

ENGLISH HERITAGE

08/09

Annual Report and Accounts  
**2008/09**

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# English Heritage

## Annual Report and Accounts 2008/09

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# Introduction

In my role as interim Chairman, I am delighted to present English Heritage's Annual Report and Accounts for 2008/09. The year was overshadowed by the death last August of our Chairman Lord Bruce-Lockhart. In a short twelve months at English Heritage Sandy made a real impact, especially in securing a better than expected settlement in the 2007 Spending Review. After a very enjoyable and hard working nine months I am pleased to be handing over to our new Chair, Baroness Andrews OBE, who will take up the post on 27th July.

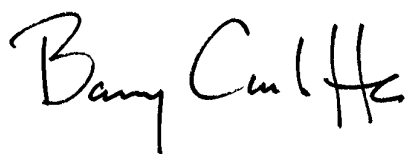
This report gives a snapshot of the progress we have made in protecting and promoting England's tremendous historic environment in the last year, work that has gone on against a background of economic uncertainty and instability in the property market. We were very sorry that despite the best efforts of Andy Burnham, our Secretary of State, the Heritage Protection Bill was unable to proceed due to more pressing legislation. Yet, working with the Government, we believe that we can still make significant progress in heritage protection reform without legislation. Finding a legislative slot still, however, remains a priority.

In July 2008 we announced the first steps towards an all-encompassing register of the country's neglected or decaying historic treasures. The *Heritage At Risk* project will make England the only country in Europe to have a comprehensive knowledge of the state of its protected heritage. This information means that resources can be targeted better and hard evidence is available for all who care about a sustainable future for the historic environment.

I was personally very pleased to be able to launch our report on nighthawking in February. The report sets out ways in which we can protect archaeological remains from illegal and irresponsible treasure hunting.

These are but personal highlights of a busy and successful year. I hope you enjoy reading about it in the following pages.

It only remains for me to thank Simon Thurley and his staff, my fellow Commissioners, Committee and Panel members who together do such a tremendous job in support of the country's heritage.



**Professor Sir Barry Cunliffe CBE**  
Interim Chairman

# Achievements of 2008/09

## AIM 1: Help people develop their understanding of the historic environment

Understanding the historic environment is essential to prioritising and managing its conservation and maximising the cultural, social and economic benefits this brings. English Heritage has a vital role in developing such understanding, both through its own work and through supporting others.

English Heritage's research support takes many forms but it is all guided by a Research Strategy in line with our overarching objectives for the historic environment. Our Historic Environment Enabling Programme awarded 258 project grants this year totalling £5.7 million. Examples included Durham and Northumberland Rock Art which trained volunteers to record prehistoric rock art using cutting-edge photographic techniques and a national programme of Rapid Coastal Zone Assessment Surveys, building a detailed picture of historic buildings, sites and landscapes along the English coast to help plan for the impacts of climate change.

Overall 101 research reports have been produced this year on subjects such as the heritage of the Lea Valley prior to the area's transformation for hosting the 2012 Olympics and on work at English Heritage's properties in support of conservation, development and display initiatives, for example, at Carisbrooke, Kenilworth and Dover Castles and at Richborough Roman Fort and Amphitheatre and Chiswick House.

An important outlet for our research is the *Informed Conservation* series in which new information and analysis of significant historic areas facing major challenges is brought to a wide audience. In 2008 we published the Liverpool *Informed Conservation* series, six books on topics characterising the city which formed part of English Heritage's contribution to the Capital of Culture. We also worked with Liverpool Football Club to produce the Anfield Breckfield book which recorded local sporting history and reached completely new audiences. We also continued the Survey of London series, publishing two volumes on Clerkenwell in April 2008.

As part of our role to inform and raise standards in the historic environment sector, English Heritage publishes a wide range of guidelines and guidance notes. This year these included *Luminescence Dating: Guidelines on using luminescence dating in archaeology* and *Investigative Conservation* which explains how the detailed examination of artefacts from archaeological sites can shed light on their manufacture and use. Three editions of *Research News* were also published, each concentrating on a theme and presenting highlights of our research and its applications.

Developing understanding is also at the heart of the many training programmes English Heritage supports. In October 2008 we launched the new Historic Environment Traineeship Scheme, a two year programme to develop the next generation of historic environment managers who will be well placed to meet the challenges presented within a local authority or one of the many other agencies and organisations managing the historic environment. Our Professional Placements in Conservation programme also continued, and in total 1,266 people attended English Heritage professional training events this year.



# Achievements of 2008/09

In March English Heritage was a signatory to a Memorandum of Understanding to extend craft skills training and improve standards on conservation projects around the country. Launched under the auspices of the Arts and Heritage All Party Parliamentary Group and in collaboration with the construction industry, it was also signed by the National Heritage Training Group and ConstructionSkills.

English Heritage's online resources continue to expand and be utilised by a growing range of people. The National Monuments Record (NMR) purchased at auction a unique photographic record of the work of the London Metropolitan Board of Works, including the Crossness Pumping Station and Bazalgette's drainage infrastructure along the Embankment. We now have 1.4 million records online, including approximately 400,000 images and in 2008/09 2.5 million unique user sessions were recorded.

The Heritage Gateway ([heritage.gateway.org.uk](http://heritage.gateway.org.uk)) also provides an important point of access to English Heritage data and now, for the first time, statutory listed buildings data can be searched online. All statutory data is to be made available online during 2010. As at 31 March, 20% of Local Authority Historic Environment Records were available via the Heritage Gateway, with a target of 50% by 2010.

Alongside research, standard setting, training and making our data available, English Heritage also offers a wide range of learning opportunities for children and adults. In 2008/09 English Heritage hosted 445,320 free educational visits at its sites. Discovery Visits, interactive tours and workshops designed to tie in with a range of subjects and themes in the national curriculum, continue to grow in popularity. The programme attracted 39,300 participants this year. Our education volunteers programme is now in place at ten sites across the country and the team of over 70 volunteers lead or assist with many of the Discovery Visits. In total the Education Volunteers recorded over 3,000 hours of voluntary work.

In January the Engaging Places project was launched at the British Education and Training Technology conference, the world's largest educational technology event. Led jointly by English Heritage and the Commission for Architecture and the Built Environment (CABE) with support from DCMS, Engaging Places is an online resource for teachers using the built environment to teach a range of subjects and skills. The education section of the English Heritage website has been refreshed and navigation made easier as stage one of a two stage project to improve accessibility to information about education programmes and supporting resources.

The high standard of our educational work was recognised in 2008 when Osborne House, Goodrich Castle, Bolsover Castle, Wroxeter Roman City, Kenwood House and Estate, Farleigh Hungerford Castle and Birdoswald Roman Fort all won Sandford Awards for quality and excellence in educational services and facilities.

# Achievements of 2008/09

## AIM 2: Get the historic environment on other people's agendas

Raising the profile of the historic environment means understanding and responding to our stakeholders' needs. We therefore seek their views every two years via a survey. This year's survey told us that more people see us as being successful in influencing strategy and decisions at regional and national levels and in providing sector leadership. The *Heritage at Risk* initiative and the publication of *Constructive Conservation in Practice* were both welcomed as supporting our core role of protecting and conserving the historic environment. Alongside this, our stakeholders want us to provide more evidence of the socio-economic benefits of investing in heritage, to extend partnership working, and to engage more people in the historic environment. These views will form part of the backdrop as we develop our strategy for 2010-2015.

Much of our activity involves working with Government and other agencies to secure changes to national policies which have an impact on the historic environment. We have been working closely with the Department for Communities and Local Government (CLG) and DCMS to produce a consultation draft of a new Planning Policy Statement for the Historic Environment. This represents a major step forward in our work to reform the heritage protection system. In May 2009 the Government will launch *World Class Places - The Government's Strategy for Improving the Quality of Place* which will lay out how Government will promote good architecture, conserve the historic environment and do more to create great places to live and work. We have been working with CABE, CLG and the Homes and Communities Agency on how to make sure *World Class Places'* strategic objectives are met. We also responded to a range of consultations from Government departments and organisations and successfully lobbied for amendments to the Marine and Coastal Access Bill, which now incorporates consideration of the historic environment alongside that of the natural environment. We also responded to the recommendations of the House of Lords' Science and Technology Select Committee by establishing a steering group and going out to consultation on a first draft of a strategy for heritage science.

The Government Historic Estates Unit continues to be a source of conservation advice to Government departments, completing *Managing Historic Assets* which provides national guidance on Asset Management Plans this year. We also completed *Seeing the History in the View*, guidance on how to assess the significance of historic views and how to ensure their future management; it won the Landscape Institute's Landscape Policy Award in November. We finalised joint guidance with CABE on *Large Digital Screens in Public Spaces* and published our own guidance on *Temporary Structures for Events*. Both will help local authorities and others take into account the wider historic environment when planning for the Cultural Olympiad.

English Heritage and Cadw have completed a study to evaluate the social and economic benefits of heritage within National Parks in England and Wales. Projects will now be developed to build on this evidence base. We have also produced a framework to help structure our future research into protected landscapes within National Parks and Areas of Outstanding Natural Beauty.

One of the most pressing issues of our time is climate change. This was the theme of the seventh edition of our annual survey of the state of the historic environment, *Heritage Counts*

# Achievements of 2008/09

2008, launched in October. *Heritage Counts 2008* made the case that the re-use and recycling of older buildings is in itself sustainable and that energy efficiency can be improved without destroying their distinctive character and value. In July 2008 we launched *Climate Change and Your Home* ([english-heritage.org.uk/climatechangeandyourhome](http://english-heritage.org.uk/climatechangeandyourhome)), an interactive website which gives practical advice on how to adapt traditional houses without compromising their historic character. The website has already received 25,000 visitors. We have also developed a productive relationship with the new Mayor of London and the Greater London Authority on sustainability and climate change, and are collaborating on the Mayor's Empty Homes Initiative using our *Heritage At Risk Register*.

Following the DCMS led review into how culture is supported and promoted in the regions, English Heritage, Sport England, Museums, Libraries and Archives Council and the Arts Council have developed regional action plans which set out how they will work together on joint priorities. Each regional group will coordinate working under four priority areas around improving relationships and developing services with local authorities, place shaping, and 2012 and the Cultural Olympiad.

We published *Local Area Agreements and the Historic Environment* in May 2008 which encourages communities to capitalise on their distinctive local heritage. In Northumberland, English Heritage worked alongside the Northumberland Strategic Partnership to include heritage at risk as a target in its Local Area Agreement, a step which will help to promote the issue to local partners.

English Heritage is a member of the Yorkshire and Humber Historic Environment Forum which published the *Regional Historic Environment Strategy* this year. It provides a framework for the management of the historic environment and a basis to guide regional policy and decision-making.

English Heritage jointly funded the Heritage Tourism Initiative with the North West Development Agency this year to strengthen links between the historic environment and tourism sectors. Run with the Historic Houses Association and the National Trust, the Heritage Tourism Initiative is regarded by the Secretary of State as an exemplar project for getting the historic environment on other people's agenda.

We organised four sub-regional historic environment summits on behalf of the East Midlands Heritage Forum this year to build understanding of, and support for, heritage protection reform. Over 200 people took part, from local authority leaders to civic societies and parish councils. Feedback showed that delegates valued the district based workshops in particular as they enabled local partners to work together on the practicalities of managing and investing in specific historic places.

One of the ways we can tell if we are being successful in influencing others is the degree of financial support we secure from third parties and in 2008/09 we successfully completed the fundraising needed for the project we are participating in with the London Borough of Hounslow and the Chiswick House and Gardens Trust, for the restoration of Chiswick House Gardens. Income from legacies and donations was £777,000 and corporate partnerships were renewed with Ecclesiastical Insurance and Wells Bombardier, bringing much needed income to support the *Heritage at Risk* campaign and our events programme.

# Achievements of 2008/09

## AIM 3: Enable and promote sustainable change to England's historic environment

The exclusion of the Heritage Protection Bill from the Queen's Speech was disappointing but does not prevent progress. English Heritage staff together with DCMS and CLG are now implementing those elements of the Bill that do not require primary legislation – about two-thirds of the measures proposed. Heritage protection reform will now take longer than originally planned but much can be done to achieve more targeted and effective heritage protection, to clarify the responsibilities of English Heritage, and to provide better access to information and ensure local authorities are better equipped to fulfil their role. This work will continue over several years.

This year we took the first steps towards a comprehensive *Heritage at Risk Register* of all the nation's heritage assets at risk: Listed Buildings, Scheduled Ancient Monuments, Historic Parks and Gardens, Registered Battlefields and Historic Shipwreck Sites. It showed for the first time that 21% of the nation's scheduled monuments are at risk. The Register will be further expanded in coming years to include conservation areas and places of worship. It will be used to inform many areas of our work in the future and will particularly help us direct resources to the areas of greatest need.

In August English Heritage won an important public inquiry on the proposed demolition of part of the market building at Smithfield in London. The inquiry concluded that the buildings made a significant positive contribution to the character and appearance of the Smithfield Conservation Area and confirmed that buildings which have been identified as interesting, whatever the designation or grade, should be retained unless there is very good reason not to do so. We continue to work with the owners to find a sustainable future for the site.

It can be difficult for owners of historic properties to find the resources to look after them adequately. In some tightly-defined circumstances owners are permitted to develop in places where this would not normally be allowed if the development is the only way of generating sufficient resources to look after a historic building. During the last year we updated our policy on *Enabling Development and the Conservation of Significant Places* and promoted it with a series of seminars around the country. We launched *Constructive Conservation in Practice* in 2008, a volume of exemplary conservation-led projects to raise awareness of constructive conservation, the broad term adopted by English Heritage for a positive and collaborative approach to conservation that focuses on actively managing change. This publication is also designed to increase confidence in the use of historic places to support regeneration, place-making and community development.

English Heritage continues to work collaboratively with local authorities around the country particularly in the area of planning advice. This year we have been working with Manchester City Council on its register of historic buildings which will aid the future management of the properties and with Chester and Carlisle to help inform major regeneration projects in the historic cores of these cities. English Heritage also assisted Liverpool City Council, North West Development Agency and Liverpool Vision in the preparation of a Supplementary Planning

# Achievements of 2008/09

Document to guide future development in the World Heritage Site. We advised on a very significant development in Bath and offered this advice to the UNESCO World Heritage Committee mission to the city. In turn this process played a part in the development of appropriate policies for urban World Heritage Sites everywhere. The Urban Panel, which brings together the expertise of CABE and English Heritage, also continues to share advice and expertise on strategies and developments bringing significant change to towns and cities.

We are working with Newcastle City Council to pilot a Heritage Partnership Agreement for the future management of the Grade II\* listed Byker Estate in Newcastle. The potential offered by the pilot has formed an important part of a bid for Private Finance Initiative funding for refurbishment of the whole estate.

English Heritage's commitment to responding swiftly and helpfully to requests for advice is reflected in our performance figures. In 2008/09 an average of 96% of formal consultations were returned within the agreed deadline. Some of the key developments which came to fruition over the past year for which English Heritage provided advice were:

- St Pancras Station, London: adaptation of the Grade I station buildings to provide an international Eurostar terminal.
- Cooper's Studios, Newcastle upon Tyne: conversion of an 1897 auction room for horses and carriages which later became an early car showroom. Saved from demolition, it is now a prestigious office.
- St Martin in the Fields, London: completion of the refurbishment of the Grade I listed church and the adaptation and conversion of the vaults to social and community use.
- Block Mills, HM Dockyard, Portsmouth: refurbishment of the Grade I listed Building At Risk by Defence Estates.
- Blenkinsopp Castle, Northumberland: the repair of an at risk Scheduled Ancient Monument and Grade II listed early 19th century house which incorporates the remains of a 14th century tower.
- Great Yarmouth, Norfolk: changes negotiated with the promoters of a proposed casino scheme so that the setting of Nelson's Monument, a local icon erected between 1817-19, would not be compromised by the new development.

Our responsibility for advising Government on proposed designations continues to command considerable attention. We received 2,028 requests for changes to the statutory list and DCMS listed 440 buildings on our recommendation. Some high profile campaigns both for and against the listing of buildings have been run, particularly over modern buildings. Work on the designation of schools, churches and cemeteries and into areas facing particularly high levels of redevelopment pressure continues.

# Achievements of 2008/09

## AIM 4: Help local communities care for their historic environment

Most of England's protected historic environment is regulated by Local Authorities.

English Heritage works hard to help local government to make well informed decisions on development proposals; by the end of the year 76% of local planning authorities had appointed a Heritage Champion. The main support for champions is the Historic Environment Local Management (HELM) programme. In 2008/09 47 courses covering a broad range of subjects were run under the HELM banner training over 1,300 people; the HELM website received around 350,000 unique visits; and there are over 200 English Heritage and 700 Local Authority publications in its guidance library. We published *Understanding Historic Buildings: Policy and Guidance for Local Planning Authorities*, advice on ways of investigating and recording historic buildings, and *LEADER and the Historic Environment*, to inspire heritage-led rural development projects this year. We also produced practical *Streets for All* case studies to add to the considerable body of work we have completed on sensitive streetscape management. In February the first joint Local Government Association and English Heritage conference was held to help local government maximise the potential of heritage assets.

Beyond helping local authorities, one of the most practical ways in which English Heritage provides support is through our grant schemes. In 2008/09 we offered grants totalling £13.3 million to 177 secular buildings and monuments to help secure their future. Of this, £9.5 million was offered to 113 buildings on the *Buildings at Risk Register*. One of these, the Grade II\* National 'Wilderspin' School in Queen Street, Barton on Humber, has been fully restored creating a new tourist attraction and community asset. We have also offered advice on the reuse of the Grade II\* listed Tynemouth Station in North Tyneside, regarded as one of the most impressive Victorian station complexes in the North East, and a grant towards essential repairs.

Bletchley Park, the site of British secret code-breaking activities in the Second World War and the birthplace of the modern computer, was awarded an English Heritage grant of £330,000 towards the emergency repair of the main mansion building's roof. We also offered a grant of £300,000 to the Landmark Trust, enabling them to take forward the stabilisation of Astley Castle in the West Midlands as a precursor to an exciting scheme in which a wholly new building will sit within the ruins. A grant of £150,000 has enabled the repair of St. James Priory, the most complete Norman building in Bristol. Two rare medieval monastic buildings at the Grade II\* listed Nostell Priory in Wakefield have been repaired and converted to office space with the aid of English Heritage grants.

Historic places of worship are a major part of our heritage forming over 45% of Grade I listed buildings. In December, with the support of Andy Burnham, our Secretary of State, we launched a major new scheme to support those who look after them. The new scheme offers a 50% grant towards the cost of employing staff to provide local, hands-on support to congregations. Places of Worship Support Officer posts for Cumbria and the North West Multi-Faith Tourism Association have been established following a successful pilot project in Manchester. Both officers are working with local communities to enable them to take fuller responsibility for the management of their buildings.



# Achievements of 2008/09

The joint English Heritage and Heritage Lottery Fund Repair Grants for Places of Worship scheme, the largest single source of funding for repairs to places of worship in England, has offered over £156 million to over 1,700 projects since 2002. In 2008/09 206 grants were offered, including £108,000 to the New West End Synagogue in London for roof repairs and £46,000 to All Saints Church, Herstmonceux, East Sussex, to replace cedar roof shingles which had been badly attacked by woodpeckers. Awards in the joint English Heritage and Wolfson Foundation Grants for Cathedrals scheme saw 24 grants totalling £2.7 million offered to 23 cathedrals.

As well as individual buildings, English Heritage recognises the importance of maintaining the integrity of areas and streetscapes. A grant of £1 million has been pledged to High Street 2012, the improvement of groups of historic buildings at risk on the A11 corridor linking the City of London to the Olympics site. We also carried out an appraisal which led to the designation of a conservation area around a complex of industrial buildings near the Olympic site thus preserving them in this major development area.

English Heritage disburses the Aggregates Levy Sustainability Fund on behalf of the Department for the Environment, Food and Rural Affairs. This year we gave £1.4 million to projects to identify, protect and conserve the historic environment from the impact of aggregates extraction on land and at sea. Three vulnerable monuments associated with aggregates received repair grants: a church in Buxton, Derbyshire, and two historic quarrying areas in Portland, Dorset.

From time to time, English Heritage also intervenes directly to provide solutions where no other organisation is able to do so. One such case was with the acquisition of the JW Evans silver factory in Birmingham's Jewellery Quarter which English Heritage secured for the nation last year. A contract has now been let for the stabilisation of the building and we are undertaking essential research to understand this important site better.

English Heritage's London Squares Campaign also continues to improve local places and lever investment. Fitzroy Square opened this year following joint funding with Camden Council.

As a founder member and funder of Hadrian's Wall Heritage Ltd, English Heritage has supported the company to produce the latest Management Plan for the Hadrian's Wall World Heritage Site. English Heritage has also supported the development of proposals for the Lake District World Heritage Site.

As part of our national programme to encourage and stimulate development of traditional craft skills we support the North East Heritage Skills Project. This year it organised the second North East Heritage Skills Fair at the National Trust's Gibside Estate which saw over 4,000 people attend over three days and try out new skills. The project also offered 24 practical training courses on a range of traditional skills such as cobble laying, lime and hair plastering and dry stone walling.

# Achievements of 2008/09

## AIM 5: Stimulate and harness enthusiasm for England's historic environment

If enthusiasm and passion for enquiry could be personified there could hardly be a better proponent than Charles Darwin. English Heritage marked the bi-centenary of his birth in February by re-displaying Down House in Kent, his home for forty years. New displays and interpretation, including a re-creation of Darwin's cabin on the Beagle, tell the story of how he came to write *On the Origin of Species*, and a new shop and café have revitalised the house. We have also been working to make the Beagle collection, Darwin's field notebooks and diary, available online.

English Heritage's largest capital project of the year has been the display of the Keep at Dover Castle, made possible by Sea Change funding, Government support to help culture regenerate run-down seaside resorts. The Keep and a new permanent admissions building for the Castle will be ready in August 2009. In April 2009 at Kenilworth Castle we completed our reconstruction of the pleasure garden which Robert Dudley, Earl of Leicester, created to impress Queen Elizabeth I in 1575. An aviary with pheasants and canaries, and a marble fountain are among the highlights.

In January a revised World Heritage Site Management Plan for Stonehenge was submitted to DCMS following a public consultation. A new scheme to improve the environment of the monument and the visitor facilities has been developed and will be implemented by 2012.

A major reinterpretation of Lullingstone Roman Villa in Kent opened in July 2008. Visitors have increased by 45% on the previous year and it was short-listed for a Museums and Heritage 'Use of Technology' Award. Our representation of the service wing at Audley End House opened in May 2008. We developed a new exhibition at Berwick-on-Tweed which was accompanied by a re-interpretation of the ramparts and an outreach project with a local school and youth club. We have also completed major improvements at Tynemouth Castle and Priory, Hailes Abbey, the Admiralty Lookout at Dover Castle, Pendennis Castle and at Wrest Park where work continues. New visitor facilities were opened at Tintagel Castle and new holiday cottages created at Peverell's Tower at Dover Castle and Peacock Cottage, Kirby Hall, taking the total number of cottages to 14.

Our programme to improve interpretation and the visitor experience at free sites has included new display panels at Northington Grange, Silchester and Berkhamsted Castle this year. We have engaged with the public in new ways, making short films which can be viewed on our website, including on the *Heritage at Risk* project and the JW Evans silver factory rescue. Separately, we worked with the charity Scope to prepare an *Access for All* policy which we hope will help to remove barriers to enjoying our properties.

English Heritage continues to contribute towards the DCMS *Taking Part* survey which provides national data on people's engagement with the historic environment. Results published in 2008 showed that 70% of adults resident in England made at least one visit to an historic environment site in the 12 months prior to the interview. *Taking Part* data also enables us to measure performance against the DCMS Public Service Agreement (PSA) target to increase the proportion of adults from priority groups attending heritage sites. While attendance of adults



# Achievements of 2008/09

from Black and Minority Ethnic groups more than met the target of a three percent increase, attendance by adults from lower socio-economic groups or who have a limiting disability did not meet this target. To understand why fewer people from lower socio-economic groups visit historic places English Heritage hosted a conference, *Missing Out?*, in March. New research will explore the attitudes and expectations families have about English Heritage sites and heritage in general. The findings will be shared widely and will inform English Heritage's operational strategy.

We continue to create community engagement projects which inspire new connections with the historic environment. This year 41,289 people from under-represented groups participated, learning new skills, making links with others in their community or gaining a new perspective on heritage. Highlights of this year's programme include an initiative on the architectural significance and future regeneration potential of Manningham in Bradford. A publication was produced and a film made by the local community in which they shared their memories and voiced their opinions on what is and isn't significant in the area. The project *Traditions to Transitions* in Penwith, Cornwall, enabled young people and their families to learn about sustainable lifestyles and traditional craft skills. Working with Age Concern, the young people interviewed older members of their community about using traditional heritage skills. They then had an opportunity to try out these skills and think about the relevance to their lives in a sustainable, less oil-dependant future.

We share our outreach work on the *Our Place* website ([ourplacenetWORK.org.uk](http://ourplacenetWORK.org.uk)) which now includes over 1,000 members. The site supports people working to broaden engagement in the heritage sector. One initiative this year has been to create an area within YouTube in which people can post videos produced through community engagement projects.

The number of people coming to events at our properties reached 534,737, a 9% increase on last year. Our flagship event, the Festival of History, attracted 17,784 visitors over two days.

The National Monuments Record staged 11 exhibitions of its material at 22 venues across the country, attracting 170,000 visitors. Among these was an exhibition of the photographs of the German émigré John Gay (1909-99) at Kenwood House which was visited by over 24,000 people. It was accompanied by a publication, *England Observed: John Gay (1909-99)* on his life and work.

English Heritage's Publishing team, an increasingly important outlet for our research and expertise, was re-structured in May 2008 since when 12 new titles have been published and promoted in a new-style catalogue formally launched at the London Book Fair. The third *English Heritage Historical Review* was published in December and we produced six new volumes in our 'Red' Guidebook series this year for sites ranging from Castle Acre Priory and Castle to Witley Court.

Blue Plaques were erected to honour 11 notable individuals this year, including those to actors Alastair Sim, Dame Celia Johnson and Sir Ralph Richardson, landscape architect Sir Geoffrey Jellicoe, and James Smithson, founder of the Smithsonian Institute.

# Achievements of 2008/09

## **AIM 6:** Make the most effective use of the assets in our care

English Heritage's sites are its most visible assets and while paying visitor numbers were down as a result of bad weather over the summer of 2008, in total 5 million visited our staffed properties. Membership of English Heritage supports our efforts to care for the properties and this year membership reached 687,000 (972,800 including corporate members). There were 967,000 member visits to sites. We felt the effects of the economic downturn in some areas which reduced our total income to £48.1 million this year from £49.2 million in 2007/08. However income from membership, retail and catering and from corporate hospitality did well; earned income alone reached £42.9 million, up 5.4% on last year. English Heritage also continued to focus on efficiency; these initiatives included reducing our office costs and use of office space in central London, and implementing major structural change of our Finance function.

During the year English Heritage has undertaken a major reform of its pay structure. New proposals have been developed to address anomalies in the old system, to make us more flexible and to align us more clearly with the external market. Building on issues raised in our 2007 staff survey a set of English Heritage Behaviours has been developed to help us support each other in our work more effectively. This year has also seen a revised approach to performance management which incorporates the new English Heritage Behaviours and supports the increased emphasis on performance management in our new pay arrangements.

A major restructure of English Heritage's Finance department has been implemented. Its aim was to achieve better support for the organisation, to add value and to operate at lower cost. The overall size of the Finance function has been reduced and central Finance relocated from London to Swindon. Various business process improvements are being introduced alongside the structural changes.

The Relocation programme has continued and has reduced London office accommodation and London office based posts still further. The number of posts based in London has reduced by over 230 since the programme started.

To support these moves, our IT systems have been improved. A new server room was built in Swindon to house 40 servers moved from London and new file servers were provided to seven regional offices to increase capacity and improve processing speeds. The ICT department again achieved ISO20000 re-accreditation and equipment has been upgraded including to support home and other more flexible ways of working.

We are implementing our Sustainable Development and Climate Change Strategy, including a pilot assessment of the carbon footprint of our largest office, in Swindon, which will inform our plans to reduce carbon emissions at our offices and historic properties.

English Heritage is undertaking condition surveys of all the properties in its care to establish their condition and to inform a new prioritised maintenance and conservation programme. At the end of March 235 surveys had been completed. We have been developing the skills and knowledge

# Achievements of 2008/09

of staff involved in the conservation of our estate, from the hands-on technical side to those in property management via a series of bespoke training courses at West Dean College.

As part of our drive to rationalise the storage of our historic artefact collections, in the interests of economy, public access and conservation, we have installed state-of-the-art powered pallet racking systems at our store in Helmsley, Yorkshire.

Our work has been recognised in many ways this year. We were delighted to achieve several awards for our sites, for example, Goodrich and Bolsover Castles winning regional visitor attraction of the year awards.

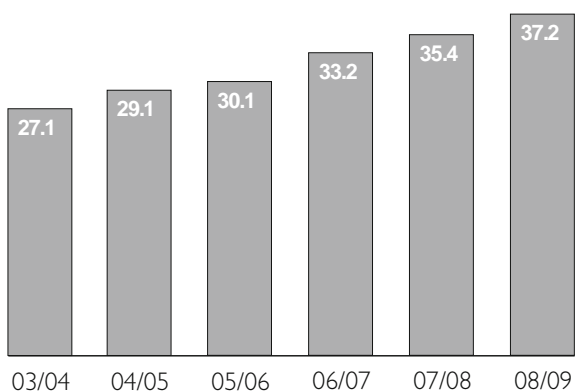
# Facts and Figures

	2004/05	2005/06	2006/07	2007/08	2008/09
Number of visitors to staffed properties	5.3 million	4.7 million	5.3 million	5.2 million	5.0 million
Number of members	555,000	595,000	630,000	665,000	687,000
Number of free educational visits	475,850	485,000	481,000	430,630*	445,320
Number of children taking part in Discovery Visits (first full year of scheme 2006/07)		Programme launched	10,400	27,000	39,300
Number of applications received to make changes to the statutory list (including changes to existing entries)	2,055	2,096	1,876	2,068	2,028
Number of recommendations to make additions to the list passed to DCMS	491	425	353	564	440
Percentage of entries removed from 1999 Baseline <i>Buildings at Risk Register</i>	36.4%	40.5%	43.8%	45.5%	48.0%
Number of outreach projects	46	78	85	88	82
Numbers of participants in outreach projects	54,386	46,751	49,495	33,477	41,289
Properties taking part in Heritage Open Days	2,800	3,019	3,509	3,526	3,717
Number of unique visitors to the HELM website	114,000	127,000	232,250	351,000	354,681
Number of National Monuments Record Centre records available electronically	1.1 million	1.2 million	1.3 million	1.34 million	1.4 million

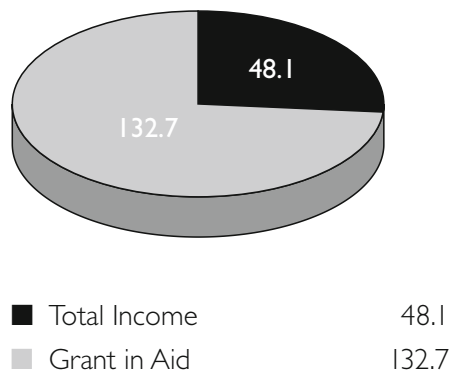
\* The 2007/08 figure has been adjusted to reflect the final figures for free educational visits to Local Management Agreement sites which were received after publication in July 2008.

# Facts and Figures

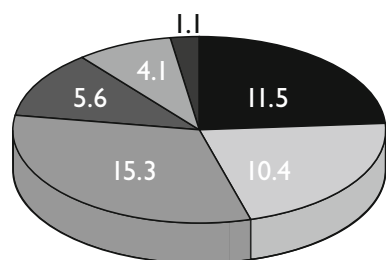
**Increase in Admissions, Retail & Catering, and Membership Income (£m)**



**Total Income and Grant in Aid (£m)**

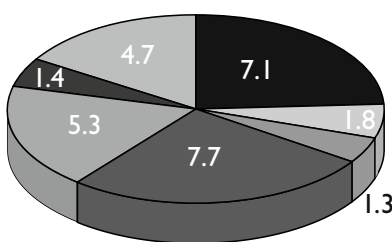


**Earned, Operating and Investment Income (£m)**



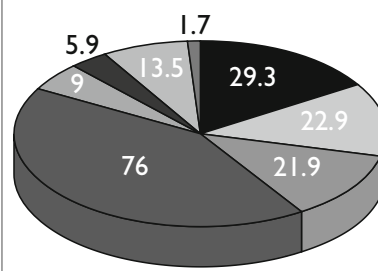
■ Admission Income	11.5
■ Retail and Catering Income	10.4
■ Membership Income	15.3
■ Other Earned Income	5.6
■ Donations, Grants and Other Operating Income	4.1
■ Interest	1.1
<b>Total</b>	<b>48.1</b>

**Grant Expenditure (£m)**



■ Secular Buildings and Monuments	7.1
■ Conservation Areas	1.8
■ Cathedrals	1.3
■ Other Places of Worship	7.7
■ Historic Environment	5.3
■ Aggregates Levy Historic Environment	1.4
■ Other	4.7
<b>Total</b>	<b>29.3</b>

**Total Expenditure (£m)**



■ Grants	29.3
■ Research and Standards	22.9
■ Historic Environment	21.9
■ Properties	76.0
■ Education and Outreach	9.0
■ Corporate	5.9
■ Support	13.5
■ Notional Cost of Capital	1.7
<b>Total</b>	<b>180.2</b>

# Chief Executive's 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 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 and objectives are set out in our Strategy, *Making the Past Part of Our Future* and progress made against them is summarised in the Achievements of 2008/09 section which starts on page 2.

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 five operational groups: Finance and Corporate Services, Planning and Development, Policy and Communications, Properties and Outreach and Research and Standards.

English Heritage's Funding Agreement, signed with DCMS, CLG and Defra, along with our Management Statement and Financial Memorandum and five year Strategy, provide the context and framework for our work. A review of progress made this year against our Funding Agreement is set out on page 20. We also work closely with the Departments for Children, Schools and Families, Innovation, Universities and Skills and for Transport, as well as with many Government Agencies such as Natural England, the Environment Agency and the recently created Homes and Communities Agency.

Another central relationship for English Heritage is with the local authorities across England. As part of our role as a statutory consultee in the planning process, we provide advice and guidance to local planning authorities on local and strategic plans, policy statements and other public initiatives. We also support their efforts to improve knowledge and skills through various training and development initiatives. English Heritage's main vehicle for this is the Historic Environment Local Management ([helm.org.uk](http://helm.org.uk)) portal which is used by local authority decision makers all over England.

English Heritage is the lead body for the historic environment sector. In this capacity we undertake various roles including chairing the Historic Environment Review Executive Committee (HEREC). HEREC was established in 2001 to identify activities that would benefit from a coordinated approach from the sector. It contributed to the successful publication of *Heritage Counts 2008*.

English Heritage undertakes a stakeholder survey every two years. The most recent, conducted early in 2009, revealed that English Heritage is seen as being more successful in influencing strategy and decisions at both the regional and national level and in providing leadership for the sector. Our stakeholders would like us to provide more evidence of the socio-economic benefits of investing in heritage, develop more partnerships and engage more people in the historic environment. These views will form an essential part of the backdrop as we develop our strategy for 2010 to 2015.

# Chief Executive's Management Commentary

## Trends and factors underlying English Heritage's performance during 2008/09

Alongside the rest of the country, English Heritage felt the effects of the economic downturn this year. However our self generated income, the largest proportion of which comes from membership, was ahead of budget and achieved a 5.4% increase on the previous year. Visitor numbers were also ahead of expectations this year with 32,000 more people visiting sites than we had predicted. Nationally there was a decline in the number of planning applications on which we were asked to provide advice but this masked the picture on the ground which was far from consistent across the country. In wealthier areas, for example, applications continued for conversions and extensions possibly in response to the slump in property prices.

One particular disappointment resulting from the need for government to address the economic situation was that the Heritage Protection Bill could not be included in the Queen's Speech, a blow for everyone who had been working on this important piece of legislation. A considerable proportion of the reforms can, however, be implemented without primary legislation and so we are working to ensure that momentum is not lost.

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

English Heritage has been charged with finding additional savings of £0.5 million in 2010/11, the final year of the current Spending Round on top of the administrative and 'value for money' savings to which we are already committed. This increases pressure on budgets and the need to generate income. A change of Government may also affect our programmes.

Over the coming months preparations will gather pace for the next Spending Round. While the case is already being made for investing in culture in times of economic hardship, we are aware that competition for public funds will be high in such a difficult economic environment.

In this wider context, improving our commercial position will be particularly challenging in the coming year and beyond. Our investment in Dover, Kenilworth and Carisbrooke Castles and at Down House will make major improvements to visitor facilities and are designed to help increase income, but other projects have had to be put on hold thus reducing the scope to improve income at some other sites. We will strengthen our efforts to attract visitors to our sites including continuing our focus on a value day out for families.

English Heritage's biggest commitment remains to heritage protection reform. The new Planning Policy Statement for the Historic Environment to be published in 2009 will play a major part alongside many other activities including building capacity in the sector, involving the public in what our priorities should be for listing and streamlining systems and processes. We hope that legislation can be introduced at the earliest opportunity so that the reforms can be completed.

English Heritage's first five year strategy will come to an end in 2010. Another five year strategy is in preparation which will build on what we have achieved. As with *Making the Past Part of Our Future*, it will set out the organisation's strategic aims and objectives, and will cover the period 2010 to 2015.

# Chief Executive's Management Commentary

## Chief Executive's Statement

As Chief Executive I also have a duty to report on English Heritage's policies on certain matters. The following is a summary of progress made in these areas.

- *Gender equality* English Heritage's Gender Equality Scheme was launched in 2008. The English Heritage Gender Group has monitored delivery of an action plan and an updated report and revised action plan will be published on our website shortly. In March 2009, the gender profile of permanent English Heritage staff was 57.5% female and 42.5% male.
- *Race equality* A review of English Heritage's Race Equality Strategy started in 2008 and will be completed during 2009/10. In March 2009 self-reporting by permanent staff identified that 88% are from White ethnic groups and 2.7% are from non-White groups. This figure has risen from 2.2% as reported in March 2008. Information is not available for the remaining 9.2%.
- *Disability equality* English Heritage's Disability Equality Scheme aims to increase participation by people with disabilities. This year Mind and People First joined the Royal National Institute for the Deaf, Royal National Institute for the Blind and Scope as members of English Heritage's Disability Action Group to help implement and review the Disability Equality Scheme. The second annual progress report on the Scheme will be published on our website in May 2009. At March 2009 1.3% of English Heritage's permanent workforce comprised people who had formally declared that they have a disability.
- *Sustainable Development* English Heritage formed a Sustainable Development and Climate Change Board (SDCCB) during 2008, combining the work of two previously separate management boards. A new Sustainable Development and Climate Change Strategy and Action Plan will be published in Spring 2009. A scoping exercise to quantify our carbon footprint took place in Spring 2008 and a number of initiatives to reduce energy use and carbon emissions are being considered. A review of environmental management procedures at the National Monuments Record Centre in Swindon got underway in late 2008; they will be measured against ISO 14001, the environmental management standard. We also continue to develop English Heritage's Climate Change and Your Home website which was launched during 2008.
- *Safety Management* In 2008/09 there were 362 incidents of which 17 were reportable to the Health and Safety Executive under statutory reporting regulations, compared to a total of 375 with 24 which were reportable in the previous year.
- *Biodiversity, National Parks and Areas of Outstanding Natural Beauty (AONB)* English Heritage has duties to promote National Park and AONB purposes and biodiversity. Activity in these areas is reported within the Achievements of 2008/09 section of this report, on page 4.
- *Information and data security* English Heritage conducted a survey of its sensitive information at the beginning of 2008 as part of a review of its data security procedures. Information security is included in the Corporate Risk Register and the annual Statement on Internal Control. We recognise that our systems require further improvement and development. Priorities will be developed by the end of 2009. English Heritage has had no personal data related incidents to report.



# Chief Executive's Management Commentary

## Open Government and Freedom of Information

English Heritage recognises the important role the Freedom of Information Act 2000 plays in serving the public interest by promoting open discussion of public affairs and enhancing Government accountability. English Heritage makes a large volume of information available via its website ([english-heritage.org.uk](http://english-heritage.org.uk)), including open minutes of the Commission and Advisory Committees. In December we launched a publication scheme which has increased the amount of information that is made proactively available still further. In 2008/09 we processed 331 requests for information under Access to Information legislation. Five of these requests involved some element of the requestor's own personal data and so were handled in part under the terms of the Data Protection Act while the remainder were processed under the Freedom of Information Act. Requests covered a wide range of issues including applications to list buildings around the country, planning issues on which English Heritage has provided advice and guidance, and the Blue Plaques Scheme.



**Dr Simon Thurley**

Chief Executive

# Progress Against Funding Agreement 2008/09

## Heritage Protection Reform

Deliverable	Progress
Unified published List, unified designation system, and public access via the Heritage Gateway	English Heritage's IT system is under development and on track for its 2010 'go live' date. A six month programme is underway to review existing listings and schedulings in order to meet the standards of the new List.
Published selection guides for all asset types	Principles of Selection and Integrated Selection Guides are being prepared in conjunction with the new Planning Policy Statement on the Historic Environment. They will be published when the draft PPS is later in 2009.
National strategic designation programme	Draft priorities were approved by English Heritage's Commission in November. A consultation programme in two complementary phases is underway: a formal consultation of the sector and a programme of public engagement to seek views on strategic designation in the wider context. A preliminary consultation has taken place via focus groups which will inform the next steps.
Training and capacity building programme	The programme is resourced and a training strategy has been drafted. An initial four courses on Heritage Management Agreements were completed in February 2009 with excellent feedback from the participants.
Local Authority Historic Environment Records enhancement	English Heritage has contributed to amended DCMS Guidance on Historic Environment Records which is expected to be reissued in mid 2009. Benchmarks for HER are now in preparation with DCMS. A programme of HER enhancements is being prepared and £400,000 of funding has been allocated.
Draft Planning Policy Statement to replace Planning Policy Guidance 15 & 16	Drafting of the PPS with CLG and DCMS was completed by late March. We are working with them on the supporting 'Living Draft' Historic Environment Planning Policy Guidance which will be made available on the English Heritage website when the PPS consultation starts in Summer 2009. We will be holding dissemination seminars during the consultation period.

# Progress Against Funding Agreement 2008/09

## Sustainable Development & Climate Change

Deliverable	Progress
Supporting DCMS in the delivery of its Sustainable Development Action Plan	<p>English Heritage's Sustainable Development and Climate Change Strategy supports DCMS's Action Plan. The Strategy is implemented through an Action Plan which is regularly reviewed by the Sustainable Development and Climate Change Board which includes representatives from each of the five English Heritage Groups. Meeting bi-monthly, the Board coordinates efforts throughout English Heritage to deliver targets, projects and actions relating to sustainable development and climate change and reports on progress to Executive Board.</p>
Hearth and Home research project	<p>Recent changes in Government targets and aspirations relating to the energy use and CO2 emissions from existing domestic building stock have greatly increased the pressure for substantial change over a much shorter timescale than was the case six months ago. The requirement to achieve 'Carbon 80' reductions in place of 'Carbon 60' combined with current plans for massive existing housing thermal performance enhancing refurbishment has led English Heritage to recast its plans for Hearth and Home. It is now an overall programme of work instead of an individual research project and should ensure that sufficiently robust information is available to meet the new timetable. Recent activities include:</p> <ul style="list-style-type: none"> <li>• Fast tracking ongoing research to study the real performance of a range of traditional glazing options and the ways in which their performance may be enhanced without losing the qualities that infer their particular historic interest;</li> <li>• Developing a database of measured thermal performance characteristics for a range of typical, traditional building materials and systems;</li> <li>• Developing a decision making matrix to enable homeowners to take informed decisions on energy enhancing improvements;</li> <li>• Developing an agreed protocol for monitoring the internal environment of existing domestic housing to enable consistent data to be gathered from a range of national refurbishment initiatives;</li> <li>• Development of guidelines and practice specifications for a range of refurbishment interventions;</li> </ul>

# Progress Against Funding Agreement 2008/09

## Sustainable Development & Climate Change

Deliverable	Progress
Hearth and Home research project	<ul style="list-style-type: none"> <li>• A paper based study of a) the profile of the existing stock and domestic energy use, and b) data collation, analysis and integration of 5 broad categories of datasets (energy, buildings, occupants, internal environment and climate), to provide a broad picture and identify any data gaps relevant to the pre-1919 stock;</li> <li>• Developing a survey which will link into the paper study and inform the demonstration project;</li> <li>• 'Bricks and mortar' demonstration project/s to develop best practice. These will be a combination of English Heritage case studies and collaborations with others.</li> </ul>
Benchmarking English Heritage's own environmental performance	<p>An initial carbon footprint scoping exercise, completed in May 2008, has been extended to look at wider environmental issues. An assessment has been carried out of the Swindon site that will be the template for environmental management for all offices. It will also form the basis for environmental management for the remainder of the estate. The study focussed on identifying the procedures required to enable the Swindon site to achieve ISO14001 accreditation, the environmental management standard.</p>
Delivering the Climate Change and Your Home website	<p>The CCAYH website, which was launched on 1 July 2008, is an interactive website principally for homeowners who live in traditionally constructed houses. The site has been developed for users to better understand the impacts of climate change on their properties as well as providing practical energy saving guidance on the specific challenges posed by our older building stock and how changes can be made without compromising performance and special character. Following a review of the site a further phase of development is underway which will deliver enhanced functionality and content. New interactive content will include a 'whole home energy plan' which will guide users through a range of energy saving measures from the simple to the more complex. Further practical information will be added including more detailed guidance on the application of Part L to traditional buildings and advice on insulation materials particularly suited to traditional construction. Since its launch the website has received over 25,000 visits.</p>

# Progress Against Funding Agreement 2008/09

## Sustainable Development & Climate Change

Deliverable	Progress
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	A Memorandum of Understanding was signed on 31 March 2009 under the auspices of the Arts and Heritage All Party Parliamentary Group by ConstructionSkills, English Heritage and the National Heritage Training Group launching a shared commitment to promote the highest possible standards and best practice in the built heritage workforce. The memorandum includes a commitment to work towards a Construction Skills Certification Scheme (CSCS) Carded workforce by 2010. The certification scheme will impose national standards linked to rigorous training programmes and a commitment to encourage all heritage funding agencies from 2010 to require the use of appropriately carded contractors and craftspeople on grant-aided heritage projects. English Heritage is taking a lead by placing requirements on its own contractors to use registered card holders where possible. When there are sufficient CSCS card carrying operatives in the conservation sector, the requirement will become obligatory for all contractors working on English Heritage sites.

# Progress Against Funding Agreement 2008/09

## Better Places/Sustainable Communities

Deliverable	Progress
<p>Heritage At Risk 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>Statistics for Scheduled Ancient Monuments, Designated Wrecks and Battlefields were all published in 2008. The Conservation Areas at Risk survey has been completed and will be the focus of the 2009 Heritage At Risk launch. HAR 2009 will also include trend updates on Monuments, Battlefields, Wrecks and Parks and Gardens. Work on Places of Worship is on track for inclusion in 2010/11.</p>
<p>Guidance for the Homes and Communities Agency on using historic character to make sustainable places, to be used as a model for the wider development sector</p>	<p>The last of the three planned pilot projects carried out in partnership with the Homes and Communities Agency (HCA) on disused hospital sites to explore the use of historic characterisation in masterplanning has been completed. Reports of all three are available on the English Heritage website at <a href="http://english-heritage.org.uk/characterisation">english-heritage.org.uk/characterisation</a> (masterplanning and regeneration). One of them, Graylingwell in Chichester, was featured in <i>Constructive Conservation in Practice</i>. Generic guidance aimed at HCA staff and planning and design consultants has been distilled from the pilots and a high level draft leaflet supported by a more detailed web-based toolkit has been prepared.</p>
<p>Collaborative working with DCMS's other key regional agencies (ACE, MLA and Sport England) to ensure that new regional arrangements are put in place to deliver a core set of shared priorities across the cultural and sport agenda</p>	<p>English Heritage, MLA, ACE and Sport England have formalised regional groupings to work together on areas of joint interest. The regional groups have produced Action Plans which have been agreed by each Chief Executive and noted by Ministers. The plans outline how the core group, plus partners, will work together following the winding up of the Regional Cultural Consortia and are based upon the four priorities outlined by DCMS. The chairmanship of these regional groups will rotate, but currently English Heritage chairs in the North East and North West.</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 support the delivery of the RDP(E) through the Programme Monitoring Committee and Defra's Agri-environment Stakeholders Group. In September 2008 we published best practice guidance on LEADER in <i>LEADER and the Historic Environment</i> and in May 2009 will publish research intended to improve the targeting of agri-environment funding for traditional farm building conservation.</p>

# Progress Against Funding Agreement 2008/09

## Better Places/Sustainable Communities

Deliverable	Progress
<p>Delivery of the Aggregates Levy Sustainability Fund Grant Scheme</p>	<p>English Heritage has disbursed £1.4 million in 2008/09 on two principal themes: i) Quarries and Marine, with the focus on identification and characterisation, and ii) Research and Development, on protection and mitigation. An exceptional range of projects have been commissioned this year including 10 Resources Assessments to feed directly into Local Authority Minerals Planning, and a range of innovative Research and Development projects to help identify and protect historic assets in aggregates-producing areas. Repair grants have been provided for three vulnerable monuments associated with aggregates: a church in Buxton, Derbyshire, and two historic quarrying areas in Portland, Dorset. At our suggestion Defra has agreed to include carbon efficiency, aggregates extraction and new-build versus historic building adaptation within a Defra-managed research programme.</p>
<p>As part of the Building Schools for the Future/Primary Capital Programme, work with DCSF/PfS to ensure the historic environment is embedded in decision making about future learning environments, including by working nationally to contribute to local authority 'Strategies for Change'</p>	<p>Several meetings have been held with Partnerships for Schools (PfS) and the Department for Children, Schools &amp; Families (DCSF), and discussions as to how English Heritage can contribute to the Building Schools for the Future programme have been positive. The development of guidance on refurbishing and reusing historic school buildings, in partnership with DCSF, and also on a pilot scheme to undertake a 'heritage assessment' of a local authority's school estate in conjunction with PfS are in the early stages. Plans for future training for local authority staff on historic school buildings are well advanced.</p>

# Progress Against Funding Agreement 2008/09

## Support for Places of Worship

Deliverable	Progress
9 Places of Worship Support Officers by the end of 2009/10	Job descriptions have been being agreed for three posts and preliminary discussions have taken place with 41 further potential partners. The Secretary of State launched the Support Officer programme in December 2008 which attracted widespread publicity. The Chairman and Chief Executive wrote personally to all bishops (Anglican and Roman Catholic) and copies were sent to all archdeacons. Other denominations have been invited to apply for Support Officers through direct contact and presentations at conferences. Research has been undertaken to identify media and agencies through which non-Christian faiths can be involved in the project, and a proposal from Jewish Heritage UK is being discussed. The North West Multi Faith Tourism Association has already agreed a Support Officer post. A study day in February, offered through the Oxford University Continuing Education Department, was over-subscribed and the presentations have been published on the English Heritage website.
15 Support Officers by the end of 2010/11	On target.



# Progress Against Funding Agreement 2008/09

## The Natural Environment

Deliverable	Progress
Supporting Defra in implementing the European Landscape Convention, including producing an English Heritage action plan	English Heritage supports implementation of the European Landscape Convention (ELC) through: membership of Defra's UK Monitoring Committee and the England Working Group; by attending the Council of Europe's ELC Conference in March 2009; and by joint funding and steering of Defra's research project to establish a baseline for policy and capacity for implementing the ELC. We helped to write and update Defra's <i>Framework for Implementation of the ELC</i> and like Natural England have produced our own Action Plan for contributing to the implementation of the ELC. This was agreed by Executive Board in September and published on the HELM website in February.
Producing an English Heritage policy position on the future use of land	This work awaits the publication of the Defra/Foresight report on the future use of land. English Heritage has, however, been closely involved in the drafting of the Defra Coastal Adaptation Strategy, which requires us to develop a position on the historic environment implications of the future use of coastal land.
A Memorandum of Understanding with the Environment Agency by 2009	The principle of developing a Memorandum of Understanding with the Environment Agency was approved by Executive Board in September. A first draft was prepared by the Environment Agency National Environmental Assessment Service and revised by English Heritage following internal circulation and comment. The year ended with the preparation of the MOU nearing completion.
Developing and implementing a Statement of Intent between the Forestry Commission and English Heritage on the sustainable management of the historic environment of trees, wood and forests	English Heritage has a joint commitment under the England Trees, Woods and Forestry Strategy and this work will be part of this. It will build upon the successful mainstreaming of the results of Heritage At Risk into the Forestry Commission's strategies.

# Progress Against Funding Agreement 2008/09

## Coastal and Marine issues

Deliverable	Progress
<p>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</p>	<p>Ongoing drafting of the policy statement is being governed, and affected by the resources to engage in, the progress of Defra's Marine and Coastal Access Bill. The Bill provides for a new system of marine planning, the first stage being the preparation of a Marine Policy Statement (MPS) that will integrate in one document policies for the sustainable development of the UK marine area. English Heritage, in liaison with DCMS, offered support for the broad principles set out in a draft MPS in December in reference to high level marine objectives and we expect to take part in further work to clarify the relationship between marine and terrestrial strategic planning systems. English Heritage will attend the first Defra workshop on the Marine Policy Statement in May 2009.</p>
<p>Rapid Coastal Zone Survey to inform shoreline management and strategic coastal planning</p>	<p>The Rapid Coastal Zone Assessment Surveys comprise two main phases of Desk-Based Assessment (Phase 1) and Field Survey (Phase 2). The results may be enhanced subsequently by more detailed survey and scientific dating. There has been the following progress this year:</p> <ul style="list-style-type: none"> <li>• Norfolk: An updated plan for enhancement of Phase 2 (Fieldwork) has been received and is in course of revision by Norfolk Landscape Archaeology.</li> <li>• Yorkshire and Lincolnshire: An updated plan for Phase 2 (Fieldwork) is in preparation by Humber Field Archaeology.</li> <li>• North-East: The Phase 1 (Desk-Based Assessment) report was completed and received considerable media coverage, including articles in the Times and Telegraph in early 2009. The updated plan for Phase 2 is in preparation.</li> <li>• North-West: Phase 1 continues according to schedule.</li> <li>• Severn: English Heritage's comments on the updated plan for pilot Phase 2 Fieldwork have been returned to Gloucestershire County Council.</li> </ul>

# Progress Against Funding Agreement 2008/09

## Coastal and Marine issues

Deliverable	Progress
Rapid coastal zone survey to inform shoreline management and strategic coastal planning	<ul style="list-style-type: none"> <li>• South-East: Wessex Archaeology was commissioned by English Heritage to undertake a Phase I survey following a Tender Board meeting in February. The main phase of the work will be in 2009/10.</li> <li>• South-West: All input from Local Authorities has now been received and briefs for the north and south coasts have been finalised. The work is expected to get underway late 2010.</li> </ul> <p>All RCZAS reports received are available from the English Heritage website.</p>
Continued delivery of the English Heritage component of the marine ALSF grant scheme	<p>The marine component of the Aggregates Levy Sustainability Fund disbursed £0.437 million in 2008/09. Projects commissioned this year include:</p> <ul style="list-style-type: none"> <li>• Heritage Protection: detailed asset description support; wooden wreck pilot project</li> <li>• Mapping: seismic mapping of seabed landscapes; Historic Seascape Characterisation for aggregates dredge zones</li> <li>• Research &amp; Development: Marine Research Framework; marine archaeology geophysics, and exclusion zones; seabed grab-sampling methodology</li> <li>• Training: national marine ALSF training programmes; marine geophysics English Heritage Professional Placements In Conservation.</li> </ul>

# Progress Against Funding Agreement 2008/09

## Capacity Building in the Heritage Sector

Deliverable	Progress
2008/09 – 7 Trainee Historic Environment Managers	Seven Trainee Historic Environment Managers started with English Heritage in October. By June the trainees will have completed a Foundation Unit and a Heritage Protection Unit and will be part-way through a Statutory Unit.
2009/10 – 7 Trainee Historic Environment Managers	The recruitment process is underway. We expect to appoint seven more Trainee Historic Environment Managers in July with a start date of October.
2010/11 – 7 Trainee Historic Environment Managers	

# Progress Against Funding Agreement 2008/09

## Education

Deliverable	Progress
<p>In partnership with CABE, and in discussion with DCMS, to provide an appropriate share of resources, in money or kind, for the Engaging Places Unit and support Engaging Places' network development work in three pilot regions (London, South East, and Yorkshire and the Humber)</p>	<p>English Heritage has supported the Engaging Places project over the year in the following ways:</p> <ul style="list-style-type: none"> <li>• contributing £20,000 towards the project. In 2009/10 this will increase to £50,000.</li> <li>• playing an active part in the development and implementation of the Qualifications and Curriculum Authority's curriculum co-development networks. Partnerships were brokered between 26 teachers and built environment providers in London, the South East and Yorkshire and the Humber. It is anticipated that the QCA partnerships will be followed by a new partnership with STEMNET, the Science, Technology, Engineering and Mathematics Network, to expand cross-curricular links.</li> <li>• presenting its South East project at the Engaging Places celebration event held at the Victoria and Albert Museum in March addressed by the Secretary of State for Culture, Media and Sport. The London project, a partnership between Down House and a local Special Educational Needs school was still in progress as the year ended.</li> <li>• chairing the Engaging Places Management Board meetings and attending the Strategic Partnership Board.</li> <li>• supporting the Engaging Places launch at the British Education and Training Technology conference, the world's largest educational technology event. To date over 60,000 people have visited the Engaging Places website.</li> <li>• contributing to the Engaging Places web taxonomy development, working with the Engaging Places team and Culture 24.</li> <li>• preparing and uploading a range of material for the Engaging Places website including <i>Heritage Learning</i> articles, case studies, news items and editorial.</li> <li>• using English Heritage's Teachers' Forum as a sounding board and source of content and advice for the project.</li> </ul> <p>The March 2009 edition of <i>Heritage Learning</i> magazine included a feature on Engaging Places and a free teaching resource poster on the project. The magazine has a circulation of 38,000.</p>

# Progress Against Funding Agreement 2008/09

## Education

Deliverable	Progress
<p>Work with the Find Your Talent Development Group to quality assure the heritage aspect of the 5 hour cultural offer</p>	<p>English Heritage fully supports this initiative and has been involved with several of the pathfinders (Wrekin and Telford, Leicester and Leicestershire, and the South West) set up to establish the template for developing a culture offer for children and young people across the country. English Heritage is represented on the project's Professional Affairs Board. English Heritage is also supporting the Learning Outside the Classroom initiative.</p>
<p>Review of English Heritage's Education Strategy to take account of the changing needs of school audiences and families</p>	<p>English Heritage's Education team has focused on delivering its 2005-2010 Learning Strategy objectives including expanding the Discovery Visits programme (now active at 62 sites) and the education volunteering programme (now at 10 sites). A new five year Education Strategy will be developed after the appointment of a new Learning Director to take account of the changing needs of school audiences and families, for example, the amended Key Stage 3 curriculum, the Sir Jim Rose primary curriculum review and the new diplomas.</p>
<p>Review of the national evaluation strategy and development of appropriate qualitative indicator(s)</p>	<p>The national evaluation strategy was developed for English Heritage's Discovery Visits and work to create appropriate indicators for use across all areas of educational activity is ongoing. The Discovery Visits programme is reviewed regularly using the ILFA framework and the focus has progressed from evaluating the processes required to set up the programme, for example, marketing, training deliverers and developing session content, to teacher feedback, bookings and delivery methods. A key challenge in evaluating educational activities is obtaining feedback from participants. Several techniques are being trialled to try to improve return rates. This year a national evaluation of the education volunteering programme was undertaken by the Institute of Volunteering Research and completed in May 2008. It concluded that English Heritage had successfully implemented the education volunteering programme across seven sites in its pilot year; that it was managed in a clear and consistent manner supported by well-designed procedures for the recruitment, selection and training of education volunteers, and that it has already made a tangible difference to English Heritage's education offer. The findings were shared with the heritage and volunteering sectors and very positive feedback was received. The results of the evaluation will inform future programming.</p>

# Progress Against Funding Agreement 2008/09

## Engagement with the public

Deliverable	Progress
Chair the heritage sector's Broadening Access group	The group continues to meet regularly to exchange experience and best practice. A recent example of cross-sector working was the March conference on socio-economic status, family friendly activities and heritage participation, <i>Missing Out?</i> , in which 130 took part.
Develop other appropriate deliverables in discussion with DCMS	English Heritage continues to work with DCMS to develop targets to support Public Sector Agreements and Departmental Strategic Objectives, in the light of evidence, including <i>the Taking Part Survey</i> .

## Cultural Olympiad

Deliverable	Progress
Funding for a post at Heritage Link to support the sector wide proposal <i>Access All Areas</i> for delivery by 2011 including highlighting sporting heritage via Heritage Open Days	The post-holder has been appointed and briefed and a first stage progress meeting has been held. <i>Access All Areas</i> is now one component of <i>Discovering Places</i> , a multi-strand initiative embracing the entire built environment sector. A steering group to oversee the governance of <i>Discovering Places</i> is to be convened by July 2009. Heritage Link is bidding for financial support from the Olympic Development Fund to develop the business and delivery plan.
6 further titles in the <i>Played in Britain</i> series by 2012	This work is progressing to plan. <i>Great Lengths</i> , concerning historic indoor swimming pools, was published in February and has achieved widespread publicity and good reviews in the national and sporting press. <i>Played at the Pub</i> is due to be published in May 2009. The biggest title in terms of resources and time commitment will be <i>Played in London</i> which is expected to be published in 2011.

# Progress Against Funding Agreement 2008/09

## Cultural Olympiad

Deliverable	Progress
Local outreach projects for the Lower Lea Valley	English Heritage, in partnership with the Museum of London, is planning a publication on the history and lives of the people of this part of the east end of London with its strong industrial past that shaped the landscape of the area. The booklet will celebrate the history of the place in time for visitors to the Olympics and will be in a picture-rich, accessible format. Discussions with partners on the outreach projects which will play a part in this work as well as on the content, structure and timescales are underway.
Improved visitor facilities at Portland Castle (adjacent to the 2012 sailing venue)	The landscaping of the events area has been completed at Portland Castle and the tea room has been re-designed to provide counter service. Further modest improvements to site facilities are at the feasibility stage.

## 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	Work is underway and on schedule to carry out condition surveys of all English Heritage sites by 2010. At the end of March over 50% of the historic estate had been surveyed. The IT system which will underpin this work is expected to be fully operational with imported data from the surveys and cyclical maintenance information by the end of 2009; the Asset Management Plan will be developed from this data.
Re-presentation of circa 10% of English Heritage sites by 2011 (averaging at circa 15 per annum)	26 sites were re-presented during 2008/09. Three major new presentation schemes were completed at Lullingstone Roman Villa, Admiralty Lookout at Dover Castle and Down House, the home of Charles Darwin. A further three interpretation schemes have been completed for Berwick Ramparts, Tynemouth Castle and Priory, and Hailes Abbey.



# Progress Against Funding Agreement 2008/09

## Stonehenge

Deliverable	Progress
Draft World Heritage Site Management Plan by 30 June for public consultation	The draft World Heritage Site Management Plan was prepared and issued for public consultation on 17 July 2008.
Final Management Plan by 31 January 2009 to DCMS for forwarding to UNESCO	The Management Plan was completed on 31 January.
Preparation for a new visitor centre by summer 2012	Following a three-month public consultation in the Autumn on the four short-listed options for the location of the new visitor centre, a recommendation was submitted to Ministers on 10 December and an announcement made in the Spring of 2009. Ahead of this a design team and other consultants were appointed and work began on the scheme so that the target for completion in 2012 could be met.

# 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 Chief Executive's Management Commentary in the Annual Report.

## Commissioners and Executive Board Members

The persons who served as Commissioners between 1 April 2008 and 30 June 2009 are detailed in note 15. 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 2009, after the transfer from the Development and Restricted Funds of £38,000 (2008: £588,000 transfer to the Development and Restricted Funds) was £134,209,000 (2008: £125,773,000).

## Pensions

English Heritage is a member of the Principal Civil Service Pension Scheme (PCSPS), note 19.

## Fixed Assets

The movements in Fixed Assets are set out in notes 20 and 21.

## Financial Instruments

English Heritage's policy relating to Financial Instruments is set out in note 28.

## Post Balance Sheet Events

There were no post balance sheet events.

The Annual Report and Accounts will be authorised for issue on 13 July 2009.

# Directors' Report

## Charitable Donations

English Heritage did not make any charitable donations exceeding £500 (2008: nil) during the financial year ended 31 March 2009.

## 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 2009 equated to 16 creditor days (2008: 21 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 since 1 April 2004. Mazars LLP were auditors for English Heritage Trading Limited from 1 April 2004 until 31 March 2008 as the National Audit Office were unable to audit limited companies at that time. The National Audit Office were appointed as auditors of 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  
30 June 2009

# 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 meets at least 3 times each year and comprises no fewer than 5 members, at least 3 of whom must be Commissioners, including the Chairman of the Commission. Members of the Committee are appointed by the Chairman of the Commission. The Chairman of the Committee is a Commissioner; but not the Chairman of the Commission. The current Chairman of the Committee is Mr Michael Jolly.

## 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 3 months notice of termination of employment by resignation. The Chief Executive is also on a continuous contract and is required to give 6 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 bonus arrangement are the Chief Executive and the Director of Finance and Corporate Services. The bonuses are payable for the achievement of specific performance targets and objectives and is a maximum of 20 per cent of basic salary (2008: 20 per cent) for the Chief Executive and 8 per cent of basic salary for the Director of Finance and Corporate Services (2008: new post). Following the end of each financial year the Remuneration and Human Resources Committee assesses the Chief Executive's and the Director of Finance and Corporate Service's performance against their annual targets and objectives and determines the rate of their performance related bonus.

# Remuneration Report

## Emoluments of the Executive Board

	Emoluments		Total accrued pension at age 60	Total lump sum at age 60	Real annual increase in pension	Real annual increase in lump sum	CETV		Real annual increase in CETV
	2009	2008	2009	2009	£'000	£'000	2009	2008*	£'000
<b>Simon Thurley</b> Chief Executive	163	160	31	92	1	4	489	431	18
<b>Steven Bee</b> Director of Planning and Development	103	98	33	-	2	-	601	524	28
<b>Keith Harrison</b> Director of Finance and Corporate Services from 16 January 2008	121	23	3	-	2	-	35	6	25
<b>Edward Impey</b> Director of Research and Standards	94	90	11	-	2	-	145	105	28
<b>Deborah Lamb</b> Director of Policy and Communications	96	91	33	-	3	-	443	367	37
<b>Mark Pemberton</b> Director of Properties and Outreach	115	110	48	144	1	4	1,043	928	30

\*The CETV figures for 2008 have been amended from those previously published as a result of a recalculation by Paymaster, English Heritage's pension administrator.

Emoluments include gross salary and bonuses.

The Chief Executive was the highest paid employee. His total emoluments for the year of £163,000 (2008: £160,000) comprise; basic salary of £136,000 (2008: £133,000) and a performance related bonus of £27,000, 20 per cent of basic salary (2008: £27,000, 20 per cent). The Chief Executive waived his option to have £3,000, 10 per cent, of his performance bonus consolidated for pay and pension purposes (2008: £3,000, 10 per cent). The Director of Finance and Corporate Services received a performance bonus of £9,000, 8 per cent of basic salary (2008: nil), none of the Director of Finance and Corporate Services' bonus was consolidated for pay and pension purposes.

Pension benefits to English Heritage staff are provided through the 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 £163,000 (2008: £134,000). Further details of the PCSPS scheme are included in note 19.

The emoluments section of the Remuneration Report is audited.



**Dr Simon Thurley**  
Chief Executive  
30 June 2009

# 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  
30 June 2009



**Professor Sir Barry Cunliffe**  
Interim Chairman

# 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, as set out in statute and by Ministers from the Department for Culture, Media and Sport (DCMS), whilst safeguarding the public funds and departmental assets for which I am personally responsible, and ensuring compliance with the requirements of our Financial Memorandum and the Funding Agreement, 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 and Chief Executive's Management Commentary;
- an Executive Board, comprising 5 Group Directors and myself, 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. The Committee comprises a Chairman who is an independent appointee, and 4 members, 2 of whom are non-executive Commissioners, appointed to the Committee by the Chairman 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 reports on risk management at each of their meetings. 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 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 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, monitoring and established policies and procedures. Staff development, performance reporting, accountability and communication frameworks also contribute to an effective system.

The system of internal control has continued in place in English Heritage for the financial year ended 31 March 2009 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

## Capacity to Handle Risk

Responsibility for managing risk lies with Group Directors who, in turn, assign day to day responsibility to managers in their areas at operational level. All staff must understand and accept responsibility for the recognised risks associated with their area of authority.

The Executive Board is committed to providing staff with support and assistance to enable them to manage their risks effectively. This includes regular review of corporate and group risks at the Board's quarterly performance monitoring meetings. During the year a number of changes have been made to the format and content of the corporate risk register to make it more informative and transparent and to focus attention on key areas for review such as risk ranking and the overall effectiveness of controls. Additional information is now provided with the corporate risk register when it is considered by Executive Board and the Audit Committee. This includes a summary of critical projects and a 'hot topics list' which consists of issues that flare up quickly and which the Board has to firefight. We have also amended the allocation of responsibility for corporate risks so that the Executive Board holds collective responsibility for all corporate risks and that each control has a named owner at Director level.

Responsibility for risk management policy and coordination lies with the Corporate Governance 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, our external auditors and participation in appropriate training and seminars.

# Statement on Internal Control

## The Risk Environment

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; and
  - safeguard our assets and minimise opportunities for injury and damage and promote awareness of the need for risk management.
- A corporate risk register and 5 supporting individual 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. Information and records security and data handling are included in the corporate risk register. English Heritage conducted a survey of its sensitive information in 2008 as part of a review of its data security procedures. We recognise that our systems require further improvement and development and a prioritised action plan is being developed which will address the minimum statutory measures.
  - 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 5 groups and feeds back into the Executive Board reports.
  - Risk monitoring through the Audit Committee, which at each of its 3 meetings a year 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.

Some of the most significant risks during 2008/09 arose from the economic downturn. This meant there was insufficient time to include the Heritage Protection Bill in the Queen's Speech, although fortunately a considerable proportion of the reforms can be implemented without primary legislation. We also felt the effects in some of our income generating activities and will continue to monitor closely the potential impact of the economic climate on our earned income. The very sad death of our Chairman in 2008 meant that we lost a high profile advocate who had been hugely committed to protecting the heritage. This was a particular loss at a time when English Heritage was involved in key discussions with the government about the future of Stonehenge and its development for the 2012 Olympics. Our relocation programme also continued to create organisational risks and challenges, although those have reduced since the start of the programme.



# Statement on Internal Control

## 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 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.

The effectiveness review process comprises; the assurances gained from an annual programme of internal audit reviews and advice which is agreed with myself, 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; 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, and the Chairman of the Audit Committee provides assurances based on these reports to the Commission, and arrangements exist to address weaknesses and ensure continuous improvement of the systems.

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 controls 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  
30 June 2009

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

I certify that I have audited the financial statements of English Heritage for the year ended 31 March 2009 under the National Heritage Act 1983. These comprise the consolidated Income and Expenditure Account, the Balance Sheets, the Cashflow Statement, the Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described as having been audited.

## Respective Responsibilities of the Commissioners, the Chief Executive and Auditor

The Commissioners and Chief Executive as Accounting Officer are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the National Heritage Act 1983 and directions made thereunder by the Secretary of State and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Commissioners' and Chief Executive's Responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the National Heritage Act 1983 and directions made thereunder by the Secretary of State. I report to you whether in my opinion, the information which comprises the Directors' Report, the Remuneration Report and the Chief Executive's Management Commentary included in the Annual Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if English Heritage has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects English Heritage's compliance with HM Treasury's guidance and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of English Heritage's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises all sections of the Annual Report except the Directors' Report, the Remuneration Report and the Chief Executive's Management Commentary. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

## Basis of Audit Opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the Commissioners and the Chief Executive in the preparation of the financial statements, and of whether the accounting policies are most appropriate to English Heritage's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I have also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

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

## Opinion

In my opinion:

- the financial statements give a true and fair view in accordance with the National Heritage Act 1983 and directions made thereunder by the Secretary of State, of the state of English Heritage's affairs as at 31 March 2009 and of its net expenditure for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the National Heritage Act 1983 and directions made thereunder by the Secretary of State; and
- the information which comprises the Directors' Report, the Remuneration Report and the Chief Executive's Management Commentary included in the Annual Report is consistent with the financial statements.

## Audit Opinion on Regularity

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

I have no observations to make on these financial statements.

### **Amyas CE Morse**

Comptroller and Auditor General  
National Audit Office  
151 Buckingham Palace Road  
Victoria  
London  
SW1W 9SS  
13 July 2009

# English Heritage Consolidated Income and Expenditure Account for the Year Ended 31 March 2009

	Note	2009 £'000	2008 £'000
<b>Income</b>			
Earned Income	2	42,928	40,728
Other Operating Income	3	4,100	7,082
Investment Income	4	1,057	1,420
<b>Total Income</b>		<b>48,085</b>	49,230
<b>Expenditure</b>			
Grants	5	29,247	32,598
Research and Standards	6	22,916	22,691
Historic Environment	7	21,927	21,267
Properties	8	75,970	68,717
Education and Outreach	9	9,014	8,285
Corporate	10	5,921	5,211
Support	11	13,509	12,197
Notional Cost of Capital	1,g	1,694	1,530
<b>Total Expenditure</b>		<b>180,198</b>	172,496
<b>Net Expenditure for the Financial Year Before Exceptional Items</b>		<b>(132,113)</b>	(123,266)
Relocation	12	(3,828)	(3,449)
<b>Net Expenditure for the Financial Year After Exceptional Items</b>		<b>(135,941)</b>	(126,715)
Notional Cost of Capital	1,g	1,694	1,530
<b>Adjusted Net Expenditure for the Financial Year</b>		<b>(134,247)</b>	(125,185)
Transfer from / (to) the Development and Restricted Funds	36	38	(588)
<b>Net Expenditure for the Financial Year</b>		<b>(134,209)</b>	(125,773)

# English Heritage Consolidated Statement of Recognised Gains and Losses for the Year Ended 31 March 2009

	Note	2009 £'000	2008 £'000
Unrealised (Losses)/Gains on the Revaluation of Tangible Fixed Assets	21	(2,837)	7,830
Unrealised Losses on the Revaluation of Investment Assets	25	(189)	(123)
<b>Recognised Gains and Losses Relating to the Year</b>		<b>(3,026)</b>	7,707

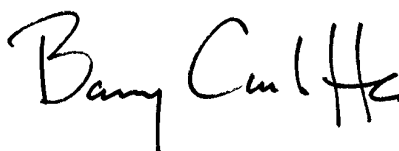
# English Heritage Consolidated Balance Sheet as at 31 March 2009

	Note	2009 £'000	2008 £'000
<b>Fixed Assets</b>			
Intangible Assets	20	244	366
Tangible Assets	21	66,288	69,763
Investments	25	316	505
		<b>66,848</b>	70,634
<b>Current Assets</b>			
Stocks	26	2,211	2,593
Debtors	27	14,727	15,681
Short Term Investments	28	24,812	22,135
Cash at Bank and in Hand	38	342	588
		<b>42,092</b>	40,997
<b>Creditors: Amounts Falling Due Within One Year</b>			
Bank Overdraft	38	(9,794)	(8,006)
Creditors	29	(32,003)	(30,596)
		<b>(41,797)</b>	(38,602)
<b>Net Current Assets</b>			
		<b>295</b>	2,395
<b>Total Assets Less Current Liabilities</b>			
		<b>67,143</b>	73,029
<b>Creditors: Amounts Falling Due After More Than One Year</b>			
Provisions	30	(2,613)	(2,516)
	31	(4,116)	(3,683)
<b>Total Assets Less Liabilities</b>			
		<b>60,414</b>	66,830
<b>Reserves</b>			
Capital Reserves	33	13,172	11,664
Government Grant Revaluation Reserve	34	10,400	12,969
Capital Fund	35	316	505
Development and Restricted Funds	36	7,771	8,925
General Reserve	32	28,755	32,767
<b>Total Reserves</b>			
		<b>60,414</b>	66,830

The financial statements, which comprise the Income and Expenditure Account, the Statement of Recognised Gains and Losses, the Balance Sheets, the Cash Flow Statement and the related notes 1 to 43, were approved by the Commissioners of English Heritage and signed on their behalf by:



Dr Simon Thurley  
Chief Executive  
30 June 2009



Professor Sir Barry Cunliffe  
Interim Chairman

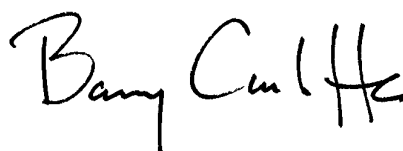
# HBMCE Balance Sheet as at 31 March 2009

	Note	2009 £'000	2008 £'000
<b>Fixed Assets</b>			
Intangible Assets	20	244	366
Tangible Assets	21	66,288	69,763
Investments	25	2,028	2,028
		<b>68,560</b>	72,157
<b>Current Assets</b>			
Stocks	26	49	142
Debtors	27	15,801	16,656
Short Term Investments	28	24,312	21,635
Cash at Bank and in Hand	38	342	588
		<b>40,504</b>	39,021
<b>Creditors: Amounts Falling Due Within One Year</b>			
Bank Overdraft	38	(9,794)	(8,006)
Creditors	29	(32,443)	(30,648)
		<b>(42,237)</b>	(38,654)
<b>Net Current (Liabilities) / Assets</b>		<b>(1,733)</b>	367
<b>Total Assets Less Current Liabilities</b>		<b>66,827</b>	72,524
<b>Creditors: Amounts Falling Due After More Than One Year</b>			
Provisions	30	(2,613)	(2,516)
	31	(4,116)	(3,683)
<b>Total Assets Less Liabilities</b>		<b>60,098</b>	66,325
<b>Reserves</b>			
Capital Reserves	33	13,172	11,664
Government Grant Revaluation Reserve	34	10,400	12,969
Development and Restricted Funds	36	7,771	8,925
General Reserve	32	28,755	32,767
<b>Total Reserves</b>		<b>60,098</b>	66,325

The financial statements, which comprise the Income and Expenditure Account, the Statement of Recognised Gains and Losses, the Balance Sheets, the Cash Flow Statement and the related notes 1 to 43, were approved by the Commissioners of English Heritage and signed on their behalf by:



Dr Simon Thurley  
Chief Executive  
30 June 2009



Professor Sir Barry Cunliffe  
Interim Chairman

# English Heritage Consolidated Cash Flow Statement for the Year Ended 31 March 2009

	Note	2009 £'000	2008 £'000
<b>Operating Activities</b>			
<b>Net Cash Outflow from Operating Activities</b>	37	<b>(123,961)</b>	(123,159)
<b>Returns on Investments and Servicing of Finance</b>			
Investment Income		<b>1,544</b>	1,410
<b>Capital Expenditure</b>			
Payments to acquire Tangible Fixed Assets		(7,201)	(10,930)
Payments to acquire Intangible Fixed Assets		(186)	(98)
Proceeds from the Sale of Tangible Fixed Assets		4	2
		<b>(7,383)</b>	(11,026)
<b>Management of Liquid Resources</b>			
Payments into Short Term Investments		(273,154)	(282,723)
Withdrawals from Short Term Investments		270,477	275,088
	38	<b>(2,677)</b>	(7,635)
<b>Financing</b>			
Government Grant In Aid		129,358	136,636
Grants received credited to the Capital Reserves		1,085	446
		<b>130,443</b>	137,082
<b>Decrease in Cash</b>	38	<b>(2,034)</b>	(3,328)

The 2008/09 figure for Government Grant In Aid included £500,000 (2008: £3,500,000), for relocation costs deriving from the surrender of the lease on the previous London Headquarters building.

# Notes to the Financial Statements

## I Statement of Accounting Policies

### a) Accounting Convention

The financial statements are prepared in accordance with applicable accounting standards under the historical cost convention, as modified by the inclusion of land and buildings at current value (note I, i).

English Heritage Trading Limited, a subsidiary undertaking of HBMCE, continued trading throughout the year ended 31 March 2009. 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) Income

Income is shown net of Value Added Tax.

### c) Membership Income

Annual membership income is recognised in the Income and Expenditure Account 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 Balance Sheet.

Life membership income is released to the Income and Expenditure Account over 25 years.

### d) 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 32).

### e) Other Grants Receivable

Other Grants Receivable are recognised in the Income and Expenditure Account and Balance Sheet when the conditions of grant have been fulfilled and the grant is claimable.

Non Government Grants used to purchase, enhance or create Fixed Assets are held on the Balance Sheet as part of the Non Government Grant Reserve and are released to the Income and Expenditure Account as the assets are depreciated.

Lottery Grants used to purchase, enhance or create Fixed Assets are held on the Balance Sheet as part of the Donated Asset Reserve and are released to the Income and Expenditure Account as the assets are depreciated.

European Union Grants used to purchase, enhance or create Fixed Assets are held on the Balance Sheet as part of the European Union Grant Reserve and are released to the Income and Expenditure Account as the assets are depreciated.

### f) 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 39 a.

### g) Notional Costs

The Income and Expenditure Account result for the year is arrived at after charging a notional cost of capital calculated at 3.5 per cent (2008: 3.5 per cent) 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.

### h) Intangible Fixed Assets

Licences to use software purchased from third parties with a life of more than one year are shown on the Balance Sheet as Intangible Fixed 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 Income and Expenditure Account as they are incurred.

Purchased goodwill is amortised over its useful economic life of 20 years.

Expenditure on developing the English Heritage brand is charged to the Income and Expenditure Account as it is incurred.



# Notes to the Financial Statements

## I Statement of Accounting Policies

### i) Land and Buildings

Land and buildings owned by, or in the guardianship of, English Heritage are treated as Fixed 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.

In accordance with the Government Financial Reporting Manual, pure heritage land and buildings held by English Heritage, in pursuit of its overall objectives in relation to the enjoyment and preservation of the heritage, are included as Fixed Assets in the Balance Sheet where a reliable valuation is possible, otherwise they are not treated as Fixed Assets. Expenditure on these assets, where it does not result in the creation of a new operational heritage asset, is charged to the Income and Expenditure Account as it is incurred.

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 Balance Sheet. 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 Balance Sheet. 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.

All land and buildings held on the Balance Sheet are subject to a full professional valuation every five years. A full revaluation was undertaken as at 31 March 2006 by professionally qualified internal valuers, and the following external valuers; Ash & Co, Bidwells, Boulton & Cooper Stephenson, Brownill Vickers & Platts, Capita Symonds, Drivers Jonas, DTZ Debenham Tie Leung, Humberts Leisure, Edward Prentice, Storeys:SSP, Strutt & Parker, Edwin Thompson, Youngs, and the Valuation Office Agency, in accordance with Royal Institution of Chartered Surveyors guidance. Interim valuations are carried out only where a material change in value is suspected. Cluttons LLP undertook an interim valuation during the year ended 31 March 2008. Dreweatt Neate undertook an interim valuation during the year ended 31 March 2009. The values of the land and buildings held as Fixed Assets are reviewed annually using relevant indices published by the Office of National Statistics. Any change in value is reflected in the relevant Capital Reserve. None of the land and buildings held on the Balance Sheet are leasehold.

Any unrealised gain on revaluation at the Balance Sheet date is taken directly to the Capital Reserves, as follows:

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

Unrealised losses at the Balance Sheet date are written off against the proportion of the credit balance on the relevant Capital Reserve which relates to the assets concerned. Any other unrealised losses are charged to the Income and Expenditure Account.

### j) Historic Artefacts and Archives

In accordance with the Government Financial Reporting Manual, additions to historic collections and archives purchased after 1 April 2001 are recorded in the Balance Sheet at cost.

# Notes to the Financial Statements

## I Statement of Accounting Policies

### k) Plant, Vehicles, Equipment and Fixtures

Plant, vehicles, equipment and fixtures are initially recorded in the Balance Sheet at cost. Subsequent expenditure is recorded on the Balance Sheet if the expenditure enhances the economic benefits of the asset.

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 Fixed Assets not brought into use at the Balance Sheet date. Transfers are made from assets under construction to the relevant category of Fixed 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 Fixed Assets and held at current value on receipt.

Donated assets will only be treated as Fixed Assets if the asset would have been subject to this treatment had it been purchased by English Heritage from its own resources.

Donated assets are revalued in the same way as other Fixed Assets.

### n) Depreciation

Depreciation is provided on Tangible Fixed Assets, 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 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

Plant and machinery 5-15 years

IT, furniture and fittings 4-5 years

When considering anticipated useful economic lives, regard is had to the Financial Reporting Standard 15 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 heritage buildings and historic artefacts and archives are not depreciated, as the length of their anticipated useful economic life is such that depreciation is not considered to be material.

# Notes to the Financial Statements

## I Statement of Accounting Policies

### o) Fixed Asset Investments

Fixed Asset Investments, other than those in subsidiary undertakings are held at current market value. Any unrealised gain at the Balance Sheet date is taken directly to reserves.

Unrealised losses at the Balance Sheet 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 Income and Expenditure Account.

Investments in subsidiary undertakings are held at cost.

### p) Stocks

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.

### q) Operating Leases

Operating lease costs are charged as incurred.

### r) Financial Instruments

Cash surplus to immediate cash flow requirements is placed on short term deposit at fixed rates of interest for periods of up to one month in accordance with English Heritage's treasury policy (note 28).

### s) 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 19).

### t) 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.

### u) Segmental Reporting

No segmental reporting disclosures have been made as all services are inter-related and contiguous and have the single objective to further the heritage aims stated in the National Heritage Act.

# Notes to the Financial Statements

			2009	2008
			£'000	£'000
2	Earned Income			
	Admission Income		11,531	11,403
	Retail and Catering Income		10,423	9,921
	Membership Income		15,328	14,070
	Other Earned Income		5,646	5,334
	<b>Total Earned Income</b>		<b>42,928</b>	40,728
		2009	2009	2008
		Capital	Revenue	Capital
		£'000	£'000	£'000
3	Other Operating Income			2008
	<b>Grants Receivable</b>			Revenue
	European Community	-	269	141
	Heritage Lottery Fund	-	472	242
	Aggregates Levy	-	1,550	4,253
	Other	1,081	421	1,142
	<b>Total Grants Receivable</b>	<b>1,081</b>	<b>2,712</b>	366
	Transfer (to)/from Capital Reserves	(1,081)	244	(366)
	<b>Total Grants</b>	<b>-</b>	<b>2,956</b>	- 6,044
	Donations	344	777	314
	Transfer (to)/ from Capital Reserves	(344)	215	(314)
	Other Operating Income	-	152	-
	<b>Total Other Operating Income</b>	<b>-</b>	<b>4,100</b>	-
				2009
				£'000
4	Investment Income			2008
	Interest Receivable		1,028	1,392
	Dividends Receivable		29	28
	<b>Total Investment Income</b>		<b>1,057</b>	1,420
				2009
				£'000
5	Grants Payable			2008
	Buildings and Monuments		7,057	6,820
	Conservation Areas		1,745	4,274
	Cathedrals		1,255	757
	Other Places of Worship		7,753	8,142
	Historic Environment		5,297	4,698
	Aggregates Levy Historic Environment		1,408	3,907
	Other		4,732	4,000
	<b>Total Grants Payable</b>		<b>29,247</b>	32,598

# Notes to the Financial Statements

	2009	2008
6 Research and Standards Expenditure	£'000	£'000
Research	12,194	12,691
Setting Standards	10,722	10,000
<b>Total Research and Standards Expenditure</b>	<b>22,916</b>	<b>22,691</b>
	2009	2008
7 Historic Environment Expenditure	£'000	£'000
Managing the Historic Environment	19,084	18,583
Listing	2,843	2,684
<b>Total Historic Environment Expenditure</b>	<b>21,927</b>	<b>21,267</b>
	2009	2008
8 Properties Expenditure	£'000	£'000
Running the Properties	58,355	52,569
Maintenance	13,499	12,087
Conservation	4,116	4,061
<b>Total Properties Expenditure</b>	<b>75,970</b>	<b>68,717</b>
	2009	2008
9 Education and Outreach Expenditure	£'000	£'000
Education and Outreach	2,458	2,321
National Monuments Record	6,556	5,964
<b>Total Education and Outreach Expenditure</b>	<b>9,014</b>	<b>8,285</b>

# Notes to the Financial Statements

	2009	2008
	£'000	£'000
<b>10 Corporate Expenditure</b>		
Policy and Communications	4,534	3,896
Governance	1,387	1,315
	<hr/>	<hr/>
<b>Total Corporate Expenditure</b>	<b>5,921</b>	5,211
	<hr/>	<hr/>
<b>11 Support Expenditure</b>		
Finance	3,126	3,299
Information Systems	6,176	5,302
Legal Services	792	872
Human Resources	3,415	2,724
	<hr/>	<hr/>
<b>Total Support Expenditure</b>	<b>13,509</b>	12,197
	<hr/>	<hr/>

## 12 Relocation Costs

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 relocation and restructuring of the Finance Department totalled £3,828,000 (2008: £3,449,000) including depreciation of £488,000 (2008: £464,000). In addition costs of £260,000 were capitalised and included as Fixed Assets, note 21 (2008: £368,000).

## 13 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 2009 (2008: nil). English Heritage Trading Limited transferred all its profits for the year ended 31 March 2009 to HBMCE under the Gift Aid rules. Hence, it suffered no taxation charge as it had no taxable profits.

	2009	2008
	£'000	£'000
<b>14 Auditors' Fees</b>		
Auditors' remuneration and expenses for statutory audit work:		
English Heritage and HBMCE	62	55
English Heritage Trading Limited	7	6
	<hr/>	<hr/>
<b>Total Auditors' Fees</b>	<b>69</b>	61
	<hr/>	<hr/>

The 2008/09 auditors' remuneration includes additional fees related to the implementation of International Financial Reporting Standards.

# Notes to the Financial Statements

## 15 Commissioners

Commissioners' emoluments totalled £87,000 (2008: £133,000) and wholly related to basic fees in respect of their duties as Commissioners and as members of Advisory Committees and Panels. Emoluments also includes 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 emoluments of the previous Chairman Lord Bruce-Lockhart up to the date of his death on 14 August 2008 were £19,000, a full year equivalent of £45,000 and related wholly to basic fees. The current Interim Chairman, Professor Sir Barry Cunliffe, the highest paid Commissioner, was appointed on 16 September 2008 and his emoluments from that date were £10,000 and related wholly to basic fees including acting as an Advisory Committee Chairman, a full year equivalent of £18,000. His position is non pensionable.

The emoluments of the Commissioners were as follows:	2009 £'000	2008 £'000
Ms Lynda Addison (appointed 20 October 2008)	1	-
Ms Maria Adebowale	4	4
Mrs Joyce Bridges	10	9
Mr Bill Bryson (term of appointment ended 31 August 2007)	-	2
Mr Michael Cairns (term of appointment ended 19 September 2007)	-	3
Professor Sir David Cannadine	6	6
Mr Manish Chande	4	4
Professor Sir Barry Cunliffe (up to 16 September 2008 when appointed as Interim Chairman)	3	8
Lord Douro (term of appointment ended 31 August 2007)	-	2
Mrs Gilly Drummond	6	6
Dr Jane Grenville (term of appointment ended 12 May 2008)	1	6
Mr Michael Jolly	4	4
Ms Jane Kennedy	4	4
The Earl of Leicester	6	6
Mr Les Sparks (term of appointment ended 12 May 2008)	1	9
Mr Chris Wilkinson (appointed 9 July 2007)	4	3
Ms Elizabeth Williamson	4	4

The emoluments shown above for Dr Jane Grenville were paid to the University of York who are her employers, in lieu of her working time spent on English Heritage business.

All current Commissioners have been appointed for fixed terms of 4 years, the appointments are non pensionable. Commissioners' emoluments are set by the Department for Culture, Media and Sport.

## 16 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 (2008: nil).

# Notes to the Financial Statements

## 17 Related Party Transactions And Connected Bodies

English Heritage is sponsored by the Department for Culture, Media and Sport (DCMS) which is regarded as a related party. The only material transactions with DCMS were in respect of the receipt of Grant in Aid (note 32) and a payment by English Heritage of £80,000 towards the Taking Part Survey. In addition there were staff on secondment between the 2 bodies.

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

Arts Council England	Museums, Libraries and Archives Council
Commission for Architecture and the Built Environment (CABE)	National Heritage Memorial Fund
Heritage Lottery Fund	Royal Armouries Museum
Museum of London	Visit Britain

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 these bodies of £1,733,000 at 31 March 2009:

Advantage West Midlands	Environment Agency
Architectural Heritage Fund	Government News Network
British Railways Board	Ministry of Defence
Cabinet Office	National School of Government
CITB - ConstructionSkills	Natural England
Department for Communities and Local Government	Scottish Government
Department for Environment, Food and Rural Affairs (Defra)	Yorkshire Forward
Department for Transport	

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

- Lord Bruce-Lockhart, the Chairman until his death on 14 August 2008, was a Member of Kent County Council which received grant payments totalling £21,000. English Heritage also received grant income of £772,000 from Kent County Council. He was also the Chairman of Rochester Cathedral Council which received conservation grant payments totalling £98,000.
- Professor Sir Barry Cunliffe, a Commissioner and Interim Chairman from 16 September 2008, is a Trustee of Mary Rose Archaeological Services which received payments of £9,000 towards the Seahenge Conservation project.
- Ms Maria Adebowale, a Commissioner, has worked on various projects for Defra. English Heritage received income from Defra of £1,553,000, comprising aggregates levy historic environment grants totalling £1,550,000 and other income totalling £3,000.
- Mrs Joyce Bridges, a Commissioner, is a Commissioner of CABE and Mr Les Sparks, a Commissioner until 12 May 2008, is Chair for the Crossrail Design Review Panel at CABE. CABE received payments totalling £90,000 including grant payments of £40,000.
- Professor Sir David Cannadine, a Commissioner, is a member of the National Trust Eastern Regional Committee. English Heritage has numerous transactions with the National Trust including the payment of the annual National Trust maintenance deficit grant of £1,241,000, conservation grant payments totalling £367,000 and various other payments totalling £296,000. English Heritage also received income of £33,000 from the National Trust.
- Mrs Gilly Drummond, a Commissioner, is President of the Association of Gardens Trusts which received grant payments of £12,000. She is also a Trustee of Chiswick House and Gardens Trust (CHGT) along with Dr Edward Impey, the Director of Research and Standards. English Heritage made a grant payment of £750,000 to CHGT. Mrs Gilly Drummond's husband is Acting Chairman of the Hampshire and Isle of Wight Trust for Maritime Archaeology which received historic environment grants totalling £67,000.



# Notes to the Financial Statements

## 17 Related Party Transactions And Connected Bodies

- Dr Jane Grenville, a Commissioner until 12 May 2008, is Pro-Vice Chancellor of the University of York, which received payments of £246,000 including historic environment grants totalling £114,000, conservation grants of £18,000, funding for posts of £96,000 and various other payments totalling £18,000. She is also Chair of the Casework Committee of the Council for British Archaeology. Mr Chris Smith, Planning and Development Director, West Territory's, partner is a Trustee of the Council for British Archaeology. The Council for British Archaeology received payments of £324,000 including historic environment grant payments totalling £173,000, conservation grant payments totalling £118,000 and various other payments totalling £33,000.
- Ms Jane Kennedy, a Commissioner, is a Partner with Purcell Miller Tritton Architects which received fee payments totalling £472,000.
- The Earl of Leicester, a Commissioner, is the Vice President and Dr Edward Impey, the Director of Research and Standards, is a Trustee of the Ancient Monuments Society which received conservation grant payments totalling £45,000. The Earl of Leicester is also a Director of Coke Estates Ltd. Coke Estates received a conservation grant payment of £55,000.
- Dr Simon Thurley, the Chief Executive, is a member of the Parochial Church Council of All Saint's, King's Lynn, which received a conservation grant payment of £11,000.
- Dr Andrew Brown, Regional Director, South East, is a Director of Culture South East which received a grant payment of £5,000.
- 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 conservation grant of £12,000.
- Ms Loraine Knowles, Visitor Operations Director, West Territory, is a Trustee of Dorset Natural History and Archaeological Society which received a historic environment grant payment of £8,000.
- Mr Greg Luton, Regional Director, East of England, is a Board Member of Shape Cambridge - Architectural Centre, which received grant payments totalling £37,000.
- Mr Henry Owen-John, Regional Director, North West, is a Board Member of Culture North West, which received payments totalling £66,000 including grant payments of £61,000.
- Mr Mark Pemberton, the Director of Properties and Outreach, is a Director of the Association of Leading Visitor Attractions (ALVA) which received payments of £7,000.
- Miss Carol Pyrah, Regional Director, North East's, partner runs a research consultancy business which has received payments totalling £11,000 for consultancy services in respect of research projects.
- Mr Humphrey Welfare, the Planning and Development Director, North Territory, is a Director of Hadrian's Wall Heritage Ltd which received payments totalling £31,000, including a contribution of £15,000 towards the Hadrian's Wall Heritage Marketing Campaign.

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

# Notes to the Financial Statements

## 18 Employees

### a) Employee Numbers

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

	2009	2008
Research and Standards	331	334
Historic Environment	374	354
Properties	882	870
Education and Outreach	162	160
Corporate	62	61
Support	159	156
<b>Total Employee Numbers</b>	<b>1,970</b>	1,935

Employee numbers include 48 agency staff (2008: 51) and 1 member of staff working on projects shown as Fixed Assets (2008: 10), note 21.

### b) Employee Costs

	2009 £'000	2008 £'000
Salaries	54,172	51,636
Social Security Costs	4,082	4,024
Pension Costs	10,278	9,097
Redundancy and Severance Costs	2,322	1,120
Agency Staff Costs	1,645	2,173
<b>Total Employee Costs</b>	<b>72,499</b>	68,050

Included within the above costs are £3,000 salaries costs (2008: £248,000), nil social security costs (2008: £21,000) and nil pension costs (2008: £36,000) that have been capitalised within Fixed Assets (note 21). There are no redundancy and severance costs (2008: nil) and no agency staff costs (2008: nil) that have been capitalised. Pension costs for 2008/09 include £450,000 related to previous financial years.

## 19 Pension Costs

English Heritage is a member of the 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-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For the year ended 31 March 2009, employers' contributions were payable to the PCSPS at 1 of 4 rates in the range 17.1 to 25.5 per cent of pensionable pay, based on salary bands (2008: 17.1 to 25.5 per cent). Rates for next year will decrease to between 16.7 and 24.3 per cent of pensionable pay and the pay bands will be revalorised. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

# Notes to the Financial Statements

## 19 Pension Costs

Total employer contributions to the PCSPS were £10,112,000 (2008: £8,933,000) and include £450,000 in relation to previous financial years.

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 £157,000 were paid to a panel of 3 appointed stakeholder pension providers (2008: £152,000).

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 £9,000 (2008: £11,000), 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 Balance Sheet date were nil (2008: nil). Contributions prepaid at that date were nil (2008: nil).

English Heritage operates a by-analogy scheme to the PCSPS for 3 of the previous chairmen. The scheme liability at 31 March 2009 was £218,000 (2008: £250,000). This scheme has been valued by the Government Actuary's Department in accordance with Treasury guidelines and Financial Reporting Standard 17 principles.

## 20 Intangible Fixed Assets

English Heritage and HBMCE	Software Licences £'000	Goodwill £'000	Total £'000
<b>Cost or Valuation</b>			
At 1 April 2008	669	244	913
Additions	186	-	186
Disposals	-	-	-
<b>At 31 March 2009</b>	<b>855</b>	<b>244</b>	<b>1,099</b>
<b>Amortisation</b>			
At 1 April 2008	514	33	547
Charge for the Year	156	12	168
Impairments	-	140	140
Eliminated on Disposals	-	-	-
<b>At 31 March 2009</b>	<b>670</b>	<b>185</b>	<b>855</b>
<b>Net Book Value</b>			
<b>At 31 March 2009</b>	<b>185</b>	<b>59</b>	<b>244</b>
At 31 March 2008	155	211	366

# Notes to the Financial Statements

## 21 Tangible Fixed Assets

English Heritage and HBMCE	Land & Buildings £'000	Artefacts & Archives £'000	Plant & Machinery £'000	IT, Furniture & Fittings £'000	Assets under Construction £'000	Total £'000
<b>Cost or Valuation</b>						
At 1 April 2008	62,867	5,538	5,590	13,382	7,157	<b>94,534</b>
Revaluations	(2,837)	-	-	-	-	<b>(2,837)</b>
Additions	-	97	378	391	5,350	<b>6,216</b>
Disposals	(158)	-	(291)	(35)	-	<b>(484)</b>
Impairments	(2,773)	-	-	-	-	<b>(2,773)</b>
Transfer of assets brought into use	4,535	-	896	2,123	(7,725)	<b>(171)</b>
<b>At 31 March 2009</b>	<b>61,634</b>	<b>5,635</b>	<b>6,573</b>	<b>15,861</b>	<b>4,782</b>	<b>94,485</b>
<b>Depreciation</b>						
At 1 April 2008	10,279	-	3,482	11,010	-	<b>24,771</b>
Charge for the Year	1,770	-	818	1,638	-	<b>4,226</b>
Backlog Depreciation	(316)	-	-	-	-	<b>(316)</b>
Eliminated on Disposals	(158)	-	(291)	(35)	-	<b>(484)</b>
<b>At 31 March 2009</b>	<b>11,575</b>	<b>-</b>	<b>4,009</b>	<b>12,613</b>	<b>-</b>	<b>28,197</b>
<b>Net Book Value</b>						
<b>At 31 March 2009</b>	<b>50,059</b>	<b>5,635</b>	<b>2,564</b>	<b>3,248</b>	<b>4,782</b>	<b>66,288</b>
At 31 March 2008	52,588	5,538	2,108	2,372	7,157	69,763

The transfers from Assets under Construction to other fixed asset categories represent the transfer of Assets under Construction which have been completed in the year. These include software licences with a cost of £171,000 which had been included in Assets under Construction in the prior year that have been transferred to Intangible Fixed Assets (Note 20).

The additions and transfers for the year mainly comprise capital projects at our trading sites, the largest projects being at Dover Castle, Lullingstone Roman Villa, Audley End House, Carisbrooke Castle and Down House.

## 22 Pure Heritage Land and Buildings

English Heritage manages 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 1, i). 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.

These properties are held by English Heritage under various arrangements, with the majority being in the guardianship of the Secretary of State for Culture, 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.

# Notes to the Financial Statements

## 23 Historic Artefacts

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 £112,000 was incurred on historic artefacts (including replicas) during the year ended 31 March 2009 (2008: £512,000). £97,000 of this expenditure was charged to Fixed Assets (2008: £399,000) and £15,000 was charged to the Income and Expenditure Account (2008: £113,000). No donated artefacts received during the year had a value (2008: nil).

## 24 Archives

English Heritage's extensive archives comprise maps, plans, photographs, reports and books. Our National Monuments Record holds over 10 million historic and modern photographs, texts and documents, and is the national record of England's heritage. Our archives are used by members of the public, professional researchers, other heritage organisations and our own staff.

Total expenditure of £15,000 was incurred on archives during the year ended 31 March 2009 (2008: £597,000). All of this expenditure was charged to the Income and Expenditure Account (2008: £4,000), and nil was charged to Fixed Assets (2008: £593,000). No donated archives received during the year had a value (2008: nil).

## 25 Fixed Asset Investments

	Subsidiary Undertakings £'000	Other Investments £'000	Total £'000
a) <b>HBMCE</b>			
<b>At 1 April 2008 and 31 March 2009</b>	<b>2,028</b>	<b>-</b>	<b>2,028</b>
Details of the subsidiary undertakings are given in note 42.			
b) <b>English Heritage</b>		<b>2008</b>	2009
		<b>£'000</b>	<b>£'000</b>
Market Value at 1 April		505	628
Additions		-	-
Disposals		-	-
Net Investment Losses		<b>(189)</b>	<b>(123)</b>
<b>Market Value at 31 March</b>		<b>316</b>	505
<b>Historical Cost at 31 March</b>		<b>434</b>	434

At 31 March 2009 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, 0.46% p.a. of the value in Charifund.

# Notes to the Financial Statements

## 26 Stocks

	English Heritage		HBMCE	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Items for Resale	<b>2,211</b>	2,593	<b>49</b>	142

## 27 Debtors

	English Heritage		HBMCE	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Trade Debtors	1,521	1,379	1,521	1,380
Value Added Tax	1,973	2,257	1,973	2,257
Prepayments and Accrued Income	8,549	8,876	8,549	8,873
Other Debtors	2,684	3,169	2,684	3,169
Amount Owed by Subsidiary Undertaking	-	-	1,074	977
<b>Total Debtors</b>	<b>14,727</b>	15,681	<b>15,801</b>	16,656

## 28 Financial Instruments

As English Heritage has a 3 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 Financial Reporting Standard (FRS) 13 mainly applies.

English Heritage has no powers to borrow and its only investments are Fixed Asset Investments related to the Iveagh Bequest held in a Common Investment Fund and of surplus funds on short term fixed interest rate deposit with institutions with low risk credit ratings.

As allowed by FRS 13, debtors and creditors that are due to mature or become payable within 12 months from the Balance Sheet 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 31) none of which are interest bearing and are mainly due within 1 year. The only disclosable financial assets are cash, short term investments and fixed asset investments which are not exposed to significant interest rate risk.
- 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 (note 38), fixed asset investments held in a Common Investment Fund (note 25) and short term investments held on fixed rate deposit:

# Notes to the Financial Statements

## 28 Financial Instruments

	English Heritage		HBMCE	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Fixed Asset Investments - Common Investment Fund	316	505	-	-
Short Term Investments - Cash on Short Term Deposit	<u>24,812</u>	<u>22,135</u>	<u>24,312</u>	<u>21,635</u>
	<b>25,128</b>	22,640	<b>24,312</b>	21,635

The short term deposits above mature within 1 month of the Balance Sheet date, interest rates on these deposits range between 0.76 per cent and 1.16 per cent.

## 29 Creditors: Amounts Falling Due Within One Year

	English Heritage		HBMCE	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Trade Creditors	9,538	10,858	9,538	10,858
Income Tax and Social Security	1,343	1,302	1,343	1,302
Pensions	18	36	18	36
Deferred Income	5,781	5,429	5,119	4,734
Capital Government Grant in Aid	340	370	340	370
Accruals	11,237	10,633	11,231	10,627
Other Creditors	3,746	1,968	3,746	1,968
Amount Owed to Subsidiary Undertaking	-	-	1,108	753
<b>Total Creditors: Amounts Falling Due Within One Year</b>	<b>32,003</b>	30,596	<b>32,443</b>	30,648

Other Creditors includes £2,018,000 (2008: £615,000), held on behalf of the Chiswick House and Gardens Trust.

## 30 Creditors: Amounts Falling Due After More Than One Year

	English Heritage		HBMCE	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Pensions	200	215	200	215
Deferred Income	<u>2,413</u>	<u>2,301</u>	<u>2,413</u>	<u>2,301</u>
<b>Total Creditors: Amounts Falling Due After More Than One Year</b>	<b>2,613</b>	2,516	<b>2,613</b>	2,516

# Notes to the Financial Statements

## 31 Provisions

	Balance at 1 April 2008 £'000	Released in the year £'000	Utilised in the year £'000	Charged in the year £'000	Balance at 31 March 2009 £'000
<b>English Heritage and HBMCE</b>					
Relocation and Restructuring Costs	3,113	(81)	(1,073)	1,750	<b>3,709</b>
Legal and Constructive Obligations	130	(18)	(112)	319	<b>319</b>
Claims	440	(15)	(417)	80	<b>88</b>
<b>Total Provisions</b>	<b>3,683</b>	<b>(114)</b>	<b>(1,602)</b>	<b>2,149</b>	<b>4,116</b>

## 32 Movement in General Reserve

	Capital £'000	Revenue £'000	Total £'000
<b>English Heritage and HBMCE</b>			
Baseline Grant receivable from DCMS	4,000	124,858	<b>128,858</b>
Grant in Aid receivable from DCMS for relocation	-	500	<b>500</b>
<b>Total Grant in Aid receivable</b>	<b>4,000</b>	<b>125,358</b>	<b>129,358</b>
Add Capital Grant in Aid brought forward utilised	30	-	<b>30</b>
Transfer re Fixed Asset Depreciation	(3,651)	4,179	<b>528</b>
Transfer re Fixed Asset Impairment	(2,913)	2,913	-
Transfer re Fixed Asset Disposal	-	-	-
Transfer from Revaluation Reserve (note 34)	-	281	<b>281</b>
<b>Total Government Grant in Aid</b>	<b>(2,534)</b>	<b>132,731</b>	<b>130,197</b>
Net Expenditure for the Financial Year	-	(134,209)	<b>(134,209)</b>
<b>Movement in General Reserve</b>	<b>(2,534)</b>	<b>(1,478)</b>	<b>(4,012)</b>
Balance at 1 April 2008	45,494	(12,727)	<b>32,767</b>
<b>Balance at 31 March 2009</b>	<b>42,960</b>	<b>(14,205)</b>	<b>28,755</b>

Grant in Aid receivable from DCMS for relocation shown above derives from the surrender of the lease on the previous London Headquarters building.



# Notes to the Financial Statements

## 33 Analysis of Capital Reserves

English Heritage and HBMCE	EU Grant Reserve £'000	Non Govt Grant Reserve £'000	Donated Asset Reserve £'000	Restricted Fund Asset Reserve £'000	Total £'000
Balance at 1 April 2008	2,245	1,405	7,747	267	11,664
Movement in Year					
– Assets under Construction	-	1,037	240	191	1,468
– Fixed Asset Additions	-	45	104	585	734
– Fixed Asset Disposals	-	-	-	-	-
– Fixed Asset Depreciation Charge for the Year	(81)	(99)	(164)	(114)	(458)
– Fixed Asset Backlog Depreciation	16	4	29	12	61
– Revaluation of Land and Buildings	(83)	(28)	(168)	(18)	(297)
<b>Balance at 31 March 2009</b>	<b>2,097</b>	<b>2,364</b>	<b>7,788</b>	<b>923</b>	<b>13,172</b>

## 34 Movement in Government Grant Revaluation Reserve

English Heritage and HBMCE	£'000
Balance at 1 April 2008	12,969
– Revaluation of Land and Buildings	(2,542)
– Fixed Asset Backlog Depreciation	253
– Transfer to General Reserve - Fixed Asset Disposals (note 32)	-
– Transfer to General Reserve - Fixed Asset Depreciation Charge for the Year (note 32)	(280)
<b>Balance at 31 March 2009</b>	<b>10,400</b>

## 35 Capital Fund

English Heritage	2009 £'000	2008 £'000
Balance at 1 April	505	628
Net Investment losses on Fixed Asset Investments	(189)	(123)
<b>Balance at 31 March</b>	<b>316</b>	<b>505</b>

# Notes to the Financial Statements

## 36 Development and Restricted Funds

	Balance at 1 April 2008 £'000	Income £'000	Revenue Expenditure £'000	Capital Expenditure £'000	Balance at 31 March 2009 £'000
<b>English Heritage and HBMCE</b>					
Kenwood House	280	12	-	-	292
Down House and Gardens	1,975	87	(87)	(585)	1,390
Eltham Palace	1,257	55	(55)	-	1,257
Rangers House (Wernher Foundation)	655	29	(29)	-	655
Ditherington Flax Mill	37	2	-	-	39
Wrest Park	2,798	125	(780)	(191)	1,952
London Squares	13	1	-	-	14
<b>Total Restricted Funds</b>	<b>7,015</b>	<b>311</b>	<b>(951)</b>	<b>(776)</b>	<b>5,599</b>
Development Fund	1,910	851	(249)	(340)	2,172
<b>Total Funds</b>	<b>8,925</b>	<b>1,162</b>	<b>(1,200)</b>	<b>(1,116)</b>	<b>7,771</b>

	2009 £'000	2008 £'000
The Total Funds were held as pooled investments as follows:		
<b>Cash and Short Term Investments</b>	<b>7,771</b>	8,925

## 37 Reconciliation of Net Expenditure to Net Cash Outflow from Operating Activities

	2009 £'000	2008 £'000
Net Expenditure before Investment Income	(136,998)	(128,135)
Depreciation and Amortisation	4,922	4,356
Notional Cost of Capital	1,694	1,530
Impairments and profit on disposal of Fixed Assets	2,909	100
Release from Capital Reserves	(459)	(425)
Decrease in Stocks	382	339
Decrease / (Increase) in Debtors	467	(1,877)
Increase in Creditors and Provisions	3,122	953
<b>Net Cash Outflow from Operating Activities</b>	<b>(123,961)</b>	<b>(123,159)</b>

# Notes to the Financial Statements

## 38 Analysis of Net Funds

	2009 £'000	2008 £'000	Change in year £'000
Cash at Bank and in Hand	342	588	(246)
Bank Overdrafts	(9,794)	(8,006)	(1,788)
<b>Net Bank Overdraft</b>	<b>(9,452)</b>	<b>(7,418)</b>	<b>(2,034)</b>
Short Term Investments	24,812	22,135	2,677
<b>Net Funds</b>	<b>15,360</b>	<b>14,717</b>	<b>643</b>

## 39 Commitments

a) <b>Grant Offers made to Other Bodies and Individuals</b>	<b>£'000</b>
Balance outstanding at 1 April 2008	49,414
Grants paid during the year	(29,247)
New Grant offers made during the year net of lapsed offers	34,676
<b>Commitment Outstanding at 31 March 2009</b>	<b>54,843</b>

In addition to the commitment shown above, English Heritage has an ongoing annual grant liability to the National Trust. The commitment for the year ending 31 March 2010 is £1,272,000 and increases annually by an agreed inflation factor.

### b) Contracts

Expenditure contracted for as at 31 March 2009 but not provided for in the financial statements amounted to £22,836,000 (2008: £17,070,000) including capital commitments of £2,570,000 (2008: £2,017,000).

### c) Operating Leases

Operating lease commitments falling due during the next year analysed between the following ranges in which the commitment expires:

	2009 £'000	2008 £'000
Within one year	234	487
Between one and five years	595	943
After five years	2,714	2,529
<b>Total Operating Lease Commitments</b>	<b>3,543</b>	<b>3,959</b>

The majority of leases relate to property rentals and are subject to rent reviews. During the year ended 31 March 2009 payments under operating leases totalled £4,150,000 (2008: £5,212,000).

# Notes to the Financial Statements

## 40 Losses and Special Payments

	2009 £'000	2008 £'000
Losses	301	558
Special Payments	83	218
<b>Total Losses and Special Payments</b>	<b>384</b>	<b>776</b>

In addition to the above, between 2000/01 and 2006/07, English Heritage spent £6,500,000 on a project to develop a new Stonehenge visitor centre at Countess East. This development was predicated on road improvements to the A303, including tunnelling part of the road. In December 2007, the Government announced the cancellation of the road improvement scheme. Subsequent to this, English Heritage has developed revised plans for a new visitor centre, the location of which was confirmed in 2009. Not all of the original work is relevant to the new scheme and accordingly it is estimated that approximately half of the original £6,500,000 costs is recognisable as a constructive loss under HM Treasury rules. It is not possible to quantify the exact value of this constructive loss.

Land was purchased in anticipation of the Countess East scheme in 2000/01, using additional Government Grant in Aid received from DCMS for that purpose. As a consequence of the change in plans for the visitor centre outlined above, an impairment of £2,700,000 in the value of this land has been recognised in 2008/09. The impairment has been charged to the Income and Expenditure Account as Properties expenditure.

There were no other individual losses or special payments that exceeded £250,000 (2008: nil).

## 41 Contingent Liabilities

Various outstanding claims existed at 31 March 2009. Provision has been made in the accounts for the year ended 31 March 2009 for those outstanding liabilities which will probably require settlement by English Heritage and where the amount of the liability can be reliably estimated (note 31). 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.

English Heritage has completed the most urgent repairs to Apethorpe Hall a property DCMS compulsorily purchased on English Heritage's behalf during the financial year ending 31 March 2005. The intention is to dispose of the property to a suitable owner who will complete the repairs. The property still requires further substantial repairs, if a buyer cannot be found English Heritage may have to undertake the repairs itself. The additional repair cost could be in the region of £4,000,000.

# Notes to the Financial Statements

## 42 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:

	2009 £'000	2008 £'000
<b>Income and Expenditure</b>		
Turnover	12,814	12,094
Expenditure	(11,511)	(11,048)
Operating Profit	1,303	1,046
Interest Receivable and Similar Income	22	30
<b>Profit on Ordinary Activities before Gift Aid</b>	1,325	1,076
Gift Aid to HBMCE	(1,325)	(1,076)
<b>Profit on Ordinary Activities before and after Taxation</b>	-	-
<b>Net Assets as at 31 March</b>		
Current Assets	3,770	3,708
Creditors: Amounts Falling Due Within One Year	(1,742)	(1,680)
<b>Net Assets</b>	2,028	2,028
Share Capital - Ordinary Shares at £1 each	2,028	2,028
Profit and Loss Account	-	-
<b>Shareholders' Funds</b>	2,028	2,028

### 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.

## 42 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:

<b>Statement of Financial Activities</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>
<b>Incoming Resources</b>		
Investment Income: Dividends Receivable	29	27
<b>Resources Expended</b>		
Charitable Expenditure: Distributions to HBMCE	(29)	(27)
<b>Net Outgoing Resources</b>	-	-
Losses on the Revaluation of Investment Assets: Unrealised Losses	(189)	(123)
<b>Net Movement in Funds</b>	(189)	(123)
Fund balances brought forward 1 April	505	628
<b>Fund balances carried forward 31 March</b>	<b>316</b>	505
<b>Net Assets as at 31 March</b>		
Fixed Asset Investments	316	505
Capital Fund Reserves	316	505

## 43 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 2009 there were no projects in progress that were grant funded by landfill tax credits (2008: nil).

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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 2009. The following have given amounts of, or worth, £1,000 or more:

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

# Donors, Sponsors and Contributors

In addition the following have made donations to the Chiswick House and Gardens Trust of £1,000 or more 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.

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# English Heritage Offices

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138-142 Holborn  
London EC1N 2ST  
Telephone: 020 7973 3000

## Swindon Office

(including National Monuments Record Centre)  
Kemble Drive  
Swindon SN2 2GZ  
Telephone: 01793 414 700

## Regional Offices

### East Midlands

44 Derngate  
Northampton NN1 1UH  
Telephone: 01604 735 400

### East of England

Brooklands  
24 Brooklands Avenue  
Cambridge CB2 8BU  
Telephone: 01223 582 700

### London

1 Waterhouse Square  
138-142 Holborn  
London EC1N 2ST  
Telephone: 020 7973 3000

## Other Offices

### Exeter

5 Marlborough Court  
Manaton Close  
Exeter EX2 8PF  
Telephone: 01392 824 901

### North East

Bessie Surtees House  
41-44 Sandhill  
Newcastle Upon Tyne NE1 3JF  
Telephone: 0191 261 1585

### North West

Suites 3.3 & 3.4  
Canada House  
3 Chepstow Street  
Manchester M1 5FW  
Telephone: 0161 242 1400

### South East

Eastgate Court  
195-205 High Street  
Guildford GU1 3EH  
Telephone: 01483 252 000

### South West

29 Queen Square  
Bristol BS1 4ND  
Telephone: 0117 975 0700

### West Midlands

8th Floor  
The Axis  
10 Holliday Street  
Birmingham B1 1TG  
Telephone: 0121 625 6820

### Yorkshire

37 Tanner Row  
York YO1 6WP  
Telephone: 01904 601 901

### Fort Cumberland

Fort Cumberland Road  
Eastney  
Portsmouth PO4 9LD  
Telephone: 023 9285 6700

### Stonehenge Administration Office

Wyndham House  
65 The Close  
Salisbury SP1 2EN  
Telephone: 01722 343 830



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