total Income and Grant in Aid (£m)



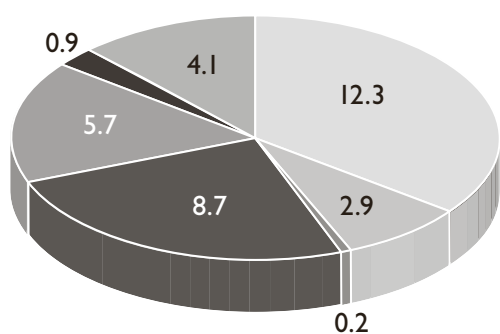
Total Income	54.8
Grant in Aid	129.9

Earned, Operating and Investment Income (£m)



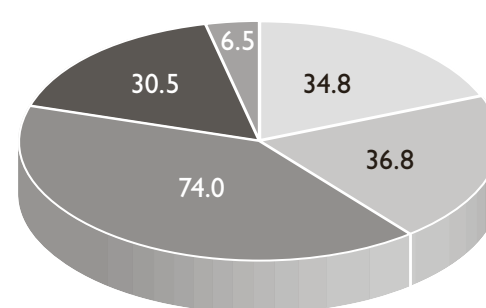
Admission Income	14.3
Retail and Catering Income	12.1
Membership Income	18.8
Other Earned Income	4.7
Donations, Grants and Other Operating Income	4.6
Interest	0.3
Total	54.8

Grant Expenditure (£m)



Buildings and Monuments	12.3
Conservation Areas	2.9
Cathedrals	0.2
Other Places of Worship	8.7
Historic Environment	5.7
Aggregates Levy Historic Environment	0.9
Other	4.1
Total	34.8

Total Expenditure (£m)



Grants	34.8
Heritage Protection & Planning	36.8
National Collections	74.0
Corporate and Support Services	30.5
Depreciation and Amortisation	6.5
Total	182.6

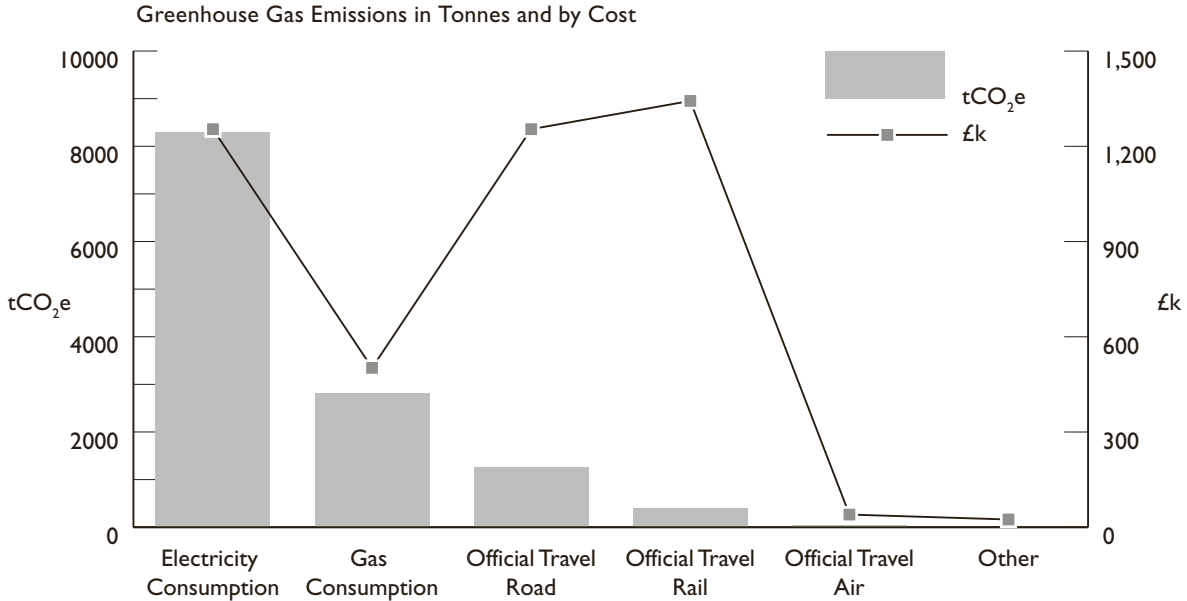
Sustainability Report for the Year ended 31 March 2011

Government has introduced new requirements for public bodies to publish their progress against various indicators relating to the sustainability agenda. Our first such report for 2010/11 is set out below. It is planned to expand this report in future years.

Greenhouse Gas Emissions

Non-Financial Indicators (tCO ₂ e: tonnes of CO ₂ equivalent)	Total gross emissions for Scopes 1 & 2	11,109
	Total net emissions for Scopes 1 & 2 (i.e. less reductions such as green tariffs)	11,109
	Gross emissions Scope 3 business travel	1,691
	Other Scope 3 emissions measured	2
Related Energy Consumption (kWh: kilowatthour)	Electricity: non-renewable	15,386,767
	Electricity: renewable	0
	Gas	10,917,724
	LPG (Liquified Petroleum Gas)	209,028
	Other	3,102,075
Financial Indicators	Expenditure on energy	£1,756k
	Carbon reduction commitments license expenditure (2010 onwards)	0
	Carbon reduction commitments income from recycling payments	0
	Expenditure on accredited offsets (e.g. government carbon offsetting facility)	0
	Expenditure on official business travel	£2,662k

Note: The scopes and conversion rates are set out in the 2010 Guidelines to Defra/DECC's Greenhouse Gas Protocol Conversion Factors for Company Reporting.



The main direct impact for English Heritage is in its electricity use. A programme to install smart metering has enabled us to target the top 40 sites which account for appropriately 70% of our consumption. Initial findings show a reduction in emissions and financial savings of 10% when compared to 2009/10.

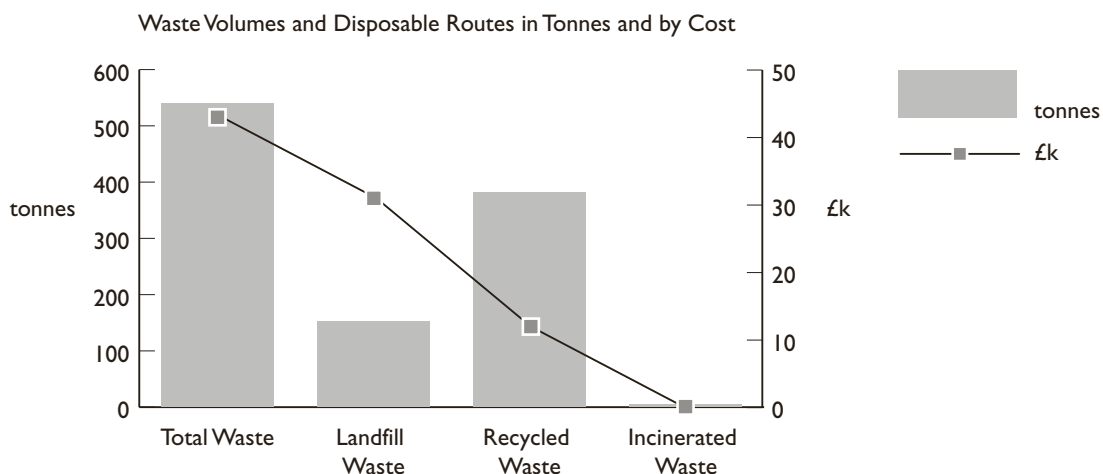
A small scale wind turbine has been installed at Fort Cumberland and its performance and effectiveness as a source of renewable energy is being monitored. Initial trials of smart meters for oil consumption are also underway.

English Heritage requires staff to use the most efficient method of transport possible to minimise both cost and emissions. We have recently changed our short term hire car contract to reduce the choices of cars available to the lowest emissions bands.

Sustainability Report for the Year ended 31 March 2011

Waste

Non-Financial Indicators (tonnes)	Total waste		540	
	Hazardous waste		Total	0
	Non hazardous waste	Landfill		152
		Reused/Recycled		382
Incinerated/energy from waste		6		
Financial Indicators	Total disposal cost		£43k	
	Hazardous waste - Total disposal cost		£0k	
	Non hazardous waste - Total disposal cost	Landfill		£31k
		Reused/Recycled		£12k
		Incinerated/energy from waste		£0k



Our initial focus in terms of waste management has been on the office estate but this will broaden to include our historic estate in the future.

For construction waste, this year there was only one site where works are being carried out under Construction Industry regulations requiring a Site Waste Management Plan. The works are due to complete in June 2011 so the data will be included in next year's report. In the future, changes we have made to our waste management programme will ensure we are able to collect the full range of data required.

Water

Non-Financial Indicators (m ³)	Water Consumption	Supplied	124,854
		Abstracted	0
Financial Indicators	Water Supply Costs		£232k

English Heritage's biggest area of water consumption relates to the historic estate in our care. This is affected by the number of visitors we attract and the need to maintain our historic landscapes and gardens. Our focus is on minimising consumption and cost.

Management Commentary

Introduction

The Historic Buildings and Monuments Commission for England is a body corporate established on 1 April 1984 by the National Heritage Act 1983. It has up to 17 Commissioners appointed by the Secretary of State for Culture, Media and Sport (DCMS) and is an Executive Non-Departmental Public Body sponsored by DCMS. 'English Heritage' is its informal name. English Heritage is the Government's statutory adviser on the historic environment and our role is to help people understand, value, care for and enjoy England's rich historic environment. Our aims are set out in our Corporate Plan for 2011-15 published in May.

Our strategic direction is overseen by a Board of Commissioners which delegates operational management to a Chief Executive appointed by them. The Chief Executive also serves as Accounting Officer on behalf of DCMS. The Chief Executive is supported by an Executive Board comprising the Executive Directors of English Heritage's four operational groups: Heritage Protection and Planning, National Advice and Information, National Collections, and Resources.

English Heritage's Funding Agreement, signed with DCMS, the Department for Communities and Local Government and the Department for Environment, Food and Rural Affairs, with our Management Statement and Financial Memorandum and our Corporate Plan, provide the context and framework for our work. A review of progress against our Funding Agreement starts on page 6 of this report. We also work with other Government departments and a range of agencies such as Natural England on issues relating to heritage.

Our relationship with the local authorities across England is central to our work. We provide advice and guidance as part of our role as a statutory consultee in the planning system, and on local and strategic plans, policy statements and other public initiatives. We also support them by providing training and advice for members and officers, mainly through the Historic Environment-Local Management (helm.org.uk) portal which is used by local authority decision-makers all over England.

The heritage sector comprises a few large organisations and many hundreds of smaller voluntary organisations, commercial operators and local groups. English Heritage supports the Historic Environment Forum created this year to replace the Historic Environment Review Executive Committee. The Forum co-ordinates advocacy work for the historic environment, identifies opportunities for joint working and implements action plans across these areas, and shares information on key work programmes, for example, Heritage at Risk and national planning policy.

Trends and factors underlying English Heritage's performance during 2010/11

English Heritage's purpose as a publicly funded body was examined as part of the Government's review of public bodies post-election. English Heritage was found to be performing a valuable role in national life. Notwithstanding this, in October 2010 English Heritage was given a 32% real terms cut in its Grant in Aid from Government, to be effected over the comprehensive spending review period of April 2011 to March 2015. This was in addition to a 3% cut imposed earlier in the year. We have therefore taken stock, reassessed our core purposes and are working to slim down the organisation. This restructuring process has involved some very difficult decisions including a programme of redundancies, but will achieve significant savings.

The public continue to enjoy our properties with visitor numbers for 2010 similar to the levels achieved in the hugely successful 2009 season. Self-generated income has risen as a result, something we are reliant on if we are to shift the balance of our income from Grant in Aid to other sources.

Trends and factors likely to affect English Heritage's future performance

English Heritage must work within a significantly reduced budget and must manage the restructuring of the organisation so that its ability to fulfil its function as an impartial, independent expert is least affected. We have challenging financial targets to meet that are reliant in part on factors beyond our control, such as consumer behaviour. How we respond to these and to changing circumstances more generally will be critical to our success.

As part of cost-cutting, we have had to reduce the amount of money we have available for our main repair and capacity building grant schemes. We hope the effect of this on the historic environment will be mitigated by the anticipated increase in the Heritage Lottery Fund's available funds.

Management Commentary

Budget cuts in local authorities are a major cause for concern as so much of the responsibility for protecting historic places lies with them. This is particularly acute when revisions to the planning system are proposing to give more responsibility to local administrations. We are working with the Local Government Association, professional organisations and local authorities who are delivering heritage services in innovative ways to disseminate what has been learned, and stimulate thinking about more flexible and effective ways of providing heritage expertise.

In order to prioritise our reduced resources effectively and to respond to a changing economy and policy context, English Heritage has devised the National Heritage Protection Plan. Its implementation from 2011 onwards should maximise the protection for England's heritage arising out of our activities.

Our biggest single financial commitment remains the Stonehenge Environmental Improvements project. Completion of the project will cost £23m over the next 4 years. The project is now financed entirely by funds raised from third parties and by the surplus we generate from our commercial activities. In 2010/11 we secured £2.4 million from grants, legacies and donations.

English Heritage's Corporate Plan for 2011 to 2015 was launched in May. For the first time it combines our strategy with our financial position, providing a clear picture of our priorities for the spending round period and the funds available to achieve them.

Chief Executive's Statement

I am required to report on English Heritage's policies and progress in certain areas and the following provides a summary of these.

Disability equality: English Heritage's Disability Equality Scheme aims to increase participation by people with disabilities. The fourth annual progress report on the scheme was published on our website in June 2011. In March 2011 self-reporting by staff identified that 1.8% of those who responded formally declared that they have a disability and 98.2% declared that they do not. However our anonymous staff survey carried out in early 2010 indicated that 8% of our employees considered themselves to have a disability or long-term health condition.

Gender equality: The English Heritage Gender Group monitors progress against an action plan each year and an updated report and revised action plan were published on our website in June 2011. In March 2011 the gender profile of English Heritage staff was 59.9% female and 40.1% male.

Race equality: English Heritage's Race Equality Strategy was reviewed in 2010 and the revised strategy will form part of the English Heritage Single Equality Scheme when this is published later this year. In March 2011 self-reporting by staff identified that 97.7% of those who responded are from White ethnic groups and 2.3% are from non-White groups.

Sickness absence: It is a new requirement for Non-Departmental Public Bodies to report on sickness absence. The AWDL (Average Working Days Lost per person) for English Heritage is 5.1 for the financial year 2010/11.

Sustainable development: There is now a requirement to produce a standalone report on progress against a set of sustainability indicators. This report can be found on page 18.

Safety management: In 2010/11 there were 512 incidents of which 37 were reportable to the Health and Safety Executive under statutory reporting regulations, compared to a total of 429 with 29 which were reportable in the previous year. The increase in incidents is attributable to significant changes in approach within English Heritage in recent years. Three main factors have been identified: under-reporting; encouraging staff to report "near misses", incidents which in the past may have been considered a maintenance issue only; and the ease of reporting brought about by the introduction of a new automated reporting system.

Biodiversity, National Parks and Areas of Outstanding Natural Beauty (AONB): English Heritage has duties to promote National Park and AONB purposes and biodiversity. During 2010/11 we engaged in detail in the National Parks Circular consultation and gave a keynote speech on biodiversity and the historic environment at the annual AONB conference.


Management Commentary

Information and data security: English Heritage has continued to make progress towards compliance with the Government's Mandatory Minimum Measures and Security Policy Framework, with the Board approving the Information Security Policy and additional policies and guidelines needed to achieve compliance in October. Information Assets have been identified and Information Asset Owners appointed, the policies and guidelines have been circulated to all staff and a programme of training is underway for those who handle protectively marked information. Information security is included in the Corporate Risk Register and the annual Statement on Internal Control. English Heritage has suffered no protected personal data incident during 2010/11 or prior years and had made no such report to the Information Commissioner's office.

Open Government and Freedom of Information

English Heritage recognises the important role that access to information legislation (primarily the Freedom of Information Act 2000 and Environmental Information Regulations 2004) plays in serving the public interest by promoting open discussion of public affairs and enhancing accountability. During 2010/11 the amount of information English Heritage makes available via its website (english-heritage.org.uk) increased considerably. As well as providing data required by the Government's transparency agenda, for example of all expenditure over £25,000 and awarded contracts over £10,000, the website now includes a disclosure log with details of all the information requests received by English Heritage. Information that is provided in response to requests that are of a wider public interest can be downloaded as can copies of agendas and the public minutes of Commission, Executive Board and Advisory Committees and Panels.

In 2010/11 we processed 421 requests for information under access to information legislation. Requests covered a wide range of issues including listing applications, planning issues, and the costs associated with various activities.



Dr Simon Thurley
Chief Executive

Directors' Report

Background Information

"English Heritage" is the name of the consolidation of the Historic Buildings and Monuments Commission for England (HBMCE), English Heritage Trading Limited and the Iveagh Bequest. Further details of English Heritage's organisational structure and background are included in the Management Commentary in the Annual Report.

Commissioners and Executive Board Members

The persons who served as Commissioners between 1 April 2010 and 29 June 2011 are detailed in note 12. Details of Executive Board members are given in the Remuneration Report.

Responsibilities of Commissioners

The key responsibilities of Commissioners are to ensure that the statutory responsibilities of English Heritage are undertaken; to provide expert advice and guidance on heritage matters; to establish the overall strategic direction of English Heritage; to oversee and monitor the planned performance against strategic objectives and targets; to ensure the highest standards of probity are used in the administration of funds and to maximise the economical, efficient and effective use of resources for the public good; to ensure the highest standards of corporate governance and to ensure the Commission acts within all statutory and regulatory requirements; to ensure, through the Chief Executive, that the Commission, as employer, acts in accordance with all relevant legislation and best practice; and to ensure that English Heritage conducts its dealings with the community in an open, responsive and accountable manner.

Register of Interests

English Heritage maintains a record of declarations of interest made by Commissioners. A copy of the Register of Interests is available from the Commission Secretariat Manager, English Heritage, 1 Waterhouse Square, 138-142 Holborn, London, EC1N 2ST.

Result for the Year

The net expenditure for the year ended 31 March 2011, after the transfer to the Development and Restricted Funds of £112,000 (2010: £666,000 transfer from the Development and Restricted Funds) was £133,708,000 (2010: £133,159,000). The operating surplus achieved, as a result of operating sites opening to the public and related activities, was £4,300,000 (2010: £2,400,000).

Pensions

English Heritage is a member of the Principal Civil Service Pension Scheme (PCSPS), note 16.

Non-Current Assets

The movements in Non-Current Assets are set out in notes 17 to 19.

Financial Instruments

English Heritage's policy relating to Financial Instruments is set out in note 25. No recurring risks have been noted.

Post Balance Sheet Events

Post balance sheet events are disclosed in note 38.

The Annual Report and Accounts were authorised for issue by the Accounting Officer on the date the Comptroller and Auditor General certified the accounts.

Directors' Report

Charitable Donations

English Heritage did not make any charitable donations exceeding £500 (2010: nil) during the financial year ended 31 March 2011.

Communications with Employees

English Heritage recognises the importance of employee involvement and participation in our activities. Formal consultation with employees takes place through meetings of the English Heritage Whitley Council.

Confederation of British Industry Better Payment Practice Code

English Heritage is a member of the Confederation of British Industry scheme and has established a payment policy which complies with the principles of the Confederation of British Industry Better Payment Practice Code. Invoices received but not paid at 31 March 2011 equated to 12 creditor days (2010: 14 days).

Corporate Governance

English Heritage complies with all the relevant requirements of HM Treasury guidance relating to corporate governance.

Audit Arrangements

The National Audit Office have been auditors of HBMCE since 1 April 2004 and English Heritage Trading Limited from 1 April 2008. Saffery Champness have been independent examiners of the Iveagh Bequest since 1997.

Disclosure of Relevant Audit Information

As Accounting Officer, I have taken all the steps that ought to have been taken to make myself aware of any relevant audit information and to establish that the National Audit Office is aware of that information. So far as I am aware, there is no relevant audit information of which the National Audit Office is unaware.



Dr Simon Thurley
Chief Executive
29 June 2011

Remuneration Report

Remuneration and Human Resources Committee

The objective of the Committee is to review and advise on English Heritage's Human Resources strategy to ensure that it is contributing effectively to the success of the organisation.

It is also the objective of the Committee to review the reward and remuneration of English Heritage's staff so as to:

- demonstrate that reward and remuneration is considered by a Committee which has no personal interest in the outcome of its advice and which gives due regard to the interests of the public and the financial health of the organisation; and
- ensure that staff are fairly rewarded for their individual contributions to the organisation's overall performance within DCMS and HM Treasury delegated limits.

In carrying out the above, the Committee provides advice and oversight external to English Heritage management, necessary to demonstrate public accountability.

The Committee met twice during 2010/11. It comprises no fewer than five members, at least three of whom must be Commissioners, including the Chair of the Commission. Members of the Committee are appointed by the Chair of the Commission. The Chair of the Committee is a Commissioner, but not the Chair of the Commission. Mr Michael Jolly was Chair of the Committee until his appointment as a Commissioner ended on 29 September 2010. He was succeeded as Chair by Professor Ronald Hutton on 14 April 2011.

Executive Board Remuneration Policy

The remuneration of Executive Board is determined by the Remuneration and Human Resources Committee. Pay ranges have been established for each post by reference to the relevant external market data, and changes to base pay are reviewed annually by the Committee in that context.

Executive Board Contracts

Executive Board members are employed on continuous contracts and are required to give three months' notice of termination of employment by resignation. The Chief Executive is also on a continuous contract and is required to give six months' notice of termination of employment by resignation. Early terminations of contract by English Heritage are dealt with in accordance with the rules of the Civil Service Compensation Scheme. The only employees with a contractual performance award arrangement are the Chief Executive and the Director of Resources. The awards are payable for the achievement of specific performance targets and objectives and is a maximum of 20 per cent of basic salary for the Chief Executive and 8 per cent of basic salary for the Director of Resources.

Following the end of each financial year the Remuneration and Human Resources Committee assesses the Chief Executive's and the Director of Resources' performance against their annual targets and objectives and determines the rate of their performance related award.

Remuneration Report

The below information is audited

Emoluments of the Executive Board

	Emoluments		Total accrued pension at age 60 ³	Total lump sum at age 60 ³	Real annual increase in pension	Real annual increase in lump sum	CETV ¹		Real annual increase in CETV
	2011 £'000	2010 £'000	2011 £'000	2011 £'000	£'000	£'000	2011 £'000	2010 £'000	£'000
Simon Thurley Chief Executive	150	163	35	106	1	2	540	491	6
Steven Bee² Director of Planning and Development	78	108	38	-	1	-	704	646	16
Keith Harrison Director of Resources	120	127	9	-	3	-	101	64	28
Edward Impey Director of Heritage Protection and Planning	112	99	16	-	3	-	200	148	35
Deborah Lamb Director of National Advice and Information	101	101	37	-	1	-	477	430	3
Mark Pemberton Director of National Collections	124	121	53	160	-	-	1,181	1,100	-

Notes:

- The actuarial factors used to calculate the CETVs were changed in 2010/11. The CETVs as at 31 March 2011 and 31 March 2010 have both been calculated using the new factors, for consistency. The CETV at March 2010 therefore differs from the corresponding figures in last years report, which was calculated using the previous factors.
- Mr Steven Bee left under Compulsory Early Retirement terms on 17 December 2010. The capitalised cost of the package he received was £107,000. He also received a compensation payment in lieu of notice of £55,000.
- Balances as at 31 March 2011.

Performance Related Awards

Emoluments include gross salary and awards.

The Chief Executive was the highest paid employee. His total emoluments for the year of £150,000 (2010: £163,000) comprise basic salary of £136,000 (2010: £136,000) and a performance related award of £14,000 (2010: £27,000). The Director of Resources' emoluments for the year of £120,000 (2010: £127,000) comprise basic salary of £120,000 (2010: £118,000) and a performance related award of nil (2010: £9,000). The Director of Resources was awarded a performance related award of £10,000 in the year but declined to take it. The remaining Directors received no bonus.

Pension Benefits

Pension benefits to English Heritage staff are provided through the Principal Civil Service Pension Scheme (PCSPS). The value of the annual pension and lump sum at 60 and the real increases thereon and the cash equivalent transfer values (CETV) shown above, include accumulated pension benefits from English Heritage service, plus benefits resulting from any additional contributions and any sums transferred in from other pension schemes in respect of previous employment. The real annual increase in CETV excludes the cash value of accumulated pension benefits transferred from previous employment but does include the benefits resulting from such transfers.

The total annual pension is calculated as either one-sixtieth or one-eightieth of pensionable pay for every year of service, depending on the pension option chosen by the employee. Employer's contributions into the PCSPS in respect of the above employees totalled £160,000 (2010: £168,000). Further details of the PCSPS scheme are included in note 16.

The emoluments section of the Remuneration Report is audited.

The Commissioners of English Heritage are not viewed to be "Directors" as defined by the Government Financial Reporting Manual. Details of the Commissioners and their emoluments are included in note 12.



Dr Simon Thurley
Chief Executive
29 June 2011

Statement of Commissioners' and Chief Executive's Responsibilities

Under paragraph 12(2) of Schedule 3 of the National Heritage Act 1983, the Commissioners are required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State, with the consent of HM Treasury. The accounts are prepared on an accruals basis and must show a true and fair view of English Heritage's state of affairs at the year end and of its income and expenditure and cash flows for the financial year.

In preparing the accounts the Commissioners are required to:

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, and disclose and explain any material departures from these in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Commission will continue in operation.

The Accounting Officer for the Department for Culture, Media and Sport designated the Chief Executive of the Historic Buildings and Monuments Commission for England as the Accounting Officer for English Heritage. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable and for the keeping of proper records, are set out by HM Treasury and published in Managing Public Money.

A copy of the Accounts Direction is available from English Heritage, 1 Waterhouse Square, 138-142 Holborn, London, EC1N 2ST.



Dr Simon Thurley
Chief Executive
29 June 2011



Baroness Andrews OBE
Chair

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 English Heritage's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

Accountability within English Heritage is exercised through:

- **a governing body**, the Commission, as explained in the Directors' Report;
- **an Executive Board**, comprising four group directors and me, as the Accounting Officer. Each group director is personally accountable to me for the management of the risks relating to their group and for those controls relating to the management of corporate risks that fall within their operational groups. There are delegated authorities from the Chief Executive to group directors, and within each group, to make decisions and incur costs as specified in the Financial Memorandum and the Finance Manual; and
- **the Audit Committee**, which is an advisory body with no executive authority. This year the Committee has comprised a Chair who is an independent appointee, and four members, two of whom are non-executive Commissioners, appointed to the Committee by the Chair of the Commission. The Committee's terms of reference include responsibility for advising on and monitoring the adequacy of risk management in English Heritage and the Committee receives regular reports on risk. The Committee carries out its work by testing and challenging the assurances I receive on the effectiveness of internal controls and risk management, the way in which these assurances are developed, and the management priorities on which they are based. The Committee may also seek contributions from others when it considers that its work can be enhanced by other specialist support. The Committee is also given the opportunity to comment on and challenge the assurances made in this statement.

Accountability to Ministers is managed through the usual control mechanisms for Arms Length Bodies, including through the development of a Funding Agreement for the Grant in Aid we receive, the submission of six-monthly progress reports to our Funding Agreement monitoring group and through the application of the controls set out in our Management Statement and Financial Memorandum. In addition I, as Accounting Officer, and the members of my Executive Board, have regular meetings with senior DCMS staff to discuss high level issues. Meetings with the Permanent Secretary and Ministers take place on specific issues as required.

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The system is maintained through an established framework of corporate management, planning, review and monitoring and established policies and procedures. Staff development, performance reporting, accountability and communication frameworks also contribute to the effectiveness of the system.

The system of internal control has continued in place in English Heritage for the financial year ended 31 March 2011 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

Capacity to Handle Risk

The Executive Board is committed to providing staff with support and assistance to enable them to manage their risks effectively. The Board reviewed corporate and group risks, critical projects, key performance indicators and 'hot topics' (ad hoc issues which flare up quickly and so do not always feature on the Corporate Risk Register) at its quarterly performance monitoring meetings. This year Commission has also reviewed corporate risks to ensure the Corporate Risk Register is aligned with English Heritage's draft corporate plan for 2011-2015 and the reduction in Grant in Aid announced by the Government in the Spending Review.

Statement on Internal Control

Capacity to Handle Risk

The performance and risk reporting system has also been reviewed to ensure processes are as effective, streamlined and transparent as possible. The new system will come into effect in 2011-12 once consultation has been completed.

Corporate risks are also reviewed at each Audit Committee meeting. Discussions at Executive Board regularly result in the identification of new risks or areas where controls need to be tightened. Audit Committee is robust in its scrutiny of risk management and, when appropriate, will ask for further information on high risk issues.

Responsibility for managing corporate and group risk lies with group directors who, in turn, assign day to day responsibility to managers in their areas at operational level. Annual Letters of Assurance from group directors to me as Accounting Officer provide an additional level of comfort that risk is being properly managed throughout the organisation. All staff must understand and accept responsibility for the recognised risks associated with their area of authority.

Responsibility for risk management policy and coordination lies with the Governance and Legal Director to ensure that risk management is linked to corporate planning and performance monitoring.

Risk management guidance is available and it includes a statement on English Heritage's Risk Management Policy (see below), procedures to be followed and supporting guidance to aid the understanding of risk management principles.

Examples of developments in best practice in the management of risk are sought through liaison and networking with HM Treasury and other government departments and our external auditors and participation in appropriate training and seminars.

The Risk and Control Framework

English Heritage seeks to adopt best practices in the identification, evaluation and control of risks to ensure that risks are well-managed and either eliminated or reduced to an acceptable level, recognising that some risks will always exist and can never be eliminated. The main processes which we have in place for identifying, evaluating and managing risk are:

- **A risk management policy** based on a risk appetite for taking only carefully calculated risks, where the potential benefits are judged to outweigh any negative impact that may occur if the risks were to materialise. Risk has been defined as 'the threat or possibility that an action or event will adversely or beneficially affect the organisation's ability to achieve its objectives'. The policy defines our risk management objectives, which are to:
 - manage risk in accordance with best practice and encourage a culture of risk management across English Heritage;
 - anticipate and meet changing social, environmental and legislative requirements that enable us to champion England's historic environment;
 - safeguard our assets and minimise opportunities for injury and damage and promote awareness of the need for risk management.
- **A Corporate Risk Register and supporting group risk registers**, which provide information on significant risks, their management control arrangements and views on their current effectiveness. Each group director's risk reporting framework provides for periodic in-year monitoring of risk registers to seek assurances on the management of risks identified and to identify any new risks to be included in the group and/or Corporate Risk Registers as appropriate.
- **A cycle of risk and control identification linked to group and departmental plans, ownership recognition and reports on the effectiveness of the control arrangements**. This process starts at Executive Board level and progresses through the group directors to the appropriate operational levels in each of the four groups and feeds back into the Executive Board reports.

Statement on Internal Control

The Risk and Control Framework

- **Risk monitoring through the Audit Committee**, which receives reports on the development and implementation of English Heritage's risk management arrangements.
- **Quarterly Performance Monitoring Board meetings**, at which Executive Board members monitor corporate performance against business objectives, all mission-critical projects and corporate and group risks. Internal Audit reports have also been added as a standing item to ensure we maximise the links between our risk management processes and the work of Internal Audit.
- **An annual programme of risk-based audits**, designed to focus on key risks and on ensuring lessons are learnt and disseminated.

The monitoring framework has focused on a wide range of issues this year, in particular those arising from the higher than anticipated cut to English Heritage's core funding as part of the Spending Review in October 2010. This resulted in a major exercise to streamline the organisation through restructuring which included reducing the number of operational groups from five to four and starting a voluntary redundancy programme. Measures to reduce the remaining funding gap through commercial growth and savings were introduced. These included changing winter opening hours at our sites and reducing the payroll by exploring opportunities for flexible and reduced working hours as well as the introduction of a voluntary exit scheme.

Work has continued to develop The National Heritage Protection Plan, a national framework for bringing together work by English Heritage and other partners within the sector to protect the historic environment. The plan, which was published in May 2011, will allow us to realign and apply the full range of our expertise and resources towards protection activities carried out directly by English Heritage or towards supporting others in protecting what is valued and significant. It will be a vital tool in informing where cuts should be made whilst maintaining strategic objectives.

In the face of the reduction in core funding and the Government announcement of the withdrawal of £10 million for the Stonehenge Visitor Centre, we continued to explore alternative means of private funding and plan to have new visitor facilities in place by 2013.

Following a review of data security procedures in 2008 we have been making progress towards compliance with the Government's Mandatory Minimum Measures now captured in the Security Policy Framework (SPF). We are currently partially compliant with the Government's information and data handling security standards. Of the 24 information security requirements in the SPF, four are complete, 17 are nearing completion and three are underway. Highlights for this year include the implementation of a corporate Information Security Policy and an Information Asset Protection Policy with the adoption of the Government Protective Marking Scheme. A draft Information Asset Register has been created and directors have been appointed as Information Asset Owners.

A programme of training is underway for all members of staff who handle protectively marked material. An Information Charter has been published on our website and further security improvements to desktop and laptop computers and English Heritage networks are also being made.

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 English Heritage 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 weaknesses and ensure continuous improvement of the system is in place.

Statement on Internal Control

Review of Effectiveness

The effectiveness review process comprises: the assurances gained from an annual programme of internal audit reviews and advice which is agreed by me, Executive Board and the Audit Committee; the assurances provided to me by each Executive Board member through the risk management reporting framework and their individual accountability reports; and assurances gained from the work of specific committees, including Finance Committee and the Safety Council.

The results from my ongoing review of effectiveness are discussed by me with Executive Board and the Audit Committee; the Chairman of the Audit Committee provides assurances based on these reports to the Commission. Arrangements exist to address weaknesses and ensure continuous improvement of the systems.

There have been no significant internal control issues this year and I am satisfied from the results of my review of the effectiveness of the system of internal control, including the assurances provided by managers, that the risk management processes and corresponding control systems are in place and give me reasonable assurance of their effectiveness. Members of the Commission support this statement.

Risk management is an ongoing process and will continue to be integral to strategic and operational planning, and to the delivery of the objectives and targets set out in our Funding Agreement. Risk management procedure and practice will also continue to be reviewed and developed in order to ensure effective control, good management and accountability.



Dr Simon Thurley
Chief Executive
29 June 2011

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

I have audited the financial statements of English Heritage for the year-ended 31 March 2011 under the National Heritage Act 1983. These comprise the Consolidated Statement of Comprehensive Net Expenditure, the Consolidated Statement of Financial Position, the HBMCE Statement of Financial Position, the Consolidated Statement of Cash Flows, the HBMCE Statement of Cash Flows, the Consolidated Statement of Changes in Reserves, the HBMCE Statement of Changes in Reserves 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 Commissioners, Chief Executive and auditor

As explained more fully in the Statement of Commissioners' and Chief Executive's Responsibilities, the Commissioners and Chief Executive as 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 National Heritage Act 1983. 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 HBMCE and English Heritage's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by HBMCE and English Heritage 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.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported 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 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.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of HBMCE's and English Heritage's affairs as at 31 March 2011 and of its net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Heritage Act 1983 and the Directions made thereunder by the Secretary of State.

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

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the directions issued by the Secretary of State under the National Heritage Act 1983; and
- the information given in the Management Commentary and the Directors' Report included in the Annual Report 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
- 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 Statement on Internal Control 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

4 July 2011

Consolidated Statement of Comprehensive Net Expenditure for the Year Ended 31 March 2011

	Note	2010-2011 £'000	Restated 2009-2010 £'000
Income			
Earned Income	2	49,828	48,579
Other Operating Income	3	4,615	5,647
Investment Income	4	356	206
Total Income		54,799	54,432
Expenditure			
Grants	5	34,805	32,254
Heritage Protection and Planning	6	36,755	40,430
National Collections	7	73,954	76,933
Corporate and Support Services	8	30,504	30,888
Depreciation, Amortisation and Impairment		6,565	6,225
Total Expenditure		182,583	186,730
Net Expenditure for the Financial Year Before Exceptional Items		(127,784)	(132,298)
Restructuring and Relocation	9	(5,812)	(195)
Net Expenditure for the Financial Year After Exceptional Items		(133,596)	(132,493)
Transfer to the Development and Restricted Funds		(112)	(666)
Net Expenditure for the Financial Year		(133,708)	(133,159)
Other Comprehensive Expenditure			
Net Expenditure for the Year		(133,708)	(133,159)
Net Gain / (Loss) on Revaluation of Property, Plant & Equipment, Intangible Asset and Heritage Assets	17, 18, 19	11,138	(1,284)
Net Gain in Revaluation of Investments	22	21	111
Total Comprehensive Expenditure for the Financial Year		(122,549)	(134,332)

Consolidated Statement of Financial Position as at 31 March 2011

	Note	2011 £'000	2010 £'000
Non-Current Assets			
Intangible Assets	17	809	980
Property, Plant & Equipment	18	62,787	59,313
Heritage Assets	19	23,308	17,856
Financial Assets	22	448	427
Total Non-Current Assets		87,352	78,576
Current Assets			
Inventories	23	2,959	2,522
Trade and Other Receivables	24	11,220	14,593
Cash and Cash Equivalents	32	16,332	13,914
Total Current Assets		30,511	31,029
Total Assets		117,863	109,605
Current Liabilities			
Trade and Other Payables	27	(33,397)	(33,461)
Obligations Under Finance Leases	26	(566)	(566)
Total Current Liabilities		(33,963)	(34,027)
Total Assets Less Current Liabilities		83,900	75,578
Non-Current Liabilities			
Other Payables	28	(3,081)	(3,017)
Provisions	29	(7,047)	(4,246)
Obligations Under Finance Leases	26	(6,903)	(6,919)
Total Non-Current Liabilities		(17,031)	(14,182)
Total Assets Less Liabilities		66,869	61,396
Reserves			
Revaluation Reserve		22,484	14,285
Donated Asset Reserve		12,731	13,386
EU Government Grant Reserve		2,497	1,876
Iveagh Bequest Capital Fund	22b	448	427
General Reserves	30	20,858	23,536
Development and Restricted Funds	31	7,851	7,886
Total Reserves		66,869	61,396

The financial statements, which comprise the Statement of Comprehensive Net Expenditure, the Consolidated and HBMCE Statement of Financial Positions, the Consolidated and HBMCE Statement of Cash Flows, the Consolidated and HBMCE Statement of Changes in Reserves and the related notes 1 to 38, were approved by the Commissioners of English Heritage and signed on their behalf by:



Dr Simon Thurley
Chief Executive
29 June 2011



Baroness Andrews OBE
Chair

HBMCE Statement of Financial Position as at 31 March 2011

	Note	2011 £'000	Restated 2010 £'000
Non-Current Assets			
Intangible Assets	17	809	980
Property, Plant & Equipment	18	62,787	59,313
Heritage Assets	19	23,308	17,856
Financial Asset	22	2,028	2,028
Total Non-Current Assets		88,932	80,177
Current Assets			
Inventories	23	66	46
Trade and Other Receivables	24	12,162	14,870
Cash and Cash Equivalents	32	15,831	13,412
Total Current Assets		28,059	28,328
Total Assets		116,991	108,505
Current Liabilities			
Trade and Other Payables	27	(33,024)	(32,788)
Obligations Under Finance Leases	26	(566)	(566)
Total Current Liabilities		(33,590)	(33,354)
Total Assets Less Current Liabilities		83,401	75,151
Non-Current Liabilities			
Other Payables	28	(3,030)	(3,017)
Provisions	29	(7,047)	(4,246)
Obligations Under Finance Leases	26	(6,903)	(6,919)
Total Non-Current Liabilities		(16,980)	(14,182)
Total Assets Less Liabilities		66,421	60,969
Reserves			
Revaluation Reserve		22,484	14,285
Donated Asset Reserve		12,731	13,386
EU Government Grant Reserve		2,497	1,876
General Reserves	30	20,858	23,536
Development and Restricted Funds	31	7,851	7,886
Total Reserves		66,421	60,969

The financial statements, which comprise the Statement of Comprehensive Net Expenditure, the Consolidated and HBMCE Statement of Financial Positions, the Consolidated and HBMCE Statement of Cash Flows, the Consolidated and HBMCE Statement of Changes in Reserves and the related notes 1 to 38, were approved by the Commissioners of English Heritage and signed on their behalf by:



Dr Simon Thurley
Chief Executive
29 June 2011



Baroness Andrews OBE
Chair

Consolidated Statement of Cash Flows for the Year Ended 31 March 2011

	Note	2010-2011 £'000	2009-2010 £'000
Cash Flows from Operating Activities			
Net Expenditure		(133,596)	(132,493)
Investment Income	4	(356)	(206)
Depreciation and Amortisation		5,295	5,677
Impairments and Profit on Disposal of Property, Plant & Equipment		1,241	551
Release from Capital Reserves		(839)	(888)
Decrease / (Increase) in Inventory	23	(437)	(311)
Decrease / (Increase) in Receivables	24	3,373	135
(Decrease) / Increase in Payables and Provisions		2,563	450
		<u>(122,756)</u>	<u>(127,085)</u>
Net Cash Outflow from Operating Activities			
Cash Flows from Investing Activities			
Interest Received		362	167
Dividends Received	36	22	22
Payments to Acquire Property, Plant & Equipment and Heritage Assets		(5,695)	(8,056)
Payments to Acquire Intangible Assets		(124)	(166)
Proceeds / (Loss) on Disposal of Property, Plant & Equipment		(1)	22
		<u>(5,436)</u>	<u>(8,011)</u>
Net Cash Outflow from Investing Activities			
Cash Flows from Financing Activities			
Government Grant in Aid		129,854	130,922
Grants Received Credited to the Capital Reserves		756	2,728
		<u>130,610</u>	<u>133,650</u>
Net Cash Inflow from Financing Activities			
Net Financing	32	<u>2,418</u>	<u>(1,446)</u>
Net (Decrease) / Increase in Cash and Cash Equivalents		2,418	(1,446)
Cash and Cash Equivalents at the Beginning of the Year		13,914	15,360
Cash and Cash Equivalents at the End of the Year		<u>16,332</u>	<u>13,914</u>

HBMCE Statement of Cash Flows for the Year Ended 31 March 2011

	Note	2010-2011 £'000	2009-2010 £'000
Cash Flows from Operating Activities			
Net Expenditure		(133,596)	(132,491)
Investment Income		(351)	(202)
Depreciation and Amortisation		5,295	5,677
Impairments and Profit on Disposal of Property, Plant & Equipment		1,241	551
Release from Capital Reserves		(839)	(888)
Decrease / (Increase) in Inventory	23	(20)	3
Decrease / (Increase) in Receivables	24	2,708	933
(Decrease) / Increase in Payables and Provisions		2,813	(666)
Net Cash Outflow from Operating Activities		(122,749)	(127,083)
Cash Flows from Investing Activities			
Interest Received		356	163
Dividends Received	36	22	22
Payments to Acquire Property, Plant & Equipment and Heritage Assets		(5,695)	(8,056)
Payments to Acquire Intangible Assets		(124)	(166)
Proceeds / (Loss) on Disposal of Property, Plant & Equipment		(1)	22
Net Cash Outflow from Investing Activities		(5,442)	(8,015)
Cash Flows from Financing Activities			
Government Grant in Aid		129,854	130,922
Grants Received Credited to the Capital Reserves		756	2,728
Net Cash Inflow from Financing Activities		130,610	133,650
Net Financing	32	2,419	(1,448)
Net (Decrease) / Increase in Cash and Cash Equivalents		2,419	(1,448)
Cash and Cash Equivalents at the Beginning of the Year		13,412	14,860
Cash and Cash Equivalents at the End of the Year		15,831	13,412

Consolidated Statement of Changes in Reserves for the Year Ended 31 March 2011

	General Reserve £'000	Revaluation Reserve £'000	EU Government Grant Reserve £'000	Donated Asset Reserve £'000	Development and Restricted Funds £'000	Iveagh Bequest Capital Fund £'000	Total Reserves £'000
	Note 30				Note 31	Note 36c	
Balance at 1 April 2009	25,301	16,595	2,095	11,072	7,771	316	63,150
Changes in Reserves for 2009/10							
Net Gain / (Loss) on Revaluation of Non-Current Assets	-	(1,775)	(139)	(317)	-	-	(2,231)
Net Gain / (Loss) on Revaluation of Investments	-	-	-	-	-	111	111
Release of Reserves to Net Expenditure	(63)	-	(80)	(648)	-	-	(791)
Expenditure for the Year	(133,159)	-	-	-	(1,023)	-	(134,182)
Transfer Between Reserves	535	(535)	-	-	-	-	-
Total Recognised Income and Expense for 2009/10	(107,386)	14,285	1,876	10,107	6,748	427	(73,943)
Grant in Aid Received	130,922	-	-	-	-	-	130,922
Other Income	-	-	-	3,279	1,138	-	4,417
Balance at 31 March 2010	23,536	14,285	1,876	13,386	7,886	427	61,396
Changes in Reserves for 2010/11							
Net Gain / (Loss) on Revaluation of Non-Current Assets	642	8,562	694	(1,185)	-	-	8,713
Net Gain / (Loss) on Revaluation of Investments	-	-	-	-	-	21	21
Release of Reserves to Net Expenditure	171	-	(73)	(370)	-	-	(272)
Expenditure for the Year	(133,708)	-	-	-	(1,006)	-	(134,714)
Transfer Between Reserves	363	(363)	-	-	-	-	-
Total Recognised Income and Expense for 2010/11	(108,996)	22,484	2,497	11,831	6,880	448	(64,856)
Grant in Aid Received	129,854	-	-	-	-	-	129,854
Other Income	-	-	-	900	971	-	1,871
Balance at 31 March 2011	20,858	22,484	2,497	12,731	7,851	448	66,869

HBMCE Statement of Changes in Reserves for the Year Ended 31 March 2011

	General Reserve £'000	Revaluation Reserve £'000	EU Government Grant Reserve £'000	Donated Asset Reserve £'000	Development and Restricted Funds £'000	Total Reserves £'000
	Note 30				Note 31	
Balance at 1 April 2009	25,301	16,595	2,095	11,072	7,771	62,834
Changes in Reserves for 2009/10						
Net Gain / (Loss) on Revaluation of Non-Current Assets	-	(1,775)	(139)	(317)	-	(2,231)
Release of Reserves to Net Expenditure	(63)	-	(80)	(648)	-	(791)
Expenditure for the Year	(133,159)	-	-	-	(1,023)	(134,182)
Transfer Between Reserves	535	(535)	-	-	-	-
Total Recognised Income and Expense for 2009/10	(107,386)	14,285	1,876	10,107	6,748	(74,370)
Grant in Aid Received	130,922	-	-	-	-	130,922
Other Income	-	-	-	3,279	1,138	4,417
Balance at 31 March 2010	23,536	14,285	1,876	13,386	7,886	60,969
Changes in Reserves for 2010/11						
Net Gain / (Loss) on Revaluation of Non-Current Assets	642	8,562	694	(1,185)	-	8,713
Release of Reserves to Net Expenditure	171	-	(73)	(370)	-	(272)
Expenditure for the Year	(133,708)	-	-	-	(1,006)	(134,714)
Transfer Between Reserves	363	(363)	-	-	-	-
Total Recognised Income and Expense for 2010/11	(108,996)	22,484	2,497	11,831	6,880	(65,304)
Grant in Aid Received	129,854	-	-	-	-	129,854
Other Income	-	-	-	900	971	1,871
Balance at 31 March 2011	20,858	22,484	2,497	12,731	7,851	66,421

Notes to the Financial Statements

I Statement of Accounting Policies

a) Accounting Convention

The financial statements are prepared in accordance with the Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of English Heritage for the purpose of giving a true and fair view has been selected. The particular policies adopted by English Heritage are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The financial statements have been prepared under the historical cost convention, modified for the revaluation of property, plant and machinery, IT equipment, furniture and fittings, intangible assets, heritage assets and inventories where material.

English Heritage Trading Limited, a subsidiary undertaking of HBMCE, continued trading throughout the year ended 31 March 2011. English Heritage Commissioners are the Trustee of the Iveagh Bequest. Hence the financial statements include a consolidation of HBMCE, English Heritage Trading Limited and the Iveagh Bequest.

b) Value Added Tax

Income is shown net of Value Added Tax. Expenditure is shown inclusive of any non-recoverable VAT incurred.

c) Membership Income

Annual membership income is recognised in the Statement of Comprehensive Net Expenditure to match the benefit provided to the member. Income received that relates to benefits to be provided in the following year is treated as Deferred Income on the Statement of Financial Position.

Life membership income is released to the Statement of Comprehensive Net Expenditure over 25 years.

d) Admission, Retail and Other Earned Income

Admission, retail and other earned income is recognised when earned.

e) Government Grant in Aid Receivable

Parliamentary grant is voted to meet English Heritage's cash payments falling due during the financial year. English Heritage accounts for its expenditure on an accruals basis, thus incurring liabilities during a year which may not need to be satisfied by cash payments until future financial years.

Government Grant in Aid receivable is credited to the General Reserve (note 30).

f) Other Grants Receivable

Other Grants Receivable are recognised in the Statement of Comprehensive Net Expenditure and Statement of Financial Position when the conditions of the grant have been fulfilled and the grant is claimable.

Non-Government Grants and Lottery Grants used to purchase, enhance or create Non-Current Assets are held on the Statement of Financial Position as part of the Donated Asset Reserve and are released to the Statement of Comprehensive Net Expenditure as the assets are depreciated.

European Union Grants used to purchase, enhance or create Non-Current Assets are held on the Statement of Financial Position as part of the Government Grant Reserve and are released to the Statement of Comprehensive Net Expenditure as the assets are depreciated.

Notes to the Financial Statements

I Statement of Accounting Policies

g) Grants Payable

Grants payable to individuals and bodies by English Heritage in accordance with its statutory powers and duties are accounted for when the grant recipient carries out the specific activity which forms the basis of entitlement. Grant offers made yet to become payable are quantified at note 33a.

Where grants have been offered but not paid, an accrual of grant owing is calculated based on stage of completion of the works.

For grant schemes where grants are payable in advance, an estimate of prepayment made is calculated based on works not yet complete.

h) Intangible Non-Current Assets

Licences to use software purchased from third parties with a life of more than one year are shown on the Statement of Financial Position as Intangible Non-Current Assets and amortised over the life of the licence or the life of the related asset where there is no licence expiry date. Annual licences to use software are charged to the Statement of Comprehensive Net Expenditure as they are incurred.

Purchased goodwill is not amortised but is subject to an annual impairment review.

Computer software development is capitalised and amortised over its useful economic life. Expenditure on developing the English Heritage brand is charged to the Statement of Comprehensive Net Expenditure as it is incurred.

i) Property – Land and Buildings

Land and buildings owned by, or in the guardianship of, English Heritage are treated as Non-Current Assets in accordance with the Government Financial Reporting Manual and are classified as either:

- Pure heritage assets (non-operational heritage assets);
- Operational heritage assets; or
- Operational (non-heritage) assets, held within Property, Plant & Equipment.

The policy on heritage assets is disclosed at note 1j. Operational heritage land and buildings, which in addition to being held by English Heritage in pursuit of its overall objectives are also used for revenue generating or other non-heritage purposes, are professionally valued and held on the Statement of Financial Position within Heritage Assets. The valuation method used depends upon the type of the building, its use and any conditions attached to its disposal.

Operational (non-heritage) land and buildings are professionally valued and held on the Statement of Financial Position within Property, Plant & Equipment. The valuation method used depends upon the type of the building, its use and any conditions attached to its disposal.

Mixed use buildings are classified according to the majority use. Classification and valuations of vacant properties are informed by the type of the building and its intended future use.

With the exception of major refurbishments and items with a net book value of less than £50,000, all land and buildings held on the Statement of Financial Position are subject to a full professional valuation every five years. Major refurbishments are not valued as they are indistinguishable from the underlying asset. They are depreciated over a shorter useful economic life than the underlying asset. Assets with a value of less than £50,000 are revalued with reference to relevant indices published by the Building Cost Information Services as at 31 March 2011. A full revaluation was undertaken as at 31 March 2011 by professionally qualified internal valuers, and the following external valuers: Ash & Co, Bare Leaning and Bare, Bidwells, Brownhill Vickers, Carter Jonas, Edwin Thompson, Humberts Leisure, King Sturge, Kivells, Mildred Howells, Powis Hughes, RNJ Partnership, Turner and Holman, the Valuation Office Agency and Walton Goddland, in accordance with Royal Institution of Chartered Surveyors' guidance. Interim valuations are carried out only where a material change in value is suspected. The values of the land and buildings held as Non-Current Assets are reviewed

Notes to the Financial Statements

I Statement of Accounting Policies

annually using relevant indices published by the Building Cost Information Services as at 31 March 2011. Any change in value is reflected in the relevant Reserve. Assets held under finance leases are depreciated over the term of the relevant lease. Where possible assets are valued at fair value. Where there is no available market information due to the specialised nature of the asset, depreciated replacement cost valuation is used.

Any unrealised gain on revaluation at the Statement of Financial Position date is taken directly to the Reserves, as follows:

- Assets funded by Government Grant in Aid: Revaluation Reserve
- Assets funded by European Union grant: EU Government Grant Reserve
- Assets funded by lottery grants or donations: Donated Asset Reserve
- Assets funded by other grants: Donated Asset Reserve
- Assets funded by restricted funds: Donated Asset Reserve

Unrealised losses at the Statement of Financial Position date are written off against the proportion of the credit balance on the relevant Reserve which relates to the assets concerned. Any other unrealised losses are charged to the Statement of Comprehensive Net Expenditure.

j) Heritage Assets

English Heritage has two classes of heritage assets which are held in pursuit of its overall objectives in relation to the enjoyment and preservation of heritage. The classes are accounted for as follows:

Land and Buildings - Pure Heritage Assets (non-operational heritage assets) and Operational Heritage Assets

English Heritage maintains over 550 pure heritage land and building assets at over 400 sites throughout England. English Heritage does not consider that reliable cost or valuation information can be obtained for the vast majority of items held as heritage land and buildings as, owing to the incomparable nature of many of the assets, conventional valuation approaches lack sufficient reliability and that, even if valuations could be obtained, the costs would be onerous compared with the additional benefits derived by English Heritage and the users of the accounts. English Heritage does not therefore recognise those assets on its Statement of Financial Position, other than recent acquisitions where a reliable valuation is possible. Expenditure on these assets, where it does not result in the creation of a new operational heritage asset, is charged to the Statement of Comprehensive Net Expenditure as it is incurred. All operational heritage assets are capitalised on the Statement of Financial Position in accordance with note I i.

Heritage Artefacts and Archives

English Heritage maintains over 500,000 heritage artefacts in its collection and almost 12 million archive records in its archive. English Heritage does not consider that reliable cost or valuation information can be obtained for the vast majority of items held in the artefacts' collection and archives and that, even if valuations could be obtained, the costs would be onerous compared to the additional benefits derived by English Heritage and the users of the accounts. This is because of the diverse nature of the assets held, the number of assets held and the lack of comparable market values.

English Heritage therefore does not recognise these assets on its Statement of Financial Position, other than those additions to collections and archives acquired after 1 April 2001 and recognised as per previous requirements of the Government Financial Reporting Manual. These items are recognised at cost, or where donated, at current market value. Expenditure which, in English Heritage's view, is required to preserve or clearly prevent further deterioration of individual collection and archive items is recognised in the Statement of Comprehensive Net Expenditure as it is incurred. Further information on the acquisition, disposal, management and preservation of English Heritage's heritage assets is given in notes 19, 20 and 21 to the accounts.

k) Plant and Machinery, IT Equipment, Furniture and Fittings

Plant and machinery, IT equipment, furniture and fittings are initially recorded in the Statement of Financial Position at cost. Subsequent expenditure is recorded on the Statement of Financial Position if the expenditure enhances the economic benefits of the asset.

Notes to the Financial Statements

I Statement of Accounting Policies

These assets are reviewed annually to ensure that the carrying value remains appropriate. Revaluation and impairment adjustments are made where the adjustment is material.

l) Assets Under Construction

Assets under construction comprise expenditure on the creation or enhancement of Non-Current Assets not brought into use at the Statement of Financial Position date. Transfers are made from assets under construction to the relevant category of Non-Current Asset when the asset is brought into use.

m) Donated Assets

Assets donated by third parties, either by gift of the asset or by way of funds for the asset, will be treated as Non-Current Assets and held at current value on receipt. Donated assets are revalued in the same way as other Non-Current Assets.

n) Depreciation

Depreciation is provided on property, plant and machinery, IT equipment, furniture and fittings (excluding land and assets under construction), in equal amounts each year in order to write down their cost to their estimated residual value over their anticipated useful economic lives. These are as follows:

Non-heritage buildings and gardens

- Dwellings	50 years
- Other permanent or brick/stone buildings	50 years
- Non brick/stone – visitor centres, shops, museums, exhibition buildings	25-40 years
- Other non brick/stone structures	20 years
- Paths, car parks, playgrounds	20-25 years
- Gardens	50 years

Refurbishments

- Shop/café/holiday cottage refurbishment, infrastructure	10-20 years
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Plant and machinery	5-15 years
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IT, furniture and fittings	4-10 years
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Assets held under finance leases are depreciated over the term of the relevant lease.

When considering anticipated useful economic lives, regard is had to the International Accounting Standard 16 requirement to identify assets which have distinct major components with substantially different useful economic lives. Where such assets are identified, separate useful economic lives for component assets are considered.

Operational and pure heritage buildings and historic artefacts and archives are not depreciated, as they are deemed to have indefinite lives.

o) Non-Current Financial Assets

Non-Current Financial Assets, other than those in subsidiary undertakings are held at fair value. Any unrealised gain at the Statement of Financial Position date is taken directly to reserves.

Unrealised losses at the Statement of Financial Position date are written off against the proportion of credit balance on the Capital Reserve which relates to the investment concerned. Any other unrealised losses are charged to the Statement of Comprehensive Net Expenditure.

Investments in subsidiary undertakings are held at cost.

p) Inventories

Goods held for resale are stated at the lower of current replacement cost and net realisable value. Origination costs of internally produced publications for resale are written off over the first print run.

Notes to the Financial Statements

I Statement of Accounting Policies

q) Finance Leases

Assets held under finance leases are recognised as assets of English Heritage at their fair value, or if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation. Lease payments are apportioned between finance charges and the reduction of the lease obligation so as to achieve a consistent rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the FReM.

Contingent rentals are recognised directly in the Statement of Comprehensive Net Expenditure when they are incurred.

r) Operating Leases

Operating lease costs are charged as incurred.

s) Cash and Cash Equivalents

Cash surplus to immediate cash flow requirements is placed on short term deposit in accordance with English Heritage's treasury policy and is treated as cash in the financial statements (note 32). Where there is a bank overdraft this offsets the cash balance.

t) Pension Costs

English Heritage is a member of the Principal Civil Service Pension Scheme (PCSPS). This is a multi-employer defined benefit scheme. English Heritage also operates a by-analogy scheme to the PCSPS for the previous Chairmen. Both schemes satisfy the requirements of applicable accounting standards (note 16).

u) Restricted Funds

Funds held by English Heritage that can only be applied for particular purposes imposed by donors and grant givers are held as restricted funds. Short term investments to cover the amounts held in restricted funds are placed on short term deposit at fixed rates of interest for periods up to one month in accordance with English Heritage's treasury policy and these deposits are treated as Cash and Cash Equivalents in the Accounts.

v) Segmental Reporting

The primary format used for segmental reporting is by expenditure type as this reflects English Heritage's internal management structure and reporting. English Heritage's assets and liabilities are shared across the operating segments and consequently it is not possible to separately identify which segment they relate to, in line with the IFRS 8 exemption.

The expenditure types reported in 2010-11 have changed from those reported in 2009-10 due to significant internal re-organisation of English Heritage's departments as a result of the Government Spending Review in 2010. The segments reported reflect the management structure reported on internally within English Heritage on a monthly basis.

Heritage Protection and Planning is responsible for heritage protection, strategy, research, advising on making and managing changes to historic places and publishing the annual *Heritage at Risk Register*. National Collections is responsible for English Heritage's properties, marketing, development, retail, education, conservation, properties presentation, publishing and the National Monuments Record. Corporate and Support Services are responsible for advising government and other bodies on the value of our historic environment and includes national advice, communications, legal services and corporate governance, and also for providing a range of services to the organisation including finance, human resources, IT and procurement.

Notes to the Financial Statements

I Statement of Accounting Policies

w) Provisions

Provisions are made where the conditions for such a liability exist at the Statement of Financial Position date which can be reliably estimated. Provisions not payable within a year are discounted at a rate of 2.9% where material.

x) Short Term Investments

Funds not held to satisfy short term cash requirements are placed on short term deposit for periods of up to one month.

y) Impact of New Financial Reporting Standards

Adopted for 2010-11

The following new IFRS and FRS and revised or amended IFRSs and FRSs were incorporated into the Government Financial Reporting Manual and adopted by English Heritage from 1 April 2010. FRS 30 'Heritage Assets' was applicable from 1 April 2010 and required heritage assets to be reported on the Statement of Financial Position where information is available and to enhance disclosures relating to all heritage assets regardless of whether they were reported on the Statement of Financial Position.

The requirement in the Government Financial Reporting Manual to charge a notional cost of capital of 3.5% of the average total assets less liabilities during the year, excluding assets funded by non Government grant, donations including lottery funding, and historic artefacts and archives in arriving at net expenditure has been removed. The prior year comparatives have been updated accordingly.

There are no standards and interpretations in issue but not yet adopted by English Heritage that the directors anticipate will have a material effect on the reported income or net assets of English Heritage.

The Consolidated Statement of Comprehensive Net Expenditure for 2009/10 has been restated due to the withdrawal of the requirements to account for Notional Cost of Capital, and an internal restructure of English Heritage leading to a change in segmental reporting.

z) Significant Accounting Estimates and Judgements

Key sources of estimation uncertainty and judgements made in applying accounting policy arise in estimations of stage of completion for grant accruals and prepayments, and provisions for future liabilities for early retirement and redundancy costs.

	2010-2011	2009-2010
2 Earned Income	£'000	£'000
Admission Income	14,287	13,937
Retail and Catering Income	12,077	11,761
Membership Income	18,802	17,261
Other Earned Income	4,662	5,620
Total Earned Income	49,828	48,579

Notes to the Financial Statements

	2010-2011 Capital £'000	2010-2011 Revenue £'000	2009-2010 Capital £'000	2009-2010 Revenue £'000
3 Other Operating Income				
Grants Receivable				
European Community	-	8	-	99
Heritage Lottery Fund	-	542	-	652
Aggregates Levy	-	1,012	-	2,398
Other	242	1,113	2,728	507
Total Grants Receivable	242	2,675	2,728	3,656
Transfer (to) / from Capital Reserves	(242)	454	(2,728)	488
Total Grants	-	3,129	-	4,144
Donations	658	1,088	551	1,080
Transfer (to) / from Capital Reserves	(658)	384	(551)	400
Other Operating Income	-	14	-	23
Total Other Operating Income	-	4,615	-	5,647
4 Investment Income			2010-2011 £'000	2009-2010 £'000
Interest Receivable			334	184
Dividends Receivable			22	22
Total Investment Income			356	206
5 Grants			2010-2011 £'000	2009-2010 £'000
Buildings and Monuments			12,306	9,000
Conservation Areas			2,911	2,340
Cathedrals			181	1,082
Other Places of Worship			8,699	8,265
Historic Environment			5,711	4,740
Aggregates Levy Historic Environment			905	2,139
Other			4,092	4,688
Total Grants Payable			34,805	32,254
6 Heritage Protection and Planning			2010-2011 £'000	2009-2010 £'000
Designation and Listing			4,993	4,909
Heritage Protection			12,184	14,982
Managing the Historic Environment			19,578	20,539
Total Heritage Protection and Planning			36,755	40,430
7 National Collections			2010-2011 £'000	2009-2010 £'000
Running the Properties			40,797	42,295
Caring for our Collections			32,232	34,089
Development and Fundraising			925	549
Total National Collections			73,954	76,933

Notes to the Financial Statements

	2010-2011	Restated 2009-2010
8 Corporate and Support Services	£'000	£'000
National Advice and Information	3,715	4,282
Governance and Legal Services	3,368	4,071
Finance	2,320	2,493
Information Systems	12,298	12,097
Human Resources	1,981	2,518
Office Costs	6,822	5,427
Total Corporate and Support Services	30,504	30,888

Office costs in 2010/11 have risen from 2009/10 due to a one off rates rebate payment of £1,825,000 received in 2009/10. 2009/10 has been restated due to a restructuring programme which was implemented in 2010/11.

9 Restructuring and Relocation Costs

In 2010/11 English Heritage began a restructuring programme to reduce running and operating costs in future years to allow English Heritage to operate within its reduced Grant in Aid. Costs incurred during the financial year ended 31 March 2011 were £5,812,000 (2010: nil). In 2005/06 English Heritage commenced a project to relocate the majority of its London Headquarters staff to outside of London. Expenditure in relation to this project including the restructuring and relocation of the Finance Department totalled nil (2010: £195,000).

10 Taxation

HBMCE enjoys the status of a charity for taxation purposes. No taxation liability is expected on its operations for the year ended 31 March 2011 (2010: nil). English Heritage Trading Limited transferred all its profits for the year ended 31 March 2011 to HBMCE under the Gift Aid rules. Hence, it suffered no taxation charge as it had no taxable profits.

11 Auditors' Fees

	2010-2011	2009-2010
Auditors' remuneration and expenses for statutory audit work:	£'000	£'000
English Heritage and HBMCE	60	68
English Heritage Trading Limited	8	6
Total Auditors' Fees	68	74

The 2009/10 auditors' remuneration includes additional fees related to the implementation of International Financial Reporting Standards.

12 Commissioners

Commissioners' emoluments totalled £108,000 (2010: £99,000) and wholly related to basic fees in respect of their duties as Commissioners and as members of Advisory Committees and Panels. Emoluments also include any income tax payable on home to office travel expenses which English Heritage pays on the Commissioners' behalf. No Commissioner received any performance related fees. The current chair Baroness Kay Andrews OBE, the highest paid Commissioner, was appointed on 27 July 2009 and her emoluments for 2010/2011 were £51,000 (2009/10: £35,000). This position is non-pensionable.

Notes to the Financial Statements

12 Commissioners

The emoluments of the Commissioners were as follows:	2010-2011	2009-2010
	£'000	£'000
Ms Lynda Addison OBE	4	4
Ms Maria Adebowale	4	4
Mrs Joyce Bridges CBE	10	10
Professor Sir David Cannadine (term of appointment ended 29 September 2009)	-	3
Mr Manish Chande	4	4
Professor Sir Barry Cunliffe CBE (Interim Chairman up to 27 July 2009)	8	12
Mrs Gilly Drummond OBE (term of appointment ended 30 March 2010)	-	6
Mr David Fursdon (appointed 1 February 2010)	4	1
Professor Ronald Hutton (appointed 1 October 2009)	4	2
Mr Michael Jolly CBE (term of appointment ended 29 September 2010)	2	4
Ms Jane Kennedy	4	4
The Earl of Leicester CBE (term of appointment ended 22 January 2010)	-	5
Mr John Walker CBE (appointed 1 February 2010)	4	1
Mr Chris Wilkinson OBE RA	4	4
Ms Elizabeth Williamson	4	4

All current Commissioners have been appointed for fixed terms of four years, the appointments are non-pensionable. Commissioners' emoluments are set by the Department for Culture, Media and Sport.

13 Advisory Committee and Panel Members

English Heritage has a number of Advisory Committees and Panels which report directly to Commission. Advisory Committee and Panel Members who were not Commissioners received no emoluments during the year (2010: nil).

14 Related Party Transactions and Connected Bodies

Connected Bodies

English Heritage is sponsored by the Department for Culture, Media and Sport (DCMS) which is regarded as a related party. There were material transactions with DCMS in respect of the receipt of Grant in Aid (note 30), a payment by English Heritage of £129,000 in respect of a £30,000 contribution towards a government work programme and a £99,000 contribution to research and surveys.

There were also material transactions with the following entities for which DCMS is regarded as the parent department:

Arts Council England	National Heritage Memorial Fund
British Broadcasting Corporation	Natural History Museum
Commission for Architecture and the Built Environment (CABE)	VisitBritain
Museums, Libraries and Archives Council	

Notes to the Financial Statements

14 Related Party Transactions and Connected Bodies

During the year English Heritage had material transactions with the following Government Departments and Central Government bodies and there was a material debtor balance with Defra of £779,000 at 31 March 2011:

Cabinet Office	Government News Network
Construction Industry Training Board	Homes and Communities Agency
Department of Communities & Local Government	Ministry of Defence
Department for Environment, Food & Rural Affairs (Defra)	Natural Environment Research Council
Department for Transport	Natural England
Department for Work and Pensions	South West Regional Development Agency
Environment Agency	

Material Transactions with Related Party Interests

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

- Ms Lynda Addison OBE, a Commissioner, has undertaken work for London Borough of Hounslow. London Borough of Hounslow received £38,000 including grant payments of £37,000.
- Ms Maria Adebawale, a Commissioner, has worked on various projects for Defra. English Heritage received income from Defra for £1,910,000 relating to aggregates levy historic environment grants.
- Mrs Joyce Bridges CBE, a Commissioner, is a Commissioner and Deputy Chair of CBE and, from 1 April 2011, Accounting Officer of CBE. CBE received payments totalling £64,000 including English Heritage contributions for the Engaging Places project totalling £52,000. English Heritage was in receipt of payments totalling £49,000 from CBE towards a shared services provision project.
- Professor Sir Barry Cunliffe CBE, a Commissioner, is a trustee of Mary Rose Archaeological Services which received payments of £4,000 as part of a contribution towards the conservation of Seahenge. He is also a trustee of the English Heritage Foundation, with whom English Heritage have a debtor balance of £26,000.
- Mr David Fursdon, a Commissioner, is a Committee Member for the Duchy of Cornwall Rural Committee. The committee paid rent totalling £2,000 and received rent payments from English Heritage of £2,000. He is also a Board Member for The Crown Estate. £2,000 of lease payments were made to, and £25,000 of payments were received from The Crown Estate. He is a consultant to Tregothnan Estate who were in receipt of £3,000 of bursary funding. Mr David Fursdon is also a consultant to Smiths Gore. Smiths Gore received £7,000 of lease payments.
- Ms Jane Kennedy, a Commissioner, is a Partner with Purcell Miller Tritton Architects which received fee payments totalling £30,000 and paid English Heritage £1,000 for photographic image rights. She is also a member of the Peterborough Cathedral Council and Fabric Advisory Committee who received conservation grants totalling £31,000. Ms Jane Kennedy's husband is a member of the Society of Antiquaries Kelmscott Manor Management Advisory Committee. The Society of Antiquaries received £4,000 of payments for room hire.
- Mr Andrew Fane, Chair of the Audit Committee, is the chair of the Stowe House Preservation Trust which received £100,000 of grant payments. He was also appointed chair of the Chiswick House and Gardens Trust in May 2011 which paid English Heritage £5,000 for staff provision. Dr Edward Impey, Director of Heritage Protection and Planning is a trustee for the Chiswick House and Gardens Trust.
- Dr Simon Thurley, the Chief Executive, is a council member of St Paul's Cathedral which received a grant payment of £250,000. He is also Secretary of the English Heritage Foundation, with whom English Heritage have a debtor balance of £26,000.
- Dr Edward Impey, Director of Heritage Protection and Planning, is a trustee of The Ancient Monuments Trust who received grant payments totalling £45,000.

Notes to the Financial Statements

14 Related Party Transactions and Connected Bodies

- Mr Mark Pemberton, the Director of National Collections, is a Director of the Association of Leading Visitor Attractions (ALVA) which received payments of £9,000.
- Mrs Magdalen Fisher, Development Director, is a trustee of St Gabriel's Parish House in the same parish as St Gabriel's Church which received a grant of £1,000.
- The partner of Miss Carol Pyrah, North East Planning Director, runs a research consultancy business which has received payments totalling £4,000 for research projects commissioned by English Heritage.
- The partner of Mr Chris Smith, National Planning Director, is a trustee of the Council for British Archaeology. The Council for British Archaeology received payments of £370,000 including various grant payments totalling £337,000 and other payments of £33,000 which include amounts of £32,000 which relate to a publication management agreement and £1,000 for advertising.
- Mr Humphrey Welfare, the Planning and Development Director, North Territory, is a Director of Hadrian's Wall Heritage Ltd which received payments totalling £202,000, including grant payments of £190,000 and other payments totalling £12,000 which includes a £7,000 payment for grounds maintenance and a £5,000 contribution to the Hadrian's Wall Ltd marketing campaign.

No other Commissioners, key managerial staff or other related party have undertaken any material related party transactions with English Heritage during the year.

15 Employees

a) Employee Numbers

The average number of persons employed during the year expressed as full-time equivalents was:

	2010-2011	2009-2010
National Collections	1,123	1,120
Heritage Protection and Planning	641	663
Corporate and Support Services	249	260
Total Employee Numbers	2,013	2,043

Employee numbers include 17 agency staff (2010: 37).

b) Employee Costs

	2010-2011	2009-2010
	£'000	£'000
Salaries	56,587	58,329
Social Security Costs	4,284	4,473
Pension Costs	9,729	9,824
Redundancy and Severance Costs	6,382	2,734
Agency Staff Costs	695	1,332
Total Employee Costs	76,677	76,692

Included within the above costs are £315,000 salaries costs (2010: £3,000), £27,000 social security costs (2010: nil) and £45,000 pension costs (2010: nil) that have been capitalised within Non-Current Assets (note 18). There are no redundancy and severance costs (2010: nil) and no agency staff costs (2010: nil) that have been capitalised.

Notes to the Financial Statements

15 Employees

c) Reporting of Civil Service and Other Compensation Schemes - Exit Packages

Exit Package Cost Band	Number of Compulsory Redundancies		Number of Other Agreed Departures		Total Number of Exit Packages	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
Less than £10,000	2	4	10	4	12	8
£10,000 to £25,000	12	4	1	3	13	7
£25,000 to £50,000	8	3	3	1	11	4
£50,000 to £100,000	2	-	3	3	5	3
£100,000 to £150,000	1	2	2	3	3	5
Greater than £150,000	2	1	-	6	2	7
Total Number of Exit Packages	27	14	19	20	46	34
Total Resource Cost (£'000)	1,407	412	669	1,992	2,076	2,404

The exit packages reported are for exit packages agreed in the year stated.

16 Pension Costs

English Heritage is a member of the Principal Civil Service Pension Scheme (PCSPS). As the PCSPS is an unfunded multi-employer defined benefit scheme, English Heritage is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice.gov.uk/my-civil-service/pensions).

For the year ended 31 March 2011, employers' contributions were payable to the PCSPS at 1 of 4 rates in the range 16.7 to 24.3 per cent of pensionable pay, based on salary bands (2010: 16.7 to 24.3 per cent). The Scheme 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 the year ended 31 March 2011 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Total employer contributions to the PCSPS were £9,628,000 (2010: £9,794,000).

Employees joining English Heritage after 1 October 2002 can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £178,000 were paid to a panel of three appointed stakeholder pension providers (2010: £183,000). Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £7,000 (2010: £8,000), 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the Statement of Financial Position date were nil (2010: nil). Contributions prepaid at that date were nil (2010: nil).

English Heritage operates a by-analogy scheme to the PCSPS for three of the previous chairmen. The scheme liability at 31 March 2011 was £226,000 (2010: £255,000). This scheme has been valued by the Government Actuary's Department in accordance with Treasury guidelines and International Accounting Standard 19 principles.

Notes to the Financial Statements

17 Intangible Assets

English Heritage and HBMCE	Software Licences £'000	Software Development £'000	Assets under Construction £'000	Goodwill £'000	Total £'000
Cost or Valuation					
At 1 April 2009	855	10,288	324	104	11,571
Revaluations	123	1,478	-	-	1,601
Additions	-	-	360	-	360
Disposals	-	-	-	-	-
Transfer of assets brought into use	165	380	(545)	-	-
At 31 March 2010	1,143	12,146	139	104	13,532
Revaluations	(107)	(1,331)	-	-	(1,438)
Additions	62	-	328	-	390
Disposals	(94)	-	-	-	(94)
Transfer of assets brought into use	62	405	(467)	-	-
At 31 March 2011	1,066	11,220	-	104	12,390
Amortisation					
At 1 April 2009	670	9,469	-	33	10,172
Charge for the Year	212	711	-	-	923
Backlog Amortisation	96	1,361	-	-	1,457
Impairments	-	-	-	-	-
Eliminated on Disposals	-	-	-	-	-
At 31 March 2010	978	11,541	-	33	12,552
Charge for the Year	91	384	-	-	475
Backlog Amortisation	(99)	(1,285)	-	-	(1,384)
Impairments	10	22	-	-	32
Eliminated on Disposals	(94)	-	-	-	(94)
At 31 March 2011	886	10,662	-	33	11,581
Net Book Value					
At 31 March 2011	180	558	-	71	809
At 31 March 2010	165	605	139	71	980
At 1 April 2009	185	819	324	71	1,399

Notes to the Financial Statements

18 Property, Plant & Equipment

English Heritage and HBMCE	Operational Land & Buildings £'000	Dwellings £'000	Plant & Machinery £'000	IT £'000	Furniture & Fittings £'000	Assets under Construction £'000	Total £'000
Cost or Valuation							
At 1 April 2009	58,975	2,318	6,573	3,324	2,250	4,457	77,897
Revaluations	(2,650)	-	-	484	-	-	(2,166)
Additions	70	-	349	18	257	6,603	7,297
Disposals	(7)	-	(316)	(17)	(22)	-	(362)
Impairments	(516)	-	-	-	-	-	(516)
Transfer of assets brought into use	3,377	-	1,436	346	1,582	(6,741)	-
At 31 March 2010	59,249	2,318	8,042	4,155	4,067	4,319	82,150
Revaluations	5,239	1,921	(7)	(413)	-	-	6,740
Additions	-	-	305	40	134	4,892	5,371
Disposals	(9)	-	-	(268)	(23)	-	(300)
Impairments	(470)	(82)	-	(26)	-	-	(578)
Transfer of assets brought into use	2,183	-	17	1,226	282	(3,708)	-
At 31 March 2011	66,192	4,157	8,357	4,714	4,460	5,503	93,383
Depreciation							
At 1 April 2009	11,008	814	4,009	1,839	1,305	-	18,975
Charge for the Year	2,449	46	1,001	703	555	-	4,754
Backlog Depreciation	(782)	(18)	-	269	-	-	(531)
Eliminated on Disposals	(9)	-	(312)	(17)	(23)	-	(361)
At 31 March 2010	12,666	842	4,698	2,794	1,837	-	22,837
Charge for the Year	2,637	53	924	568	638	-	4,820
Backlog Depreciation	3,555	(26)	(11)	(280)	-	-	3,238
Eliminated on Disposals	(8)	-	-	(268)	(23)	-	(299)
At 31 March 2011	18,850	869	5,611	2,814	2,452	-	30,596
Net Book Value							
At 31 March 2011	47,342	3,288	2,746	1,900	2,008	5,503	62,787
At 31 March 2010	46,583	1,476	3,344	1,361	2,230	4,319	59,313
At 1 April 2009	47,967	1,504	2,564	1,485	945	4,457	58,922

The transfers from Assets under Construction to other Non-Current Asset categories represent the transfer of Assets under Construction which have been completed in the year.

The additions and transfers for the year mainly comprise capital projects at our trading sites and ICT improvements. The largest project at a trading site was development at Audley End. ICT improvement projects included improvements to English Heritage infrastructure.

English Heritage's obligations under finance leases (note 26) are secured by the lessors' title to the leased assets, which have a carrying value of £11,626,000 (2010: £11,873,000) within land and buildings excluding dwellings.

Notes to the Financial Statements

19 Heritage Assets

English Heritage and HBMCE	Land & Buildings £'000	Artifacts & Archives £'000	Total £'000
Cost or Valuation			
At 1 April 2010	12,123	5,733	17,856
Revaluations	5,835	-	5,835
Additions	-	277	277
Disposals	-	-	-
Impairments	(660)	-	(660)
At 31 March 2011	<u>17,298</u>	<u>6,010</u>	<u>23,308</u>
Cost or Valuation			
At 1 April 2009	12,709	5,636	18,345
Revaluations	(719)	-	(719)
Additions	156	97	253
Disposals	-	-	-
Impairments	(23)	-	(23)
At 31 March 2010	<u>12,123</u>	<u>5,733</u>	<u>17,856</u>

All land and buildings are subject to a full professional valuation every five years as per English Heritage's accounting policy (note 1i).

All artefacts and archives are recognised and held at cost, or where donated, at market value (note 1j).

Notes to the Financial Statements

20 Further Information on English Heritage's Heritage Assets

Land and Buildings - Pure Heritage Assets

English Heritage manages the National Heritage Collection of over 400 historic properties throughout England providing a diverse portfolio that includes World Heritage Sites, industrial monuments, castles, historic houses, abbeys, forts, stone circles and a large part of Hadrian's Wall. They range from prehistoric ruins to the lavishly furnished Osborne House. In age they range from Neolithic burial chambers dating from 3500-2600BC to twentieth century houses.

All of the land and buildings at these properties have been classified as either pure heritage (non-operational heritage), operational heritage or operational (non-heritage), (note 1i). Over 550 pure heritage assets have been identified and encompass the vast majority of what would be recognised as the main buildings at these properties.

The National Heritage Collection is held by English Heritage under various arrangements, with many being in the guardianship of the Secretary of State for Culture, Olympics, Media and Sport with the freehold being retained by the owner. The remaining properties are either in the ownership of English Heritage, other government departments or the Crown Estate.

Of the pure heritage assets held by English Heritage, only Apethorpe Hall (acquired post 1 April 2001) has been capitalised and recognised on the Statement of Financial Position.

There have been no acquisitions (through purchase or donations) or disposals of pure heritage assets in the last five years. All expenditure on the preservation and maintenance of property has been charged to the Statement of Comprehensive Net Expenditure as it was incurred.

A full listing of The National Heritage Collection is contained in *The English Heritage Members' and Visitors' Handbook* which is available on the English Heritage website. The Handbook also includes full details of public access to these sites.

Land and Buildings - Operational Heritage Assets

English Heritage holds 80 operational heritage assets. All acquisitions and disposals of land and buildings as disclosed in note 19 relate to operational heritage assets. All expenditure on the preservation and maintenance of property has been charged to the Statement of Comprehensive Net Expenditure as it was incurred.

Historic Artefacts

As part of the National Heritage Collection, English Heritage possesses in the region of 500,000 historic artefacts, ranging from environmental remains and archaeological artefacts, to pottery, fine art and furnishings. They are an integral part of our historic properties. As well as being of significance in their own right, they assist in interpreting and presenting our properties to the public and they provide a valuable research resource for heritage professionals and our own staff.

These collections were formed by the past owners of historic houses and castles or by archaeologists excavating sites and by curators recovering former contents. They come from many sources; some were transferred from the Department of the Environment on 1 April 1984, some from the Greater London Council in 1986, some have been donated, some are the results of archaeological excavations on our properties and others have been purchased as part of our ongoing work to restore and enhance our properties.

Total expenditure of £294,000 was incurred on historic artefacts (including replicas) during the year ended 31 March 2011 (2010: £82,000). £277,000 of this expenditure was charged to Heritage Assets (2010: £38,000) and £17,000 was charged to the Statement of Comprehensive Net Expenditure (2010: £44,000). Donated artefacts received during the year had a value of nil (2010: £60,000). There were no disposals of artefacts during the year.

A detailed report on the state of English Heritage's collection was completed in 2010, the culmination of eight years' work by the Curatorial Team. This report identified approximately 17,000 items of international significance, 58,000 of national significance with the remaining artefacts being of regional significance.

Notes to the Financial Statements

20 Further Information on English Heritage's Heritage Assets

Historic Artefacts

As part of the historic artefacts in English Heritage's care, 55% relates to archaeology (which includes all excavated material and documentary records); 30% relates to books and archives (all library and archive holdings at sites and stores, excluding the National Monuments Record archive); 9% relates to decorative arts (items such as replica carpets and curtains, tapestries, stained glass, stone and wood carvings); 4% relates to social and industrial history (items such as arms and armour, coins, machinery and tools); 1% relates to natural history (items such as taxidermy, shells and non-archaeological skeletal material); 0.9% relates to fine art (items such as paintings, sculptures and works of art on paper) and 0.1% relates to ethnography (cultural material such as ritual objects and costumes).

The majority of English Heritage's collection (87%) are kept for their research and display value in 44 store locations.

Archives

English Heritage's extensive archives comprise maps, plans, photographs, files, reports and books. The National Monuments Record holds almost 12 million historic and modern photographs, texts and documents, and is the national record of England's historic environment. Our archives are used by members of the public, professional researchers, other heritage organisations and our own staff. These records have been created by national institutions concerned with national survey programmes and projects, or acquired by them from others. Chief amongst these institutions are: Ordnance Survey Archaeological Record; the former National Buildings Record; the Department of the Environment Library of Air Photography; and the archives and information created by the former Royal Commission on the Historical Monuments of England (RCHME).

Total expenditure of nil was incurred on archives during the year ended 31 March 2011 (2010: £8,000). In 2010 all of this expenditure was charged to the Statement of Comprehensive Net Expenditure, and nil was charged to Non-Current Assets. No donated archives received during the year had a value (2010: nil). There were no disposals of archives during the year.

Within the archive, two collections have been acquired post 1 April 2001 and capitalised. The Images of England collection was a project to photograph every listed building in England. It was completed in 2008 and comprises 320,000 photographs. The Oblique Aerofilm collection was acquired in 2008 and contains 1,400,000 oblique aerial images. No other items within the archive are recognised on the Statement of Financial Position.

Of the archive, 79% of items are photographic (including postcards); 5% are drawings, plans or graphical material; 2% are reports and files; 2% are digital materials and 12% are miscellaneous.

The archive is arranged by collection. Photographic collections of note include: Aerofilms; Images of England; The RAF Collection (vertical aerial photography from the 1940s onwards); Ordnance Survey; Bedford Lemere and Co (pioneering architectural photography); The John Gay, Eric de Mare and Henry Taunt Collections and the English Courtauld Collection.

21 Preservation and Management

The National Collections Group within English Heritage is responsible for the preservation and maintenance of the English Heritage estate, artefacts and archives. The Estates Team within the Conservation Department is responsible for the historic estate, and the Curatorial Department for artefacts and archives.

The Estates Team is managed by four Heads of Estate, and is responsible for the conservation and maintenance of the English Heritage historic estate and the management of development projects. Its work is currently divided into four main streams: the Cyclical Maintenance Programme; the Planned Maintenance Programme; the Property Conservation Programme (major long term or one-off conservation works at more than £50,000) and the Property Investment Programme. The maintenance and conservation work streams are currently being brought under the Asset Management Plan (AMP). The AMP will allow the conservation

Notes to the Financial Statements

21 Preservation and Management

of the estate to be managed according to nationally-established conservation priorities, give English Heritage an awareness of the scale of the 'conservation deficit' in relation to the resources available to address it along with impact assessments of English Heritage's ability to procure the necessary works. Total expenditure on site maintenance of £11,613,000 was incurred during the year ended 31 March 2011 (2010: £12,394,000). Further information is provided in the separate publication *Conservation Principles, Policies and Guidance*, which is available on the English Heritage website. This sets out the framework within which English Heritage manages its own historic estate as well as the thinking that guides its advice to others.

Artefacts are conserved and managed by three teams within the Curatorial Department. The Collections Curatorial Team manages the acquisition and storage of English Heritage's collections and historic interiors. The Collections Conservation Team manages the conservation of historic interiors and collections via its specialists in the care of fine and applied art, conservation science, environmental and pest control and objects care. The Property Curators ensure that the conservation, commercial and visitor-led development of English Heritage sites is guided, planned and executed so as to sustain the values and significance of the sites in question. The team are also involved in the development of presentation and interpretation schemes and the development of Heritage Protection Agreements at English Heritage sites.

The National Monuments Record is maintained within the Curatorial Department by the National Monuments Record Archives team. The archives repository and main public service activities are based in the National Monuments Record Centre (NMRC) in Swindon, Wiltshire. The NMRC is a recognised place of deposit under the Public Records legislation and has high environmental standards for the storage of photographs and other archives. The National Monuments Record aims to devise and maintain services which reflect the varied requirements of a wide range of users. The NMR works closely with the parallel NMRs in Scotland and Wales on a range of archives and access projects, and operates in a UK, European and international context especially for common standards on the management of records of the historic environment. The NMR Archives Team ensures the preservation of the collections and archives held by the NMR, and in supporting intellectual and physical access to them by users. Activities include conservation, cataloguing, contributing to access initiatives and maintaining flowlines to ensure that records are deposited with the NMR and made available.

22 Investments

	Subsidiary Undertakings	Other Investments	Total
	£'000	£'000	£'000
a) HBMCE			
At 1 April 2010 and 31 March 2011	2,028	-	2,028
Details of the subsidiary undertakings are given in note 36.			
b) English Heritage		2011	2010
		£'000	£'000
Market Value at 1 April		427	316
Additions		-	-
Disposals		-	-
Net Investment Gains / (Losses)		21	111
Market Value at 31 March		448	427
Historical Cost at 31 March		434	434

At 31 March 2011 the investment was held in a single Common Investment Fund managed by M&G Securities Limited and comprised 38,576 units in Charifund. The market value shown is net of investment management fees, 0.4625% per annum of the value in Charifund.

Notes to the Financial Statements

23 Inventories

	English Heritage		HBMCE	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Inventories	<u>2,959</u>	<u>2,522</u>	<u>66</u>	<u>46</u>

24 Trade Receivables and Other Current Assets

	English Heritage		HBMCE	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Trade Receivables	976	1,693	976	1,693
Value Added Tax	2,474	2,058	2,474	2,058
Prepayments and Accrued Income	6,685	8,475	6,685	8,475
Other Receivables	1,085	2,367	1,085	2,367
Amount Owed by Subsidiary Undertaking	-	-	942	277
Total Trade and Other Receivables	<u>11,220</u>	<u>14,593</u>	<u>12,162</u>	<u>14,870</u>
Intra-Government Balances				
Balances with Central Government Bodies	3,838	2,533	3,838	2,533
Balances with Local Authorities	184	-	184	-
Balances with Public Corporations	-	4	-	4
Balances with Bodies External to Government	7,198	12,056	8,140	12,333
Total Trade and Other Receivables	<u>11,220</u>	<u>14,593</u>	<u>12,162</u>	<u>14,870</u>

Accrued Income includes £26,000 (2010: nil) owed by the English Heritage Foundation.

25 Financial Instruments

As English Heritage has a three year funding agreement with the Department for Culture, Media and Sport, the Department for Communities and Local Government, and the Department for Environment, Food and Rural Affairs, English Heritage is not exposed to the degree of financial risk normally faced by business entities. Financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which International Financial Reporting Standard (IFRS) 7 mainly applies. English Heritage has no powers to borrow and its only investments are non-current asset investments related to the Iveagh Bequest held in Common Investment Funds. Surplus funds are held on short term fixed interest rate deposit with institutions with low risk credit ratings, classified as cash and cash equivalents.

As allowed by IFRS 7, receivables and payables that are due to mature or become payable within 12 months from the Statement of Financial Position date have not been disclosed as financial instruments.

a) Liquidity Risk

Owing to the nature of its funding and pattern of expenditure, English Heritage does not have any significant liquidity risk.

b) Interest Rate Risk

English Heritage's long term financial liabilities relate solely to provisions (note 29) none of which are interest bearing and are mainly due within one year. The only disclosable financial assets are cash, short term investments and non-current asset investments which are not exposed to significant interest rate risk.

Notes to the Financial Statements

25 Financial Instruments

c) Currency Risk

All financial assets and liabilities are held in sterling.

d) Valuation

There is no material difference between the carrying values and fair values of financial assets and liabilities.

e) Financial Assets

The financial assets consist of cash including short term deposits held at fixed interest rates and non-current asset investments held in a Common Investment Fund (note 22):

English Heritage	2011 £'000	2010 £'000
Non-Current Investments - Common Investment Fund	448	427
	448	427

The short term deposits above mature within one month of the Statement of Financial Position date, interest rates on these deposits range between 0.4 per cent and 1.26 per cent.

26 Obligations Under Finance Leases

English Heritage and HBMCE	2011 £'000	2010 £'000
Gross Lease Liabilities		
Within One Year	566	566
In the Second to Fifth Years Inclusive	2,266	2,266
After Five Years	23,788	24,354
	26,620	27,186
Future Interest	(19,151)	(19,701)
Net Lease Liability	7,469	7,485

It is English Heritage's policy to lease certain of its Property, Plant & Equipment under finance leases. The Engine House Building and NMRC Archive facility lease transfers the risks and rewards of ownership to English Heritage. The assets have been capitalised and are subject to the same revaluation policies as other Property, Plant & Equipment, and are depreciated over the shorter of useful economic life or the lease period with the outstanding lease obligations (net of interest) shown in payables. English Heritage's finance lease policy is disclosed in note 1q. Net lease liabilities repayable within one year were £566,000 (2010: £566,000), in the second to fifth years inclusive £1,878,000 (2010: £1,878,000) and after five years £5,025,000 (2010: £5,041,000).

English Heritage's obligations under finance leases are secured by the lessors' rights over the leased asset disclosed above.

Notes to the Financial Statements

27 Trade Payables and Other Current Liabilities

	English Heritage		HBMCE	
	2011 £'000	2010 £'000	2011 £'000	Restated 2010 £'000
Trade Payables	8,899	13,017	8,899	13,017
Income Tax and Social Security	1,399	1,442	1,399	1,442
Pensions	18	18	18	18
Deferred Income	6,569	5,646	6,200	4,982
Capital Government Grant in Aid	340	340	340	340
Accruals	14,206	10,554	14,206	10,548
Other payables	1,966	2,444	1,962	2,441
Amount Owed to Subsidiary Undertaking	-	-	-	-
Trade and Other Payables	33,397	33,461	33,024	32,788
Intra-Government Balances				
Balances with Central Government Bodies	2,620	1,988	2,620	1,988
Balances with Local Authorities	88	424	88	424
Balances with Public Corporations	1	83	1	83
Balances with Bodies External to Government	30,688	30,966	30,315	30,293
Total Trade and other Receivables	33,397	33,461	33,024	32,788

Other Payables includes £460,000 (2010: £833,000) held on behalf of the Chiswick House and Gardens Trust. 2010 balances have been restated due to a reclassification of current and non-current deferred income.

28 Other Non-Current Liabilities

	English Heritage		HBMCE	
	2011 £'000	2010 £'000	2011 £'000	Restated 2010 £'000
Pensions	208	237	208	237
Deferred Income	2,873	2,780	2,822	2,780
Other Payables	3,081	3,017	3,030	3,017

2010 balances have been restated due to a reclassification of current and non-current deferred income.

Notes to the Financial Statements

29 Provisions for Liabilities and Charges

	Restructuring & Relocation Costs £'000	Legal & Constructive Obligations £'000	Total £'000
Balance at 1 April 2010	3,677	569	4,246
Charged in the Year	4,602	459	5,061
Released in the Year	(165)	(706)	(871)
Utilised in the Year	(1,361)	(28)	(1,389)
Balance at 31 March 2011	6,753	294	7,047

A provision of £2,293,000 (2010: £1,648,000) has been made with relation to early retirement costs payable until pensionable age of 60. These are payable by monthly instalments to pensioners until 2019. Provisions are calculated based on third party information provided by pension scheme administrators.

A provision of £4,460,000 (2010: £2,029,000) has been made in respect of redundancy costs as a result of restructuring English Heritage. Payment is likely to be incurred during 2011.

A provision of £263,000 (2010: £474,000) has been made against dilapidations, rent reviews and contractual disputes, with payment likely to be incurred during 2011. The provision has been calculated based on third party information provided by landlords and subcontractors.

A provision of £31,000 (2010: £95,000) has been made with relation to personal injury and other claims made against English Heritage. The provision has been calculated based on the claim amount and likelihood of payment. Payment is likely to be incurred in 2011.

30 Movement in General Reserve

	2011 £'000	2010 £'000
English Heritage and HBMCE		
Baseline Grant Receivable from DCMS	129,854	130,922
Total Grant in Aid Receivable	129,854	130,922
Transfer re Property, Plant & Equipment Depreciation	171	(63)
Transfer from Revaluation Reserve	363	535
Impairment Reversal	642	-
Total Government Grant in Aid	131,030	131,394
Net Expenditure for the Financial Year	(133,708)	(133,159)
Movement in General Reserve	(2,678)	(1,765)
Balance at 1 April 2010	23,536	25,301
Balance at 31 March 2011	20,858	23,536

Notes to the Financial Statements

31 Development and Restricted Funds

	Balance at 1 April 2010 £'000	Income £'000	Revenue Expenditure £'000	Capital Expenditure £'000	Balance at 31 March 2011 £'000
English Heritage and HBMCE					
Kenwood House	295	3	-	-	298
Down House and Gardens	1,392	4	-	-	1,396
Eltham Palace	1,257	-	-	-	1,257
Rangers House (Wernher Foundation)	655	-	-	-	655
Ditherington Flax Mill	39	-	-	-	39
Wrest Park	1,969	19	(542)	-	1,446
London Squares	14	-	-	-	14
Total Restricted Funds	5,621	26	(542)	-	5,105
Development Fund	2,265	945	(317)	(147)	2,746
Total Funds	7,886	971	(859)	(147)	7,851

The total funds were held as pooled investments as follows:

Cash and Short Term Investments	2011 £'000	2010 £'000
	7,851	7,886

32 Analysis of Net Funds

English Heritage	Change in Year £'000
Balance at 1 April 2010	13,914
Net Change in Cash and Cash Equivalents	2,418
Balance at 31 March 2011	16,332
HBMCE	Change in Year £'000
Balance at 1 April 2010	13,412
Net Change in Cash and Cash Equivalents	2,419
Balance at 31 March 2011	15,831

Within Cash at Bank and in Hand, English Heritage has £10,000,000 (2010: £10,000,000) held on short term deposit and HBMCE has £9,500,000 (2010: £9,500,000).

Notes to the Financial Statements

33 Commitments

a) Grant Offers Made to Other Bodies and Individuals

	£'000
Balance Outstanding at 1 April 2010	53,022
Grants Paid During the Year	(34,805)
New Grant Offers Made During the Year Net of Lapsed Offers	38,858
	<u>57,075</u>
Commitment Outstanding at 31 March 2011	57,075

b) Contracts

Expenditure contracted for as at 31 March 2011 but not provided for in the financial statements amounted to £12,581,000 (2010: £17,635,000) including capital commitments of £3,691,000 (2010: £2,153,000).

c) Operating Leases

Total future minimum lease payments under operating leases are given in the table below for each of the following periods, split between land and buildings and other:

	2011 £'000	2010 £'000
Land and Buildings		
Within One Year	2,626	2,552
Between One and Five Years	7,488	8,205
After Five Years	11,489	12,216
	<u>21,603</u>	<u>22,973</u>
Other		
Within One Year	159	196
Between One and Five Years	75	176
	<u>21,837</u>	<u>23,345</u>
Total Operating Lease Commitments	21,837	23,345

The majority of leases relate to property rentals and are subject to rent reviews. During the year ended 31 March 2011 payments under operating leases totalled £3,333,000 (2010: £2,468,000).

34 Losses and Special Payments

	2011 £'000	2010 £'000
Losses / (Write Backs)	309	188
Special Payments	78	101
	<u>387</u>	<u>289</u>
Total Losses and Special Payments	387	289

There were no other individual losses or special payments that exceeded £250,000 (2010: nil).

35 Contingent Liabilities

Various outstanding claims existed at 31 March 2011. Provision has been made in the accounts for the year ended 31 March 2011 for those outstanding liabilities which will probably require settlement by English Heritage and where the amount of the liability can be reliably estimated (note 29). Due to their nature, it is not possible to quantify the exact liability outstanding relating to the remaining claims, where settlement by English Heritage may be required, but it has been estimated that the total liability will not exceed £250,000.

Notes to the Financial Statements

36 Subsidiary Undertakings

a) English Heritage Trading Limited

HBMCE is the sole shareholder of English Heritage Trading Limited, incorporated in 1994.

The following results of English Heritage Trading Limited have been included in the consolidated results:

	2011 £'000	2010 £'000
Income and Expenditure		
Turnover	14,068	14,033
Expenditure	<u>(12,890)</u>	<u>(12,607)</u>
Operating Profit	1,178	1,426
Interest Receivable and Similar Income	<u>5</u>	<u>4</u>
Profit on Ordinary Activities Before Gift Aid	1,183	1,430
Gift Aid to HBMCE	<u>(1,183)</u>	<u>(1,430)</u>
Profit on Ordinary Activities Before and After Taxation	<u>-</u>	<u>-</u>
	2011	2010
Net Assets as at 31 March	£'000	£'000
Current Assets	3,394	2,977
Creditors: Amounts Falling Due Within One Year	(1,315)	(949)
Creditors: Amounts Falling Due After More Than One Year	<u>(51)</u>	<u>-</u>
Net Assets	<u>2,028</u>	<u>2,028</u>
Share Capital - Ordinary Shares at £1 Each	2,028	2,028
Profit and Loss Account	<u>-</u>	<u>-</u>
Shareholders' Funds	<u>2,028</u>	<u>2,028</u>

b) English Heritage Limited

HBMCE is the sole guarantor of English Heritage Limited, a company limited by guarantee incorporated in 1984. English Heritage Limited was dormant throughout the year.

Notes to the Financial Statements

36 Subsidiary Undertakings

c) The Iveagh Bequest

The Commissioners of English Heritage are also the Trustee of the Iveagh Bequest, a Trust established in 1929 by the Iveagh Bequest (Kenwood) Act for the benefit of Kenwood House. In 1997 Statutory Instrument No 482 transferred Custodian Trusteeship to English Heritage.

The following results of the Iveagh Bequest have been included in the consolidated results:

	2011 £'000	2010 £'000
Statement of Financial Activities		
Incoming Resources		
Investment Income: Dividends Receivable	22	22
Resources Expended		
Charitable Expenditure: Distributions to HBMCE	(22)	(22)
Net Outgoing Resources	-	-
Gain / (Loss) on the Revaluation of Investment Assets: Unrealised Gain / (Loss)	21	111
Net Movement in Funds	21	111
Fund Balances Brought Forward 1 April	427	316
Fund Balances Carried Forward 31 March	448	427
Net Assets as at 31 March		
Non-Current Asset Investments	448	427
Capital Fund Reserves	448	427

37 Landfill Tax Credit Scheme

English Heritage is registered as an Environmental Body with "Entrust", the regulator of environmental bodies under the landfill tax regulations. During the year ended 31 March 2011 there were no projects in progress that were grant funded by landfill tax credits (2010: nil).

38 Post Balance Sheet Event

There were no post balance sheet events.

Donors, Sponsors and Contributors

English Heritage is very grateful to all the benefactors, charitable trusts and grant-making organisations that have contributed to or sponsored its activities during the year ended 31 March 2011. The following have given amounts of, or worth, £1,000 or more:

INDIVIDUAL DONATIONS

Mr Saul Biber
Mrs Jean Breen
Mr Adam Cohen
Mr Keith Cole
Ms Tanya Durlen
Mrs J & Ms J Floyd
Mr Alick Glass
Mrs Elizabeth Gray
Mrs Olive Hollis & Mrs Anne Pettit
Mr David MacDonald
Mr Mark Mazower
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Mrs Patricia Radley
Mr Leslie Sayer
Ms Margaret Shafto
Mr Dennis Frederick Smith
Mrs Thelma Tate
Mrs Doreen Taylor
Mrs Lillian Tertis
Mr Carl White
Miss Kathleen Whittell
Mr Ronald Whittingham

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The Art Fund
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Friends of Kenwood
Garfield Weston Foundation
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Raymond and Blanche Lawson Charitable Trust
NILU
Northern Rock Foundation
The Scotshill Trust
The Wolfson Foundation

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Wells and Young's Brewing Company Ltd

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Advantage West Midlands
Arts Council England
Birmingham City Council
Cadw
Central Bedfordshire Council
Construction Industry Training Board
The Crown Estate
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Doncaster Metropolitan Borough Council
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Gateshead Council
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Historic Royal Palaces
Kent County Council
Mendip Hills Area of Outstanding Natural Beauty
Natural England
Newcastle City Council
North Tyneside Council
One North East
Richmond Town Council
Royal Commission on the Ancient and Historical Monuments of Scotland
Rural Payments Agency
South Tyneside Council
South West RDA
Sunderland City Council
University of Newcastle
Valley of Visions Landscape Partnership Scheme

Donors, Sponsors and Contributors

In addition to the donors, sponsors, legators and contributors listed above, during the year ended 31 March 2011 we also received pledges of future support from many other organisations and individuals and we look forward to acknowledging them in our Annual Report and Accounts in future years.

We also thank those not listed here – together their gifts constitute a significant sum – as well as all donors who prefer to remain anonymous.

In addition The Ashdene Trust made a donation to the Chiswick House and Gardens Trust in support of the joint project with English Heritage, the London Borough of Hounslow and the Trust to restore the fabric and character of Chiswick House Gardens.

English Heritage Offices

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