



ENGLISH HERITAGE

2009/2010

ANNUAL REPORT & ACCOUNTS

English Heritage

Annual Report and Accounts 2009/2010

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English Heritage is the Government's statutory adviser on the historic environment. We receive around three-quarters of our funding from DCMS in the form of Grant in Aid and generate the rest ourselves from membership and our properties.

Designed by Claire Gaffney

July 2010

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Introduction

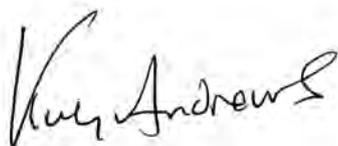
I was delighted to be appointed Chair of English Heritage last summer and my first year has proved to be immensely inspiring and enjoyable. I have had the pleasure of getting to grips with a wide range of English Heritage's activities all of which make a contribution, directly or indirectly, to the quality of our environment and to the quality of our lives here in England. I have visited many extraordinary properties, and I have had the privilege of meeting staff who are knowledgeable, leaders in their field and overwhelmingly passionate about what they do. I am proud to lead an organisation of people with such expertise and commitment to serving the public.

I hope you will enjoy reading about English Heritage's work over the past year. It has been a year of all round achievement, but there are nevertheless a few areas which merit particular attention. The big story is the impressive rise in visitors to our sites and the resulting increased revenue. While we know this was partly due to the numbers of people choosing to holiday at home, and an unforeseen benefit of the recession, we also know that visitors go to the sites where we have invested in improvements. Kenilworth Castle, Dover Castle and Down House are just three sites attracting new visitors to new facilities and displays. But there are also strong indications that the recession is having an adverse effect: development projects in some parts of the country are being delayed or stopped, and local authority historic environment resources are being reduced. This makes our Heritage at Risk work all the more important. Identifying and preventing the irretrievable loss of some of the country's most precious assets will be a particular focus for our work in future years.

We have also been working hard to make the heritage protection system simpler and more efficient. The publication of a new Planning Policy Statement on the historic environment and its associated Practice Guide, begun during my time at the Department for Communities and Local Government, is of crucial importance. Making sure it has its full, positive impact, particularly in the local context, will be a priority over the coming months and years.

I am pleased that English Heritage together with others including the National Trust and Wiltshire Council have made substantial progress towards transforming the World Heritage Site at Stonehenge in time for 2012 and the visitors that the Olympics will bring.

Finally, I want to thank Simon Thurley and all our staff at English Heritage, my fellow Commissioners, and our expert Committee and Panel members for their commitment and hard work over the past year to protect and enhance England's historic environment. I look forward to continuing to work with them all.



Baroness Andrews OBE
Chair

Achievements of 2009/10

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

Appreciation of the historic environment, knowing what we have so that it can be properly managed, relies on knowledge. Building understanding through our own research, and by supporting others, is at the heart of English Heritage's work, as is sharing that knowledge through training, seminars, publications and through our education programmes.

The Historic Environment Enabling Programme (HEEP) awarded £5.19 million in grants to 423 projects this year. Examples of the range of work supported include £25,000 towards the emergency excavation of the site of the Staffordshire Hoard, the remarkable discovery by a metal detectorist in July 2009 of a cache of 6th/7th century Anglo-Saxon gold and a prime example of what can be achieved when responsible metal-detectorists and archaeologists work together. HEEP also funded projects by Southampton University to understand the condition and deterioration of Star Carr; a hugely significant early Mesolithic archaeological site in Yorkshire. HEEP is joint-funding three Roman Catholic dioceses (Plymouth, Northampton and Shrewsbury) through our Taking Stock initiative to assist with a strategic review of the historic and artistic significance of churches and to ensure this knowledge is factored into decisions on pastoral reorganisation.

A geophysical survey of the wreck site of *HMS Victory* (1744) was undertaken by Wessex Archaeology in conjunction with a Royal Navy vessel this year. It was funded by the Department for Culture, Media and Sport through our HEEP scheme. This historically significant wreck was discovered by an international salvage and recovery company outside of territorial waters where there are no options for statutory designation. English Heritage facilitated the survey on behalf of DCMS which helped to inform a joint DCMS/Ministry of Defence consultation launched in March 2010 on the future management of the site.

English Heritage supports a wide range of training programmes for heritage professionals, some run through the auspices of other organisations and some provided in-house. In-house training has been focussed on the Professional Placements in Conservation programme and on the Historic Environment Traineeship Scheme, preparing historic environment managers for roles in the sector. In future we are also planning to support a two-year MA in buildings history which is being designed to meet a shortfall in skills. Skills shortages are also being addressed by various bursary schemes including the Traditional Building Skills Bursary Scheme for England and Wales which has been awarded an additional £500,000 by the Heritage Lottery Fund to continue offering training bursaries to develop vital skills. With additional contributions from partner organisations including English Heritage, the National Trust, Cadw, ConstructionSkills and the National Heritage Training Group, the project has grown from £1.2 million to £1.75 million providing up to 55 additional bursary placements.

Achievements of 2009/10

The historic environment benefits everyone and a big part of what English Heritage does is help the non-expert to appreciate it. In 2009/10 we supported 706,962 learners in total of which 416,386 were free educational visits to our sites. This included 44,276 participants in our programme of interactive Discovery Visits which are supported by a team of valued and enthusiastic volunteers who contributed over 8,022 hours of work. To improve access to our knowledge and resources, we have also been investing significant resources in a new website which went live in spring 2010. Our online presence includes access to the National Monuments Record (NMR) which now has over 2.53 million records available online, including more than 426,000 images. In 2009/10 it recorded 3.7 million unique user sessions and over 110,000 people visited NMR exhibitions held around the country.

Achievements of 2009/10

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

English Heritage is committed to raising awareness of the historic environment and increasing understanding of its contribution to many different aspects of life. The planning system is hugely important for the way the historic environment is valued, managed and cared for and we worked closely with Government as they developed a new Planning Policy Statement on the historic environment and associated Practice Guide. Published in March 2010 this was an important milestone along the road to simplifying the system of heritage protection and ensuring that planning plays a central role in conserving our heritage. PPS5 is a welcome modernisation that brings heritage planning guidance in line with wider changes to planning legislation and our own best practice as set out in the publication *Conservation Principles*.

Another major area on which we advised Government was the Building Schools for the Future programme where we identified opportunities and risks posed by the programme and worked with central government, local authorities, schools and other stakeholders in the process. This resulted in new guidance published in conjunction with Partnerships for Schools and the Department for Children, Schools and Families in January 2010.

We have also given advice on the management of World Heritage Sites which fed into Planning Circular 07/09 published in July 2009. This circular gives advice on the level of protection and management needed for World Heritage Sites and draws attention to recent legislative measures designed to enhance their protection.

We advised on legislative changes including the Marine and Coastal Access Act which became law in November 2009. It introduced a requirement for marine planning and licensing to have regard for historic and archaeological assets and that these should also be taken into account in designating marine conservation zones. The Floods and Water Management Act includes provision for the better protection of cultural heritage from the risk of extreme weather. We also revised and updated our 2004 guidance, *Flooding and Historic Buildings*, to help those who own, live in or are responsible for historic buildings which may be at threat from flooding.

To be able to convince others of the value of the historic environment we must have hard evidence. The 2009 edition of *Heritage Counts*, the annual survey of the state of the nation's heritage which we publish on behalf of the heritage sector, provided solid research which showed a strong positive link between the historic environment and how people feel about where they live.

On a regional level we commissioned a report into the economic impact of heritage in Yorkshire and the Humber which identified that heritage tourism and construction generate £3.3 billion a year for the regional economy. It has proved invaluable in preparing the evidence base for the Yorkshire and Humber Integrated Regional Strategy.

Achievements of 2009/10

Of value to home owners all around the country is the research which English Heritage published on the thermal performance of traditional sash windows. The results show how easy it is to bring sash windows up to modern standards, bringing significant reductions in heat loss and heating bills while at the same time maintaining original features which add to the value and saleability of a property. The research comes at a time when the pressure is on both public and private owners to improve energy performance in order to meet the Government's ambitious climate change targets.

We work closely with partners concerned with the natural environment and have joint accords in place with the National Parks and with the National Association of Areas of Outstanding Natural Beauty (AONBs). This year the National Parks Joint Statement was refreshed and extended to include partners in Scotland. In addition English Heritage was involved in the consultation on English National Parks and the Broads UK Government Vision and Circular 2010. We reviewed the historic environment content of all the English AONB Management Plans in support of our work with AONB Units. In 2009/10 we completed survey work in the Mendips AONB and we are working with the North Pennines AONB Partnership, Natural England, the Environment Agency, the Peatscapes project and the North Pennines Heritage Trust studying the miner-farmer landscapes of the North Pennines AONB. This will inform the understanding, conservation and management of such landscapes, particularly in the context of climate change.

Securing financial support from others is a good indicator of our ability to convince people of the value of investing in the historic environment. This year our fundraising activity secured a total of nearly £4 million including over £1 million in legacies and donations. This has helped us to acquire objects and to install new displays at 33 properties around the country. Corporate partnerships with Ecclesiastical Insurance and Wells Bombardier supported campaigns such as Heritage at Risk and events like our St George's Day celebrations. The enormous value of our donors' contributions was exemplified by the success of the project to restore the gardens at Chiswick House. The revitalised gardens were launched in June 2010, an achievement that would not have been possible without the generous support of many donors, members and supporters.

Achievements of 2009/10

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

In order to protect and enhance our historic buildings and sites it is vital that we understand their significance, their condition and the threats they face. Heritage at Risk is a national programme to identify historic places at risk, raise awareness and help secure their future. First published in 2008, the English Heritage register of *Heritage at Risk* has been expanded and now includes listed buildings, scheduled monuments, registered historic parks and gardens, registered battlefields and protected historic wreck sites. In 2009 we campaigned about and gathered data on conservation areas. Our nationwide survey revealed that approximately one in seven of those surveyed is at risk from neglect, decay or unsympathetic change. We have also begun work on places of worship at risk with a view to adding them to the Register in 2011.

Although we are still waiting for legislation, considerable progress has been made in reforming the system of heritage protection to simplify it and make it more transparent and user-friendly. The new Planning Policy Statement on the historic environment (see Aim 2) embodies the approaches of the draft bill, and a major step in the simplification of the process was the transfer in November 2009 of responsibility for administration of national designation from DCMS to English Heritage. We have held major training programmes for decision-makers and conservation practitioners to develop understanding of new approaches under the reformed system and have identified 28 areas for Defined Area Surveys, geographically defined projects through which we can review designated buildings, sites and landscapes within a given area as a way of keeping the designation base up to date in areas that may be under threat, and achieving clarity about what is significant. Most of the projects in this two-year programme are well underway. In the North East we have put in place a Heritage Protection Agreement for Ingram Farm which has been designated via large area scheduling. Being run as a pilot, the Agreement is designed to give the owner more flexibility in managing this working site.

In the winter work began on a National Heritage Protection Plan which will set out how we will manage a prioritised programme to identify and protect England's heritage over the coming years. The Plan will direct our research and our designation work, and influence our grant-giving. It will enable us to organise ourselves in the most efficient and effective way to meet the most urgent threats to the most significant parts of our heritage.

People and place are at the heart of our ongoing work in Berwick upon Tweed: an historic walled town with a rich concentration of historic buildings and monuments but also a place which is underperforming economically and has an opportunity to use its heritage as part of wider regeneration. English Heritage is part of Berwick's Future, a regeneration partnership involving Northumberland County Council, Berwick Community Trust, Berwick Town Council, One North East and Government Office for the North East which aims to put new vitality into the town and offer increased opportunities and prosperity for local people. This year we published *Berwick upon Tweed: Three Places, Two Nations, One Town* in our *Informed Conservation* series which tells the story of the development of Berwick, Tweedmouth and Spittal and explains the historical and social significance of the area's buildings. The book presents the most recent research on Berwick and was possible only with the help and participation of a large number of local residents who worked with our survey team. The research has also helped to update

Achievements of 2009/10

and improve the information on listed buildings and ensure the correct designation. Work is well underway on the Berwick Preservation Trust's scheme to repair and convert Dewar's Lane Granary, one of Berwick's key buildings at risk, into a youth hostel and area grant schemes to help owners repair and restore their buildings are about to commence: both of these supported by English Heritage grant aid.

While change and development are inevitable in a healthy society and economy, ill-considered change can damage significant elements of our historic environment. Protecting what is significant is at the core of our engagement with local planning authorities through the planning process. While Public Inquiries reflect the failure of parties to resolve differences in the earlier stages of the planning process, we are pleased that our expert evidence on the impact of development proposals on the historic environment has led to some important inquiry decisions in the past year. A proposed development for three tall buildings near Waterloo station in London which would have affected views from Parliament Square (part of a World Heritage Site), and of the Royal Festival Hall and the National Theatre was turned down. A proposed major retail development on the edge of Lancaster city centre was rejected on grounds of the consequent loss of the city's heritage; and at Upper Heyford former RAF base, in Oxfordshire the inquiry ruled in favour of a sympathetic new use for, and redevelopment of, what is the best preserved Cold War airbase in Britain.

This year we have supported new uses for some of the most problematic buildings and sites on the *Heritage at Risk Register*. Tynemouth Station in North Tyneside is Grade II* listed and a major building at risk in a conservation area. A scheme to restore the iron and glass canopies and introduce new public uses to the impressive space that they contain has been awarded £2 million from the Government's Sea Change programme and English Heritage has offered a further £1 million to secure the structure. We have also been closely involved in a Sea Change funded project enabling Great Yarmouth Borough Council to progress the heritage-led regeneration of St George's Church and King Street.

While the economic situation has delayed or even stopped some developments, it has encouraged others to look more creatively at adapting existing buildings. English Heritage continues to provide advice and guidance across the country. We have sustained our response rate to all types of formal planning consultation, achieving an average of 97% returned within the agreed deadline. Two high profile schemes completed in the past year with the help of English Heritage expert staff were the renovation and conversion of the former Middlesex Guildhall in London into the Supreme Court of the United Kingdom and the Roundhouse at Derby where a combination of restoration and new build on former railway land has incorporated the once derelict Grade II* Roundhouse into a new campus for Derby College.

Achievements of 2009/10

AIM 4: Help local communities care for their historic environment

At the heart of communities around the country are the local authorities that are responsible for protecting most of our historic environment. In addition to the advice we provide as a statutory consultee on emerging planning and other policies, and on individual development proposals, English Heritage supports local authorities by offering advice, guidance and training through the Historic Environment-Local Management (HELM) programme. In 2009/10 the HELM website received almost 351,000 unique visitors. Subscribers to the quarterly HELM newsletter continued to increase and have now reached 2,600. Thirty-seven courses training 1,505 people were run under the HELM banner and four training events were held to raise awareness of the new PPS during the consultation period, attracting 400 attendees. A training event followed the launch of the PPS in March 2010 and further courses will take place over the coming weeks. New guidance this year included *Making the Most of your Local Heritage: a Guide for Overview and Scrutiny Committees*; and *Affordable Rural Housing and the Historic Environment*.

We continue to encourage local authorities to appoint Heritage Champions and at 31 March 2010 76% had done so. In the North West the development of a Heritage Champions Network has proved highly successful with joint events being mounted for the North West Historic Environment Forum and the increasingly active regional Champions. We are also monitoring historic environment staff resources in local authorities in the face of cuts to local authority budgets to inform ways in which we might help ensure that there is access to sufficient expertise locally. Early indicators are that resources have declined by around 7%.

We also support local authorities' decision-making with our research. For example, a Historic Area Assessment of central Peckham in London which we undertook this year is helping the London Borough of Southwark decide whether to designate it a conservation area. The research looked at the historic development of the area and evaluated the distinctive elements of its character.

English Heritage targets its range of grant schemes at the repair of highly-graded historic secular buildings, monuments, landscapes and conservation areas at risk of loss of historic significance. We also provide grant aid to national and local organisations that work to raise the profile, and stimulate greater care of, such places. In total in 2009/10 we made grant offers worth £30.4 million of which £12.3 million was to 155 secular buildings and monuments. We offered £889,459 to a Grade II* townhouse in Boston, Lincolnshire which has been on the *Buildings at Risk Register* since 1998. The grant will go towards urgent repairs to enable the building to be brought back into use as an educational and traditional skills centre. We contributed over £300,000 to the first phase of repairs to Elizabeth Gaskell's house, a Grade II* building at risk. This mid 19th century suburban villa, where Mrs Gaskell wrote many of her novels and entertained Charles Dickens, is now a rare surviving example of a type of building once common in south Manchester. At the other end of the scale, we gave a grant of £6,295 towards the cleaning and repair of the war memorial in Worksop town centre and contributed £30,000 to the Civic Society Initiative for their Street Pride campaign.

Achievements of 2009/10

English Heritage manages a combined grant scheme with the Heritage Lottery Fund for the repair of listed places of worship with a total annual budget of £25 million. This year we offered the Grade I church of St George in Cullercoats, North Shields £74,000 for repairs to its fine vaulted roof, a feature which attracts many visitors. The largest grant in 2009/10 was £682,000 to the Grade I listed St John the Evangelist, Shobdon in Herefordshire, where work to repair masonry is complicated by the need to preserve its highly important gothic plaster ceiling.

During 2009/10 English Heritage and the Wolfson Foundation provided grants of £2.6 million for 24 projects at 23 cathedrals. While 2009/10 was the final year of the grant scheme, cathedrals will remain eligible to apply for grants under our Historic Buildings, Monuments and Designed Landscapes scheme. Over the 19 years of the cathedrals scheme, £52 million has been disbursed and almost all cathedrals are in a much better condition than in 1991 when the first English Heritage cathedrals fabric survey identified the extent of their problems.

Our scheme to part-fund the employment of Historic Places of Worship Support Officers is growing in success. Twelve are now in place, working to help congregations across England by providing practical support and expertise in the care of historic places of worship.

English Heritage also distributes part of the Aggregates Levy Sustainability Fund on behalf of the Department for Environment, Food and Rural Affairs and in 2009/10 we gave £2.14 million to 109 projects to promote effective management and minimise or mitigate the impacts of aggregates extraction on the historic environment. Projects included our first collaboration with ALSF Wales, charting submerged prehistoric landscapes in the Bristol Channel and Liverpool Bay.

English Heritage has responsibility for historic wrecks out to 12 nautical miles of the UK coast. Dunwich Bank is a designated historic wreck site and we have been involved this year in discussions with the licensee and Dunwich Museum to have the bronze cannon found at the Dunwich Bank site returned to Dunwich.

One of the ways in which people learn more about their local historic environment is via Heritage Open Days, an annual event with over one million participants, which takes place over a long weekend in September. English Heritage has provided financial and organisational support for the last ten years and this year took on the national coordination of this important scheme following the demise of the Civic Trust. We are consulting with the local organisers and other national advocates about future support and programme development.

Achievements of 2009/10

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

It is a pleasure to share our enthusiasm for the history that surrounds us all. We do this by welcoming visitors to our sites, by helping communities to explore their heritage, and by sharing our knowledge through publications, exhibitions and initiatives such as the Blue Plaques Scheme.

The 2009 season was an excellent year for English Heritage properties as we, like most of the rest of the heritage sector, benefited from the effect of more people holidaying at home. Visits to English Heritage sites were up 11% on 2008. The most impressive rises were at sites where we have made significant investments. Our biggest project of 2008/09, the transformation of the Great Tower at Dover Castle, opened to critical and popular acclaim last August and by the end of the financial year visitor numbers had increased by 8% in just eight months. Kenilworth Castle, where we re-created a Tudor garden in April 2009 had, at the end of March, seen a 59% increase on the same period the year before. The biggest increase by far has been at Down House, Charles Darwin's home in Kent, where visitor numbers rose by 95%, one of the biggest percentage rises in visitor numbers of any new scheme in the country.

Another high point of the year was the opening of the Princess Beatrice Garden at Carisbrooke Castle in June 2009. In collaboration with the award-winning gardener and TV presenter Chris Beardshaw, we have recreated an Edwardian privy garden at Carisbrooke which attracted 11% more visitors than in 2008.

Alongside our major investment projects, each year we complete a number of smaller site presentation projects. This year we completed a new display of objects relating to the medieval and Tudor palace at Eltham. Boscobel House has new interpretation to coincide with the 350th anniversary of the Restoration, and at Grimes Graves we opened a new exhibition reflecting new research on the site. Work also continues on our programme to provide new interpretive material at our free sites, part of our efforts to bring all the sites in our care up to a similar standard. Completely new information panels have been created at ten sites, including the most popular ones on the Isles of Scilly.

We constantly review our interpretation of sites in light of new evidence and research. In November with partners including the National Trust we organised a conference on *Slavery and the British Country House* which promoted wider public understanding of the many ways in which the fortunes of the landed elite and their country houses were intertwined with slavery and the slave trade. The research will also lead to new on-site interpretation at relevant English Heritage properties. For example, the guide at Brodsworth now contains wholly new material on the source of the Thelluson family's wealth.

Significant progress has been made this year with the Stonehenge project. In May 2009 the location of the new visitor centre was agreed, in October the Secretary of State for Culture, Media and Sport announced a commitment of £10 million towards the scheme, now withdrawn, and in early 2010 Wiltshire Council considered our planning application and agreed that permission could be granted subject to the resolution of some matters.

Achievements of 2009/10

We were pleased to complete a £3.1 million restoration project at Westminster Abbey's Chapter House which is within our care. The project was the most concentrated programme of works since Sir George Gilbert Scott's restoration in the 19th century.

Our Outreach team ran 75 creative, grass roots community heritage projects around the country which engaged 44,897 people from hard to reach groups. One project this year was the Cirencester Amphitheatre Walk where we designed a heritage trail in conjunction with a Walking the Way to Health group. The project provided publicity and interpretation for the English Heritage free site and built a sense of local ownership for it. Creative Landscapes in Gosport and Hastings is a four-year project through which disabled people are exploring and increasing access to the historic environment. A creative consultation exercise with people with disabilities encouraged discussion and reflection about what makes Hastings significant. The work will contribute to an accessible, sustainable Heritage Open Days programme in the area.

Our events and exhibitions continue to attract audiences around the country. The Festival of History held each August is the biggest event in our annual programme and in 2009 attracted 19,000 visitors, our best ever year. The Festival of British Archaeology event at Fort Cumberland received over 2,000 visitors.

English Heritage membership rose to 719,000 and 987,050 people in total now enjoy member benefits as part of our corporate membership arrangements. In July a members' event was held for the first time at JW Evans in Birmingham, the silverware factory English Heritage saved for the nation in 2009. The opportunity to see this unique place proved so popular that an additional four dates had to be added.

We published six new guidebooks this year including those for Down House, Brodsworth Hall and Gardens and Lullingstone Roman Villa. The fourth issue of the *English Heritage Historical Review* came out in December.

We were delighted by the success of *Lost London: 1870 to 1945*, a collection of historic photographs of a now vanished London which was accompanied by a very successful exhibition at Kenwood House. Publication of our research findings continued and included *Lived in London: Blue Plaques and the Stories Behind Them* and *Berwick upon Tweed: Three Places, Two Nations, One Town*.

Twelve Blue Plaques were erected this year. They included commemorations of RAF fighter pilot Sir Douglas Bader; actor and humorist Stanley Holloway and Charles Rolls, pioneer of motoring and aviation.

Achievements of 2009/10

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

As a public body, English Heritage has a responsibility for good stewardship and a need to maximise efficiency and commercial opportunity so that the most money possible can be directed towards safeguarding our heritage.

This year was very successful commercially for English Heritage, with the increase in visitors to our staffed sites being reflected in our best ever year for earned income; we generated £48.6 million primarily from membership, admissions to our sites and retail and catering, a 13% increase on 2008/09. Our total income grew by £6.3 million from the previous year, taking the figure up to £54.4 million.

Significant steps were also taken on the development of a comprehensive asset management plan for the care of our historically significant property portfolio. We have now completed accelerated condition surveys for all of the properties in our estate. This information is being used to implement a cyclical conservation programme and to secure best value for money from our maintenance contracts.

In 2009/10 we completed a major programme of relocating posts out of central London with the closure of the office in Blandford Street. Since 2006 the number of posts in London has reduced by approximately 230 (over 40%) and we have reduced our London office space by over 60%, saving £3.2 million in office accommodation costs.

We also completed major reform of our pay structure. The key elements of the changes implemented were the introduction of job families to recognise the different types of jobs within English Heritage and reward them accordingly, the establishment of pay ranges more determined by market rates and a move to greater emphasis on performance related pay. As a result, we now have a much more flexible pay structure which is better able to reflect the diverse nature of the organisation's work and respond to changing circumstances.

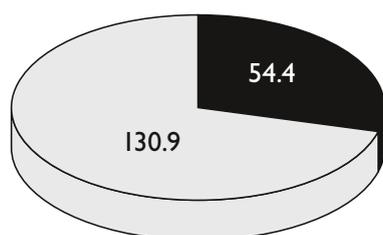
English Heritage ran its second staff survey in early 2010 and 62% of all staff took part, an increase on the first survey response rate of 55% in 2007. Job satisfaction, co-operation and vertical relationships are all areas which staff rate very highly.

The restructure and relocation of our Finance Department was also completed. The new department is now located in Swindon and the changes have resulted in a simplified, clearer structure and greater consistency of service for the rest of the organisation. The restructure has also delivered significant efficiency savings as a result of the reduction in overall headcount.

Improvements in IT systems have continued to support and underpin the work of the organisation with upgrades to our networks and some of the software we use. We retained our ISO20000 certification for ICT Service Management and a new teleconferencing service has been installed enabling staff around our regionalised organisation to hold 'virtual' meetings without spending time and money travelling; it is also helping to reduce our carbon footprint.

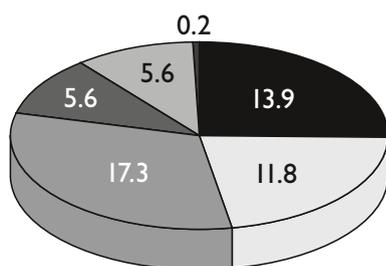
Income & Expenditure 2009/10

Total Income and Grant in Aid (£m)



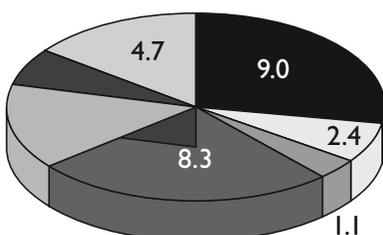
■ Total Income	54.4
■ Grant in Aid	130.9

Earned, Operating and Investment Income (£m)



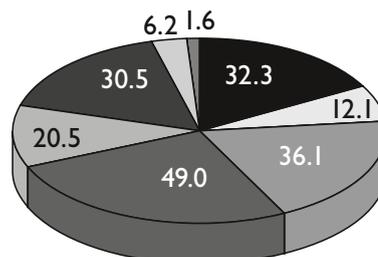
■ Admission Income	13.9
■ Retail and Catering Income	11.8
■ Membership Income	17.3
■ Other Earned Income	5.6
■ Donations, Grants and Other Operating Income	5.6
■ Interest	0.2
Total	54.4

Grant Expenditure (£m)



■ Buildings and Monuments	9.0
■ Conservation Areas	2.4
■ Cathedrals	1.1
■ Other Places of Worship	8.3
■ Historic Environment	4.7
■ Aggregates Levy Historic Environment	2.1
■ Other	4.7
Total	32.3

Total Expenditure (£m)



■ Grants	32.3
■ Historic Properties Maintenance	12.1
■ Conservation and Protection	36.1
■ Properties and Education	49.0
■ Planning and Development	20.5
■ Corporate and Support Services	30.5
■ Depreciation and Amortisation	6.2
■ Notional Cost of Capital	1.6
Total	188.3

Progress Against Funding Agreement 2009/10

Heritage Protection Reform

Deliverable	Progress
Unified published List, unified designation system, and public access via the Heritage Gateway	The Unified Designation System is under development and due to be delivered in late 2010. Related systems are being re-aligned for compatibility with it.
Published Selection Guides for all asset types	Drafting of the first Selection Guides continues, with publication in stages to begin in May 2010.
National strategic designation programme	This has been absorbed into the drafting of the National Heritage Protection Plan (NHPP), of which it will form a key component. The NHPP will go out for consultation in June, with publication in September and is to be operational from April 2011.
Training and capacity building programme	Training is being delivered on key reforms. For example, training on the new PPS has already been provided for 250 practitioners, with training for a further 800 in preparation.
Local Authority Historic Environment Records enhancement	English Heritage has received bids from local authorities for Historic Environment Records HPR compatibility enhancement work which is due to be completed by the end of March 2011.
Draft Planning Policy Statement to replace Planning Policy Guidance 15 & 16	Planning Policy Statement 5 and Practice Guide were published in March.

Progress Against Funding Agreement 2009/10

Sustainable Development & Climate Change

Deliverable	Progress
Supporting DCMS in the delivery of its Sustainable Development Action Plan	The updated English Heritage Sustainable Development and Climate Change Strategy and Action Plan were finalised in November. The Action Plan feeds into and supports the corresponding DCMS plans.
Hearth and Home research project	<p>The Hearth and Home research project has been recast as a broader programme of research, practical advice and policy development. The key activities this year have included:</p> <ul style="list-style-type: none"> • Research into the thermal performance of traditional timber sash windows, which was published to coincide with Energy Saving Week in October. The results showed that even the simplest repairs and improvements bring significant reductions in draughts and heat loss, and that by using a combination of methods, sash windows can be upgraded to meet building regulations targets. The results are available on the <i>Climate Change and Your Home</i> website. • The development of a database of in situ measured thermal performance characteristics for a range of typical, traditional building materials and systems. The first year of on-site testing has focused on pre-1919 brick domestic properties. • The development of a protocol for monitoring the energy performance of existing domestic housing. This is now being refined in discussion with key stakeholders in this area, for example, the Energy Savings Trust and the Technology Strategy Board, so that meaningful, comparative data can be generated.

Progress Against Funding Agreement 2009/10

Sustainable Development & Climate Change

Deliverable	Progress
Hearth and Home research project	<ul style="list-style-type: none"> • Completion of a pilot study to develop a decision-making matrix to help users take informed decisions on energy saving improvements for traditional buildings. • Completion of a scoping study into energy consumption in the pre-1919 English housing stock. It provides English Heritage with an evidence base to inform the wider Hearth and Home research programme and the debates in the public arena on Government policies addressing energy use in the built environment.
Benchmarking English Heritage's own environmental performance	<p>Following evaluations of a number of Government initiatives for environmental performance (including the Carbon Reduction Commitment, the recast Energy Performance in Buildings Directive and the revised Sustainable Development in Government Targets), additional resources have been identified, including the appointment of an Energy Manager; to put in place the systems and processes required to meet these targets. English Heritage's environmental performance will be benchmarked against these Government targets with 2010/11 as the baseline year.</p> <p>Assessment of the Swindon offices to establish the potential for this site to achieve ISO14001 accreditation has been completed. This will inform how we assess the environmental performance of our office estate. A feasibility study is currently being undertaken at Osborne House to evaluate how environmental performance at our properties can best be assessed.</p>

Progress Against Funding Agreement 2009/10

Sustainable Development & Climate Change

Deliverable	Progress
<p>Delivering the <i>Climate Change and Your Home</i> website</p>	<p>The <i>Climate Change and Your Home</i> website gives owners and occupiers information and guidance about the impact of climate change on older homes and advice on how to improve their energy efficiency. As well as detailed information about the impacts of climate change, the site provides practical energy saving guidance on how thermal upgrading can be carried out without compromising a building's performance or its special character.</p> <p>The website's functionality and content has been further enhanced this year with a new section covering research on traditional sash windows and additional guidance on improving the energy efficiency of different elements of a building. Users can download detailed guidance notes giving advice on different elements of their house such as floors, roofs, chimneys and walls.</p> <p>A further phase of enhancement is due for completion shortly and will include the latest climate projections and an interactive home energy decision-making 'toolkit' which will guide users through a range of energy saving measures.</p>
<p>Creating a model framework for a Works and Training contract for use by historic property owners and managers: adoption by English Heritage and at least 10 other public bodies by 2011</p>	<p>As a public sector organisation required to comply with European Union procurement regulations, English Heritage has not previously been able to include a training clause in its works contracts. However the Office of Government Commerce's recent Procurement Policy Note clarifies how skills-related issues can be addressed at each stage of the procurement process in a way that is consistent with EU procurement rules. We therefore now have the tools to develop a framework for embedding skills and training requirements into the procurement process for future works on English Heritage's historic estate. Our intention is to offer the framework as a possible model for other agencies to use.</p>

Progress Against Funding Agreement 2009/10

Better Places/Sustainable Communities

Deliverable	Progress
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	The 2010 Places of Worship at Risk and Heritage at Risk launches are scheduled for early July, with regional and national media events arranged. The production of a toolkit supporting local endeavour is the outcome of long term engagement with the places of worship sector. Annually enriched trend data will be published in the <i>Heritage at Risk Register</i> .
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	The joint English Heritage/Homes and Communities Agency brochure, <i>Capitalising on the Inherited Landscape</i> , has been published and is available on the web. More detailed guidance and toolkits will be available online after the launch of the new English Heritage website in the spring and will be promoted in various ways across the development sector over the next year.
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	English Heritage's regional offices continue to work to the agreed regional action plans which were refreshed in April 2010. The Culture and Sport Evidence Board has commissioned the production of data evidence packs for each region.
Advice, information and support to deliver the historic environment components of the Rural Development Programme for England, including guidance on the LEADER programme	We worked closely with Natural England in the development of the new Upland Entry Level Scheme launched this year, and produced two joint leaflets with Natural England on priorities for lowland and upland heritage as part of their Entry Level Training and Information Programme for land managers.

Progress Against Funding Agreement 2009/10

Better Places/Sustainable Communities

Deliverable	Progress
<p>Delivery of the Aggregates Levy Sustainability Fund Grant Scheme</p>	<p>English Heritage successfully disbursed £2.14 million in grants under this scheme in 2009/10 on behalf of the Department for Environment, Food and Rural Affairs (Defra). The two principal areas of funding were:</p> <ol style="list-style-type: none"> 1. Identification, characterisation, and conservation: strategic Resource Assessments which contribute to Local Authority minerals planning and work on enhancing Historic Environment Records (£405,000 in 09/10); surveys of management information; and emergency excavation assistance grants for nationally significant remains which lie outside the planning process; and 2. A range of innovative Research and Development projects to help identify and protect historic assets in aggregates-producing areas: over £400,000 on improving means of prospection which mitigate impacts, supported by guidance, information dissemination and knowledge transfer on aggregates and the historic environment.
<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><i>Refurbishing Historic School Buildings</i> was completed and published in January 2010. The publication was co-badged with the Department for Children, Schools and Families (DCSF), while the text was developed in partnership with a wide range of additional stakeholders, including Partnerships for Schools (PfS), local authorities (including capital investment staff), architects and construction engineers. Using networks established by PfS, DCSF and local authorities has enabled us to reach key staff within local education authorities.</p> <p>An associated technical briefing note is in preparation and will be ready for publication and distribution to local education authorities this summer. Partnerships for Schools has also been involved in Historic Environment-Local Management training events for local authorities and discussions on English Heritage involvement with the work of PfS regarding the ongoing capital investment programme continue.</p>

Progress Against Funding Agreement 2009/10

Support for Places of Worship

Deliverable	Progress
<p>Nine Support Officers by the end of 2009/2010</p>	<p>Twelve Support Officers were in post by the end of March 2010: in the Anglican dioceses of Chichester, Coventry, Newcastle, Norwich, St Edmundsbury & Ipswich and Worcester; in two regional posts in the North West - the Churches Trust for Cumbria and the North West Multi-Faith Tourism Association; and in national posts with Jewish Heritage UK, National Churches Trust, Churches Conservation Trust Regeneration Team and OneChurch100Uses (United Reformed Church). The primary purpose of these posts is to help congregations understand, maintain and manage their buildings more sustainably. This involves practical help with obtaining permissions and funding for repairs and development projects. Several posts concentrate on opening buildings up to the wider community through improved interpretation and tourism projects. Others focus on regeneration in partnership with local authorities and other partners. Nearly all are exploring the feasibility for enhancing facilities to enable greater use of the building particularly in service-poor communities.</p>
<p>Fifteen Support Officers by the end of 2010/11</p>	<p>On track.</p>

Progress Against Funding Agreement 2009/10

The Natural Environment

Deliverable	Progress
Supporting Defra in implementing the European Landscape Convention, including producing an English Heritage action plan	<i>European Landscape Convention – The English Heritage Action Plan for Implementation</i> was published in February 2009 and support for implementation is ongoing. We helped Defra to complete the European Landscape Convention (ELC) policy review in September and preparations are underway for a pan-UK ELC conference to be held in November 2010. English Heritage has made financial and advisory contributions to the conference, and the first UK Landscape Award competition has been launched to choose the UK entry to the ELC Award competition in 2011.
Producing an English Heritage policy position on the future use of land	Following the publication by Foresight of its report on Land Use Futures in February 2010, the timetable for this will now be developed.
A Memorandum of Understanding with the Environment Agency by 2009	The draft Memorandum of Understanding was reworked as a Partnership Working Agreement which was approved by English Heritage's Executive Board in January. Meetings have taken place with the Environment Agency since then at various levels to agree the issues to be taken forward under the framework of the Partnership Working Agreement and the protocols related to liaison between the two agencies with regard to planning issues.
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 agreed a protocol with the Forestry Commission for automatically providing Heritage at Risk data in a GIS format for their estate. The basic format of the proposed statement has also been agreed.

Progress Against Funding Agreement 2009/10

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>We continue to offer advice about the draft Marine Policy Statement and the accompanying Assessment of Sustainability and to contribute to consultations on proposals for marine licensing reform ahead of the new licensing system coming into force in April 2011. With the information that is becoming available about the revised system of marine licensing, we will be in a more informed position to prepare a position statement on marine development.</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 over the last six months:</p> <ul style="list-style-type: none"> • Yorkshire and Lincolnshire: Phase 2 fieldwork is largely completed and a report is expected by the end of May 2010. • North East: A Desk-Based Assessment of previous work on the rapidly-eroding Mesolithic site and Bronze Age cemetery at Low Hauxley, Northumberland, has been completed to provide a basis for future site management. The main Phase 2 report is expected in May 2010. • North West: The final Phase 1 report has been received and placed on the website. Phase 2 is now being planned. • Severn: Phase 2 survey is underway, following receipt of the final Phase 1 Project Report, the National Mapping Programme Report, a separate report on the Purton Hulks and a Phase 2(a) report on pilot fieldwork.

Progress Against Funding Agreement 2009/10

Coastal and Marine issues

Deliverable	Progress
<p>Rapid coastal zone survey to inform shoreline management and strategic coastal planning</p>	<ul style="list-style-type: none"> • South East: Phase 1 survey is underway and is expected to be completed during 2010/11. Aerial photographic transcription has proved to be more time-consuming than anticipated, largely due to the very high density of sites and features on this coastline. Currently the programme and its timetabling are being reconsidered; this will involve some reduction of the study area. • New Forest (co-funded with the New Forest National Park): A Phase 1 report has been completed and tenders have been received from contractors for Phase 2. • South West: Briefs for the surveys of north and south coasts have been completed. Fieldwork will be carried out in 2010/11. <p>Given current levels of funding the national Rapid Coastal Zone Assessment Survey programme is likely to be completed in 2014. All RCZAS reports received are available from the English Heritage website.</p>
<p>Continued delivery of the English Heritage component of the marine ALSF grant scheme</p>	<p>We have enhanced the marine component of the Aggregates Levy Sustainability Fund (ALSF) programme this year, disbursing £1.002 million out of the ALSF total spend of £2.14 million. The programme continued the 08/09 focus:</p> <ul style="list-style-type: none"> • Heritage Protection: detailed asset description support; wooden wreck pilot project. • Mapping: seismic mapping of submerged prehistoric landscapes which involved a joint partnership with Wales ALSF for the first time to map the Bristol Channel and Liverpool Bay areas; Historic Seascape Characterisation for aggregates dredge zones which has now been extended to cover 60% of England's seas out to the median line. • Research & Development: Marine Research Framework; marine archaeology geophysics and exclusion zones; seabed grab-sampling methodology, archiving and data management. • Training: national marine ALSF training programmes; marine geophysics English Heritage Professional Placements in Conservation.

Progress Against Funding Agreement 2009/10

Capacity Building in the Heritage Sector

Deliverable	Progress
2008/09 – Seven Trainee Historic Environment Managers	The first seven Trainee Historic Environment Managers started work with English Heritage in October 2008. The trainees are now half-way through the second year of their traineeships and have completed two of their four specialist Ancillary Units, as well as their eight-week secondments to other organisations within the historic environment sector. Work on their substantive second year projects is well underway.
2009/10 – Seven Trainee Historic Environment Managers	The second intake of seven Trainee Historic Environment Managers started work with English Heritage on 5 October 2009. The trainees initially followed the Foundation Unit of the traineeship which gave them a broad introduction to the work of English Heritage, and are now completing their Heritage Protection Unit before moving on to the Statutory Unit that will complete their first year.
2010/11 – Seven Trainee Historic Environment Managers	The new intake is currently planned for October 2010.

Progress Against Funding Agreement 2009/10

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 Humber)</p>	<p>English Heritage has continued to support Engaging Places (EP) both financially and through in-kind support. In 2009/10 we increased our financial contribution by £30,000 to £50,000 which we will also make in 2010/11. English Heritage chaired the Management Board for a second year running and we continue to attend and often host the Engaging Places Partnership and Strategy Board meetings. Our Engaging Places work falls into three areas:</p> <p>Website</p> <ul style="list-style-type: none"> • The 'one stop shop' online resource for teaching and learning about the built environment has been improved to increase usability and enhance content visibility. By the end of March the website included 518 cultural venues, 277 articles and 624 learning resources. In addition, 820 subject-specific activities have been written to support teachers with lesson planning. • In 2009/10 the website received 85,944 visitors, 71% of which came from search engines, suggesting that the site is well ranked. We continue to work closely with the Culture 24 web team to feed content to and support the Engaging Places website. <p>Network</p> <ul style="list-style-type: none"> • In 2009/10, 12 teacher network partnership projects have been undertaken with 14 learning providers working with primary and secondary schools, a special educational needs school and a pupil referral unit. These have extended beyond the pilot regions, involving London, the South West, North East and West Midlands. Heritage is well represented through Historic Royal Palaces, the London Borough of Camden Living Heritage Projects and the Old Royal Naval College. These will be showcased at celebration events in July 2010. • Several network projects link to Find Your Talent projects (outlined below) and to Diplomas; new qualifications being offered in schools for 14-19 year olds.

Progress Against Funding Agreement 2009/10

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 Humber)</p>	<p>Research and advocacy</p> <ul style="list-style-type: none"> • <i>Unforgettable Lessons</i>, a joint English Heritage and CABE project and publication, which gives an update on Engaging Places activity and research was sent to over 7,000 schools and sector colleagues. • English Heritage contributed to the <i>Is England's Past for Everyone?</i> ; Learning and Outreach in the Historic Environment conference in October 2009 about online resources and Engaging Places.
<p>Support the work of the Find Your Talent Development Group to quality-assure the heritage aspect of the five hour cultural offer</p>	<p>English Heritage supports this initiative through the Engaging Places network projects which include links to Find Your Talent Pathfinders. These include:</p> <ul style="list-style-type: none"> • A project with the PUSH (Partnership for Urban South Hampshire) Pathfinder in conjunction with the Solent Architecture Centre in the South West. • Three projects linking to the Telford and Wrekin Pathfinder in the West Midlands including an English Heritage one, as outlined below. <p>Building on partnerships developed during 2008/09 English Heritage is working on a project with Shropshire Archives, three secondary schools, Birmingham University archaeology department and a Telford-based film and media production company to create a film-based learning resource about Roman life in Wroxeter for Key Stage 2 pupils. Separately, we have a pilot partnership with Sony which is exploring how young people can engage with Wroxeter Roman City using new media; the content created from this may also be used for the Wroxeter Find Your Talent project.</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 new five-year Education Strategy for the period 2010-15 was approved by the English Heritage Commission in November 2009. An Education Director has been appointed to take this forward.</p>

Progress Against Funding Agreement 2009/10

Education

Deliverable	Progress
<p>Review of the National Evaluation Strategy and development of appropriate qualitative indicator(s)</p>	<p>Revisiting national evaluation procedures and qualitative indicators will form part of our 2010-15 Education Strategy. New approaches to strengthening evaluation techniques will also be piloted. This year we undertook the following evaluation:</p> <p>Discovery Visits</p> <p>The Discovery Visit programme of facilitated sessions for schools is evaluated on an ongoing basis by both teachers and pupils using the 'General Learning Outcomes' framework created by the Museums, Libraries and Archives Council.</p> <p>Free Education Visits</p> <p>The Education department is currently revisiting evaluation methods for the free educational visits scheme as increasing these visits is a core objective in the new Education Strategy. In autumn 2009 comprehensive research was undertaken to understand motivations, barriers and visit patterns for free education visit groups.</p> <p>Education Volunteering</p> <p>The volunteering programme was evaluated in 2008 and 2010. The results of the most recent volunteer survey were published in February 2010 and the findings were extremely positive.</p> <p>General Evaluation and Consultation</p> <p>Evaluation of our programme continued throughout 2009/10 through the English Heritage Teachers Forum.</p>
<p>Launch a new marketing drive, Learners Go Free, on selected properties within each region to raise education visitor numbers</p>	<p>In March 2010 a new Learners Go Free campaign was launched to improve visibility and promotion of our free education visit offer. A range of printed and email-based marketing material targeting national and regional audiences was prepared and over 20 priority sites identified where a significant increase in free education visits can be attained; individual site action plans have been created to be delivered during 2010/11 in parallel with the re-launch of English Heritage's website.</p>

Progress Against Funding Agreement 2009/10

Engagement with the public

Deliverable	Progress
Chair the heritage sector's Broadening Access group	The Broadening Access Group continues to meet regularly and this year organised a seminar to share practical experience of how to work with young people.
Stage a conference in 2009, <i>Missing Out? Socio-economic status and the Historic Environment</i> , to identify key actions to engage people in NS-SEC 5-8 who do not participate in heritage activities	The <i>Missing Out?</i> conference was held in March 2009 with 130 delegates from a wide range of heritage organisations and community groups. The key outcomes are on English Heritage's website.
Work in partnership with The Women's Library, London Metropolitan University, to conduct research and create a web resource by June 2010 on women's history and the historic environment	<i>Visible in Stone – Women's History and the Historic Environment 1850-1950</i> has been researched and the web pages will be available on the English Heritage website in June. The research will be launched on 30 September at The Women's Library. Women's history is being promoted as a theme for Heritage Open Days this September.
Mount a conference in partnership with the National Trust and the University of the East of England on Slavery and the British Country House and publish the associated papers including research findings	The <i>Slavery and the British Country House – Mapping Current Research</i> conference took place on 21 November 2009. 130 delegates including heritage organisations, universities and community historians participated. The event was filmed and content will be added to English Heritage websites in summer 2010. English Heritage will publish a book of the papers presented, including new research on four houses in English Heritage's care.
Undertake research for a web resource on Disability History and the Historic Environment in 2010-12	Work on this is expected to start in late 2010 aiming for a launch during 2012.

Progress Against Funding Agreement 2009/10

Engagement with the public

Deliverable	Progress
<p>Introduce a new target for increasing the number of family visits to English Heritage properties in the light of evidence showing that being taken by the family as a child is the most significant factor in influencing participation as an adult</p>	<p>Family visits have increased by 13% from 1.457 million in 2008/09 to 1.67 million in 2009/10. This was achieved through a combination of the increase in visitors overall and our efforts to attract family groups, for example introducing the Time Travellers Go... programme.</p>
<p>Develop a methodology for longitudinal evaluation of outreach projects by April 2010 and implement thereafter</p>	<p>Consultants were appointed to develop and implement a framework to measure and track short, medium and long term qualitative and quantitative outcomes of outreach projects. Qualitative measures will focus on measuring the social impact of outreach work. Social impact will be measured against the National Indicators and other nationally recognised data sets to build a strong case for local authorities and partners to support and participate in community heritage work.</p>
<p>Refocus the Outreach Strategy to deliver fewer, larger projects against three priorities:</p> <ul style="list-style-type: none"> • Audience Development • Place-making • Heritage Open Days 	<p>The Outreach department has moved to the Planning and Development Group within English Heritage and the Outreach Strategy for 2010-15 reviewed to ensure priorities are fully aligned with this new focus. Our efforts will be targeted in four strands:</p> <ul style="list-style-type: none"> • Audience Development: At one English Heritage property per territory, Outreach Managers will develop work to engage new audiences with the site, focusing on building relationships with the local community, particularly supporting sustainable engagement with people from hard-to-reach groups who are not currently visiting. In 2010/11 these sites will include Stonehenge and Conisbrough Castle, supporting large scale Heritage Lottery Fund bids at these properties.

Progress Against Funding Agreement 2009/10

Engagement with the public

Deliverable	Progress
<p>Refocus the Outreach Strategy to deliver fewer, larger projects against three priorities:</p> <ul style="list-style-type: none"> • Audience Development • Place-making • Heritage Open Days 	<ul style="list-style-type: none"> • People and Place (previously Place-making): building sense of place and belonging in local areas, and increasing public engagement with issues affecting where people live. Working in one exemplar place per region, usually an area of regeneration, we will develop a programme to raise awareness of, and active engagement with, the historic environment to bring community views and values of heritage to the fore. Work will start in the following areas in 2010/11: Berwick, Blackpool, Hull, Dudley, Plymouth, Dover, and High Street 2012 in London. • Heritage Open Days: We are consulting with the local organisers and other national advocates on the nature of future support and programme development. • Professional Leadership and Development: We will build the capacity of external organisations to use the historic environment to widen participation and engage hard-to-reach communities by sharing and disseminating learning and good practice. This will include: managing <i>Our Place</i>, the online portal and forum for professionals working in broadening access to heritage; advising English Heritage staff on community engagement; and establishing a more reliable means of evaluating the social impact of our outreach work.

Progress Against Funding Agreement 2009/10

Cultural Olympiad

Deliverable	Progress
Funding for a post at Heritage Link to support the sector-wide proposal Access All Areas for delivery by 2011, including highlighting sporting heritage via Heritage Open Days	<p>The post at Heritage Alliance (formerly Heritage Link) is now in place, the sector-wide proposal has been developed as Discovering Places and a joint governance board has been set up. The proposal is currently under review by the new Director of the Cultural Olympiad, appointed by the Cultural Olympiad Board, who will oversee the entire programme.</p> <p>English Heritage is working with stakeholders to develop a programme for the future of Heritage Open Days.</p>
Six further titles in the <i>Played in Britain</i> series by 2012	<p><i>Uppies and Downies</i>, <i>Great Lengths</i> and <i>Played at the Pub</i> have been published and the three remaining books to be published in the series are <i>Played in Tyne and Wear</i> (expected Oct 2010), <i>The British Olympics</i> (2011) and <i>Played in London</i> (2011). Discussions are in hand about an exhibition to coincide with publication of <i>Played in London</i>.</p>
Local outreach projects for the Lower Lea Valley	<p>Within London English Heritage has sought to develop projects exploring local people's relationship with their heritage and changing environment. Work has centred on two Olympic boroughs, Tower Hamlets and Newham and has been delivered in support of the Cultural Olympiad values. In 2009 a project was delivered with local community groups and artists in Mile End, looking at the ancestors of the area, resulting in an exhibition at Mile End Art Pavilion. In 2010 a second project will culminate in an exhibition in Stratford. Both exhibitions were timed to coincide with the London Organising Committee of the Olympic Games' 'Open Weekend' in July 2009 and 2010. From 2011 onwards further Outreach activity will be developed to open up dialogue about local heritage with communities situated along High Street 2012.</p>
Improved visitor facilities at Portland Castle (adjacent to the 2012 sailing venue)	<p>Consideration is being given to making use of the existing facilities for a media centre or for corporate hospitality.</p>

Progress Against Funding Agreement 2009/10

Caring for and opening English Heritage properties to the public

Deliverable	Progress
Condition surveys of all English Heritage properties leading to an Asset Management Plan and a costed 20 year maintenance programme	The programme to carry out condition surveys on the historic estate is now complete. In all 420 surveys were completed over 3 years. All the data from the surveys has been captured in the Asset Management Plan IT System. 2010/11 has been identified as an implementation year and the information from the surveys will be key in developing the Property Conservation and Property Maintenance Programmes (the Asset Management Plan).
Re-presentation of circa 10% of English Heritage sites by 2011 (averaging at circa 15 per annum)	Good progress has been made this year with 17 of our properties having been substantially re-presented. Our most remote, as well as major sites, have benefitted: schemes have ranged from the complete re-presentation of the Great Tower at Dover Castle to the installation of first-rate interpretative schemes at our unstaffed sites on the Isles of Scilly.

Progress Against Funding Agreement 2009/10

Stonehenge

Deliverable	Progress
Draft World Heritage Site Management Plan by 30 June for public consultation	The final Plan was completed and submitted to UNESCO on 31 January 2009.
Final Management Plan by 31 January 2009 to DCMS for forwarding to UNESCO	The Plan was completed and submitted to UNESCO on 31 January 2009.
Preparation for a new visitor centre by summer 2012	Significant progress was made this year with the Stonehenge project. In May 2009 the location of the new visitor centre was agreed, in October the Secretary of State for Culture, Media and Sport announced a commitment of £10 million towards the scheme, now withdrawn, and in early 2010 Wiltshire Council considered our planning application and agreed that permission could be granted subject to the resolution of some matters. Our bid to the Heritage Lottery Fund is to be considered in November. The Office of Government Commerce stage I pass was received, and the draft business case approved by DCMS and HM Treasury (now withdrawn).

Funding Agreement Key Performance Indicators 2009/10

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

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

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

	2007/08	2008/09 Target/ Actual	2009/10 Target/ Actual	2010/11 Target
Capacity building in the sector				
Total number of people attending HELM training events	1,178	1,300/ 1,317	2,000/ 1,505	3,000
Total number of people attending professional training events.	710	1,266	878	
Aggregated total of people attending all English Heritage training events.	-	-	2,383	
Percentage of local authorities with Heritage Champions	71%/ 71%	75%/ 76%	75%/ 76%	75%

Funding Agreement Key Performance Indicators 2009/10

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

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

* Tackling the decline in free educational visits is a core objective of English Heritage's Education Strategy 2010-15.

Elimination of the operating deficit at English Heritage properties	2007/08	2008/09 Target/ Actual	2009/10 Target/ Actual	2010/11 Target
Operating deficit	£3.5m	£1.0m/ £2.5m	£0.5m/ £2.4m SURPLUS	£nil
English Heritage earned income	£40.7m	£42.9m	£48.6m	

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 (DCMS) and is an Executive Non-Departmental Public Body sponsored by DCMS. 'English Heritage' is its informal name.

English Heritage is the Government's statutory adviser on the historic environment and our role is to help people understand, value, care for and enjoy England's rich historic environment. Our aims 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 2009/10 section which starts on page two of this report.

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: Conservation and Protection, National Advice and Information, Planning and Development, Properties and Education, and Resources.

English Heritage's Funding Agreement, signed with DCMS, the Department for Communities and Local Government and the Department for Environment, Food and Rural Affairs, along with our Management Statement and Financial Memorandum and our Strategy, provide the context and framework for our work. A review of progress against our Funding Agreement starts on page fourteen of this report. We also work with other Government Departments as necessary, for example on education and transport issues, as well as with many Government Agencies such as Natural England, the Environment Agency and the Homes and Communities Agency.

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

The heritage sector comprises a few large organisations and several hundred smaller operators, voluntary organisations and local groups. English Heritage chairs the Historic Environment Review Executive Committee (HEREC) established in 2001 to identify activities that would benefit from a coordinated approach from the sector. This year, as in previous years, HEREC contributed to the publication of *Heritage Counts*, the annual audit of the state of the historic environment. This publication also presents the latest research findings into the contribution of the historic environment to the economy and society at large.

Trends and factors underlying English Heritage's performance during 2009/10

English Heritage had a very successful year commercially, in large part due to an increase in the number of people choosing to holiday at home, a trend which benefited the heritage sector as a whole. By the end of the year paying visitors to our sites had increased by over 11% on 2008/09 figures and earned income had risen by 13%. Another significant factor in English Heritage's performance was the marked increase in visitors at the sites in which we have invested in recent years. Dover Castle, Kenilworth Castle and Down House saw rises of 9%, 59% and 95% respectively.

Chief Executive's Management Commentary

Throughout the year we have continued to make savings in our operations, for example, completing our three-year Relocation programme to reduce the number of staff in London, saving over £2 million this year, and completing a restructure of our Finance department which will deliver full year savings of £0.8 million.

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

Given the condition of the economy, the next Government Spending Round is undoubtedly going to see reductions in public expenditure. While we believe investing in culture and heritage brings clear economic benefits, English Heritage is not going to be immune from cuts and we continue to deliver efficiencies and to improve our commercial position to help offset the likely impacts. We are also monitoring the effect of the weakened economy on the rest of the sector and on local authorities and developers. Indications have started coming through of projects being delayed or stopped, and of local authority historic environment resources being reduced. As we develop our Strategy for the next five years, these indicators will be taken into account so our resources can be focused on the areas of greatest need.

Local authorities have the greatest responsibility for protecting historic places from insensitive development through their development management responsibilities under the planning acts and associated legislation. Reductions in public expenditure are already leading to cuts in generic and expert staff engaged in this work and we expect this to continue. We are engaging with local government officials and elected members locally, and with their regional and national representatives nationally, to help identify the measures necessary to ensure continued access for local authorities to essential expert advice on the historic environment. This will have to be at a level which is realistic and affordable in the current circumstances, while allowing for increasing capacity as the country recovers from recession and the level of development activity increases.

Our biggest single financial commitment for the coming period is at Stonehenge. Good progress has been made this year on this high profile project to improve the visitor facilities and setting of the Stonehenge World Heritage Site although it remains a challenging prospect to complete in time for the Olympics in 2012. The developments at Stonehenge will absorb our full capital allocation until 2012 so our ability to invest in the rest of our property portfolio during this period is severely compromised thus reducing our ability to generate additional income.

Heritage Protection Reform remains a central strand of English Heritage's work and much progress has been made in the absence of legislation (see page six of this report). However the potential benefits of legislative reform remain as great as ever and we will seek opportunities to promote these with the new Government in pursuing options for introducing new heritage legislation.

Work has continued on drawing up English Heritage's Strategy for 2010 to 2015. We have elected to publish the Strategy after the Government Spending Round later in 2010 when our financial position for the next three years is known. In the meantime we have been consulting our stakeholders, partners and peers to ensure the Strategy reflects our shared objectives and priorities.

Chief Executive's Management Commentary

Chief Executive's Statement

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

- *Disability equality* English Heritage's Disability Equality Scheme aims to increase participation by people with disabilities. The third annual progress report on the scheme will be published on our website by June 2010. In March 2010 self-reporting by staff identified that 1.4% have formally declared that they have a disability and 89% have declared that they do not. 9.6% have not provided this information. However the results of our anonymous staff survey carried out in early 2010 indicated that 8% of our employees consider themselves to have a disability or long term health condition.
- *Gender equality* English Heritage's Gender Equality Scheme was launched in 2008. The English Heritage Gender Group has monitored delivery of an action plan each year and an updated report and revised action plan will be published on our website in June. In March 2010 the gender profile of permanent English Heritage staff was 57.7% female and 42.3% male.
- *Race equality* A review of English Heritage's Race Equality Strategy is currently underway. The strategy will be drafted by the Race Equality Action Group and will form part of the English Heritage Single Equality Scheme when this is published in 2010/11. In March 2010 self-reporting by permanent staff identified that 89.6% are from White ethnic groups and 2.4% are from non-White groups. Information is not available for the remaining 8.0%.
- *Sickness absence* It is a new requirement for Non-Departmental Public Bodies to report on sickness absence. The AWDL (Average Working Days Lost per person) for English Heritage is 5.5 for the financial year 2009/10.
- *Sustainable development* English Heritage's Sustainable Development and Climate Change Board meets bi-monthly. It comprises senior representatives of our five operational Groups and is chaired by a member of Executive Board. An updated Sustainable Development and Climate Change Strategy and Action Plan are now in place. We have evaluated a number of Government initiatives this year including the Carbon Reduction Commitment, the recast Energy Performance in Buildings Directive and the revised Sustainable Operations of the Government Estate targets to understand the likely resource implications and impacts on English Heritage. We continue to develop English Heritage's *Climate Change and Your Home* website to help improve people's understanding of the ways climate change impacts on older homes. We have appointed a full time Energy Manager and are reviewing the resources required to deal with environmental management.
- *Safety management* In 2009/10 there were 429 incidents of which 29 were reportable to the Health and Safety Executive under statutory reporting regulations, compared to a total of 362 with 17 which were reportable in the previous year. The slight increase is a result of additional investment in training and awareness.
- *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 2009/10 section of this report, on page five.

Chief Executive's Management Commentary

- *Information and data security* English Heritage appointed an Information Security Officer as a period appointment in November 2009 and an action plan has been prepared through which we are working towards compliance with the Government's Mandatory Minimum Measures and Security Policy Framework. This includes the development of an overall information security policy, information asset management plan and security classification scheme. Although this work is still underway, we have made considerable progress towards a workable framework for ensuring the security of information. Information security is included in the Corporate Risk Register and the annual Statement on Internal Control. English Heritage has had no personal data related incidents to report.

Open Government and Freedom of Information

English Heritage recognises the important role that access to information legislation (primarily the Freedom of Information Act 2000 and Environmental Information Regulations 2004) play in serving the public interest by promoting open discussion of public affairs and enhancing accountability. English Heritage makes a large volume of information available via its website (english-heritage.org.uk), including agendas and open minutes of the Commission and our Advisory Committees. In 2009/10 we processed 395 requests for information under access to information legislation. Requests covered a wide range of issues including listing applications, planning issues, internal policies and the costs associated with various activities.



Dr Simon Thurley

Chief Executive

Directors' Report

Background Information

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

Commissioners and Executive Board Members

The persons who served as Commissioners between 1 April 2009 and 29 June 2010 are detailed in note 14. 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 2010, after the transfer to the Development and Restricted Funds of £666,000 (2009: £38,000 transfer from the Development and Restricted Funds) was £133,159,000 (2009: £134,300,000).

Pensions

English Heritage is a member of the Principal Civil Service Pension Scheme (PCSPS), note 18.

Non Current Assets

The movements in Non Current Assets are set out in notes 19 and 20. There have been no major changes in the year.

Financial Instruments

English Heritage's policy relating to Financial Instruments is set out in note 27. No recurring risks have been noted.

Post Balance Sheet Events

Post balance sheet events are disclosed in note 40.

The Annual Report and Accounts were authorised for issue on 7 July 2010.

Directors' Report

Charitable Donations

English Heritage did not make any charitable donations exceeding £500 (2009: nil) during the financial year ended 31 March 2010.

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 2010 equated to 14 creditor days (2009: 16 days).

Corporate Governance

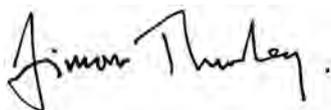
English Heritage complies with all the relevant requirements of HM Treasury guidance relating to corporate governance.

Audit Arrangements

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

Disclosure of Relevant Audit Information

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



Dr Simon Thurley
Chief Executive
29 June 2010

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 is scheduled to meet at least 3 times each year, although in 2009/10 it met twice, as there were no specific decisions requiring the Committee to meet three times in the year. It comprises no fewer than 5 members, at least 3 of whom must be Commissioners, including the Chair of the Commission. Members of the Committee are appointed by the Chair of the Commission. The Chair of the Committee is a Commissioner, but not the Chair of the Commission. The current Chair 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 award arrangement are the Chief Executive and the Director of Resources. The awards are payable for the achievement of specific performance targets and objectives and is a maximum of 20 per cent of basic salary for the Chief Executive and 8 per cent of basic salary for the Director of Resources.

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

Remuneration Report

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
	2010 £'000	2009 £'000	2010 £'000	2010 £'000	£'000	£'000	2010 £'000	2009* £'000	£'000
Simon Thurley Chief Executive	163	163	34	102	3	9	560	481	50
Steven Bee Director of Planning and Development	108	103	36	-	3	-	690	593	62
Keith Harrison Director of Resources	127	121	6	-	3	-	74	36	34
Edward Impey Director of Conservation and Protection	99	94	12	-	2	-	170	133	27
Deborah Lamb Director of National Advice and Information	101	96	35	-	3	-	489	417	42
Mark Pemberton Director of Properties and Education	121	115	52	156	4	12	1,171	1,029	87

*The CETV figures for 2009 have been amended from those previously published as a result of a recalculation by the Department for Work and Pensions, English Heritage's pension administrator.

Emoluments include gross salary and awards.

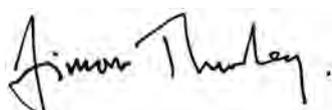
The Chief Executive was the highest paid employee. His total emoluments for the year of £163,000 (2009: £163,000) comprise; basic salary of £136,000 (2009: £136,000) and a performance related award of £27,000, 20 per cent of basic salary (2009: £27,000, 20 per cent). The Chief Executive waived his option to have £3,000, 10 per cent, of his performance award consolidated for pay and pension purposes (2009: £3,000, 10 per cent). The Director of Resources received a performance award of £9,000, 8 per cent of basic salary (2009: £9,000, 8 per cent). None of the Director of Resources' award was consolidated for pay and pension purposes.

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

The total annual pension is calculated as either one-sixtieth or one-eightieth of pensionable pay for every year of service, depending on the pension option chosen by the employee. Employer's contributions into the PCSPS in respect of the above employees totalled £168,000 (2009: £163,000). Further details of the PCSPS scheme are included in note 18.

The emoluments section of the Remuneration Report is audited.

The Commissioners of English Heritage are not viewed to be "Directors" as defined by the Government Financial Reporting Manual. Details of the Commissioners and their emoluments are included in note 14.



Dr Simon Thurley
Chief Executive
29 June 2010

Statement of Commissioners' and Chief Executive's Responsibilities

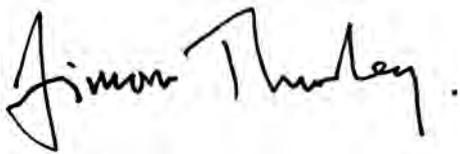
Under paragraph 12(2) of Schedule 3 of the National Heritage Act 1983, the Commissioners are required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State, with the consent of HM Treasury. The accounts are prepared on an accruals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

In preparing the accounts the Commissioners are required to:

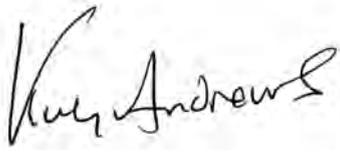
- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been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

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

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



Dr Simon Thurley
Chief Executive
29 June 2010



Baroness Andrews OBE
Chair

Statement on Internal Control

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of English Heritage's policies, aims and objectives, whilst safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

Accountability within English Heritage is exercised through:

- a governing body, the Commission, as explained in the Directors' Report;
- an Executive Board, comprising five 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. This year the Committee has comprised a Chair who is an independent appointee, and five members, two of whom are non-executive Commissioners, appointed to the Committee by the Chair of the Commission. The Committee's terms of reference include responsibility for advising on and monitoring the adequacy of risk management in English Heritage and the Committee receives reports on risk 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 Committee is also given the opportunity to comment on and challenge the assurances made in this statement.

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

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

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

The system of internal control has continued in place in English Heritage for the financial year ended 31 March 2010 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

Capacity to Handle Risk

The Executive Board is committed to providing staff with support and assistance to enable them to manage their risks effectively. This includes regular review of corporate and group risks at the Board's quarterly performance monitoring meetings and regular review of critical projects and 'hot topics' (ad hoc issues which flare up quickly and so do not always feature on the Corporate Risk Register). Corporate risks are also reviewed at each Audit Committee meeting. Discussions at Executive Board regularly result in the identification of new risks or areas where controls need to be tightened. Audit Committee is robust in its scrutiny of risk management and, when appropriate, will ask for further information on high risk issues. This year Audit Committee asked for more detailed reports on the Stonehenge visitor centre project and emergency planning at sites and also requested additional information to be included in the critical projects and hot topics lists.

Statement on Internal Control

Capacity to Handle Risk

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

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

The Risk and Control Framework

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

- A risk management policy based on a risk appetite for taking only carefully calculated risks, where the potential benefits are judged to outweigh any negative impact that may occur if the risks were to materialise. Risk has been defined as 'the threat or possibility that an action or event will adversely or beneficially affect the organisation's ability to achieve its objectives'.
The policy defines our risk management objectives, which are to:
 - manage risk in accordance with best practice and encourage a culture of risk management across English Heritage;
 - anticipate and meet changing social, environmental and legislative requirements that enable us to champion England's historic environment; 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 five 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.
- 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 five groups and feeds back into the Executive Board reports.
- Risk monitoring through the Audit Committee, which at each of its three 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.

During the year the Corporate Governance Director asked Internal Audit to carry out a benchmarking exercise on the risk management system to ensure that the tools being used were cost effective, added value and represented good practice.

The HM Treasury Risk Management Assessment Framework was used for this exercise. The audit provided an adequate assurance and also highlighted some areas for further embedding risk management, including looking at the organisation's risk appetite, our risk exposure from delivery partners and updating guidance for staff on risk assessing new initiatives. We hope to develop these areas over the coming year.

The monitoring framework has been focused on a wide range of issues this year. In particular we continue to facilitate the introduction of heritage protection reforms without the benefit of legislation. In November this led to the successful transfer of the administration of the listing system from the DCMS to English Heritage. The National Audit Office carried out a Value for Money study on Promoting Participation with the Historic Environment which concluded that English Heritage should strengthen its approach to evaluation and explore more ways to contribute to the Government's ambitions for building more cohesive, empowered and active communities. This led to a recommendation for English Heritage from the subsequent Public Accounts Committee hearing which was to report back on action taken to address the decline in free educational visits.

Statement on Internal Control

The Risk and Control Framework

The report was provided in April 2010. We continued to work hard to deliver new visitor facilities at Stonehenge in time for the 2012 Olympics, and we also had to rise to a number of unforeseen challenges including emergency intervention at Middleport Pottery and securing the continuation of Heritage Open Days following the closure of the Civic Trust.

Internally we introduced a new Pay and Reward system in line with Treasury guidelines which included a link to market based pay, regionalised pay and a total reward package which includes performance related pay, and we transferred our pension administration to a new supplier. We also completed the restructuring of our Finance Department and its transfer from London to our offices in Swindon. The management of information and data also provided a focus. Following a review of data security procedures in 2008 we have been working towards compliance with the Government's Mandatory Minimum Measures and Security Policy Framework. This year we appointed an Information Security Officer and work progresses towards the development of an overall information security policy, information asset management plan and security classification scheme. In addition, Internal Audit completed a review of Information Security and made a number of recommendations which are being followed up. Security improvements to desktop and laptop computers and English Heritage networks are also being made. Careful management has also been required in the development of a new English Heritage strategy for 2010 - 2015 in an environment of political change and anticipated cuts to Grant in Aid. This has involved scenario planning and detailed costing and prioritisation exercises.

In order to ensure the views of our stakeholders are taken into account, English Heritage has established a variety of mechanisms including: an independent biennial survey of key national and regional stakeholders; an online members' panel consisting of over 300 members who have volunteered to act as consultees on a range of issues; formative evaluation, involving surveys and consultation with visitors and local communities, carried out prior to all major capital investment projects; ongoing surveys of grant recipients; a National Teachers Forum to inform the development of publications, teaching materials and services; evaluation of our volunteer programme and our outreach services; and feedback mechanisms relating to our Charter for English Heritage statutory advisory services.

Review of Effectiveness

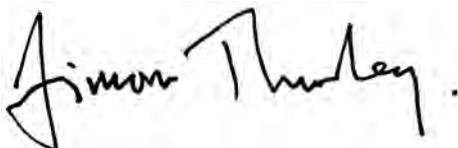
As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within English Heritage who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board and the Audit Committee, and a plan to address weaknesses and ensure continuous improvements of the system is in place.

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
29 June 2010

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 2010 under the National Heritage Act 1983. These comprise the Consolidated Income and Expenditure Account, the Consolidated and the Historic Buildings and Monuments Commission for England (HBMCE) Statements of Financial Position, the Consolidated and HBMCE Statements of Cash Flows, the Consolidated and HBMCE Statements of Changes in Reserves, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective Responsibilities of the Commissioners, the Chief Executive and Auditor

As explained more fully in the Statement of Commissioners' and Chief Executive's Responsibilities, the Commissioners and Chief Executive as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to HBMCE and English Heritage's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by English Heritage; and the overall presentation of the financial statements.

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

Opinion on Regularity

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

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of HBMCE's and English Heritage's affairs as at 31 March 2010 and of HBMCE's and English Heritage's net expenditure, changes in reserves and cash flows for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Heritage Act 1983 and the Directions made thereunder by the Secretary of State.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the directions issued by the Secretary of State under The National Heritage Act 1983; and
- the information given in the Achievements for 2009/10, Income and Expenditure 2009/10, Chief Executive's Management Commentary and the Directors' report included in the Annual Report for the financial year for which the financial statements are prepared are consistent with the financial statements.

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

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records ; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse

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

7 July 2010

Consolidated Income and Expenditure Account for the Year Ended 31 March 2010

Income	Note	2009-2010 £'000	2008-2009 £'000
Earned Income	3	48,579	42,928
Other Operating Income	4	5,647	4,100
Investment Income	5	206	1,057
Total Income		54,432	48,085
Expenditure			
Grants	6	32,254	29,247
Historic Properties Maintenance Conservation and Protection	7	12,079	12,706
Properties and Education	8	36,113	33,014
Planning and Development	9	49,053	48,368
Corporate and Support Services	10	20,539	17,560
Depreciation, Amortisation and Impairment	19 and 20	30,467	30,249
Notional Cost of Capital	l,h	6,225	7,939
		1,573	1,737
Total Expenditure		188,303	180,820
Net Expenditure for the Financial Year Before Exceptional Items		(133,871)	(132,735)
Relocation	11	(195)	(3,340)
Net Expenditure for the Financial Year After Exceptional Items		(134,066)	(136,075)
Reversal of Notional Cost of Capital	l,h	1,573	1,737
Adjusted Net Expenditure for the Financial Year		(132,493)	(134,338)
Transfer (to) / from the Development and Restricted Funds	33	(666)	38
Net Expenditure for the Financial Year		(133,159)	(134,300)

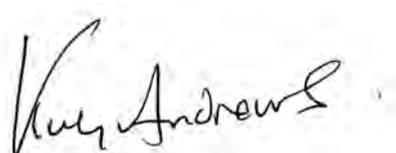
Consolidated Statement of Financial Position as at 31 March 2010

	Note	2010 £'000	2009 £'000	2008 £'000
Non-Current Assets				
Intangible Assets	19	980	1,399	1,950
Property, Plant & Equipment	20	77,169	77,266	80,547
Financial Assets	24	427	316	505
Total Non-Current Assets		78,576	78,981	83,002
Current Assets				
Inventories	25	2,522	2,211	2,593
Trade and Other Receivables	26	14,593	14,727	15,681
Cash and Cash Equivalents	34	13,914	15,360	14,717
Total Current Assets		31,029	32,298	32,991
Total Assets		109,605	111,279	115,993
Current Liabilities				
Trade and Other Payables	29	(33,461)	(33,899)	(32,498)
Obligations Under Finance Leases	28	(566)	(566)	(566)
Total Current Liabilities		(34,027)	(34,465)	(33,064)
Total Assets Less Current Liabilities		75,578	76,814	82,929
Non-Current Liabilities				
Other Payables	30	(3,017)	(2,613)	(2,516)
Provisions	31	(4,246)	(4,116)	(3,683)
Obligations Under Finance Leases	28	(6,919)	(6,935)	(6,946)
Total Non-Current Liabilities		(14,182)	(13,664)	(13,145)
Total Assets Less Liabilities		61,396	63,150	69,784
Reserves				
Revaluation Reserve		14,285	16,595	19,291
Donated Asset Reserve		13,386	11,072	9,414
EU Government Grant Reserve		1,876	2,095	2,245
Iveagh Bequest Capital Fund	24,b	427	316	505
General Reserves	32	23,536	25,301	29,404
Development and Restricted Funds	33	7,886	7,771	8,925
Total Reserves		61,396	63,150	69,784

The Financial Statements which comprise the Income and Expenditure Accounts, the Statement of Financial Positions, the Cash Flow Statement, the Statement of Changes in Reserves and the related notes 1 to 40, were approved by the Commissioners of English Heritage and signed on their behalf by:



Dr Simon Thurley
Chief Executive
29 June 2010

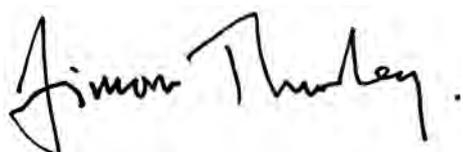


Baroness Andrews OBE
Chair

HBMCE Statement of Financial Position as at 31 March 2010

	Note	2010 £'000	2009 £'000	2008 £'000
Non-Current Assets				
Non-Current Assets	19	980	1,399	1,950
Property, Plant & Equipment	20	77,169	77,266	80,547
Financial Assets	24	2,028	2,028	2,028
Total Non-Current Assets		80,177	80,693	84,525
Current Assets				
Inventories	25	46	49	142
Trade and Other Receivables	26	14,870	15,801	16,656
Cash and Cash Equivalents	34	13,412	14,860	14,217
Total Current Assets		28,328	30,710	31,015
Total Assets		108,505	111,403	115,540
Current Liabilities				
Trade and Other Payables	29	(35,568)	(34,339)	(32,550)
Obligations Under Finance Leases	28	(566)	(566)	(566)
Total Current Liabilities		(36,134)	(34,905)	(33,116)
Total Assets Less Current Liabilities		72,371	76,498	82,424
Non-Current Liabilities				
Other Payables	30	(237)	(2,613)	(2,516)
Provisions	31	(4,246)	(4,116)	(3,683)
Obligations Under Finance Leases	28	(6,919)	(6,935)	(6,946)
Total Non-Current Liabilities		(11,402)	(13,664)	(13,145)
Total Assets Less Liabilities		60,969	62,834	69,279
Reserves				
Revaluation Reserve		14,285	16,595	19,291
Donated Asset Reserve		13,386	11,072	9,414
EU Government Grant Reserve		1,876	2,095	2,245
General Reserves	32	23,536	25,301	29,404
Development and Restricted Funds	33	7,886	7,771	8,925
Total Reserves		60,969	62,834	69,279

The financial statements, which comprise the Income and Expenditure Account, the Statement of Financial Positions, the Cash Flow Statement, the Statement of Changes in Reserves and the related notes 1 to 40, were approved by the Commissioners of English Heritage and signed on their behalf by:



Dr Simon Thurley
Chief Executive
29 June 2010



Baroness Andrews OBE
Chair

Consolidated Statement of Cash Flows for the Year Ended 31 March 2010

	Note	2009-2010 £'000	2008-2009 £'000
Cash Flows from Operating Activities			
Net Expenditure		(134,066)	(136,075)
Investment Income		(206)	(1,057)
Depreciation and Amortisation		5,677	5,022
Notional Cost of Capital		1,573	1,737
Impairments and profit on disposal of Property, Plant and Equipment		551	2,460
Release from Capital Reserves		(888)	(459)
(Increase) / Decrease in Inventory		(311)	382
Decrease in Receivables		135	953
Increase in Payables and Provisions		450	3,074
Net Cash Outflow from Operating Activities		(127,085)	(123,963)
Cash Flows from Investing Activities			
Interest received		167	1,515
Dividends received		22	29
Payments to acquire Property, Plant & Equipment		(8,056)	(7,199)
Payments to acquire Intangible Assets		(166)	(186)
Proceeds on disposal of Property, Plant & Equipment		22	4
Net Cash Outflow from Investing Activities		(8,011)	(5,837)
Cash Flows from Financing Activities			
Government Grant in Aid		130,922	129,358
Grants received credited to the Capital Reserves		2,728	1,085
		133,650	130,443
Net Financing	34	(1,446)	643
Net (Decrease) / Increase in Cash and Cash Equivalents		(1,446)	643
Cash and Cash Equivalents at the Beginning of the Year		15,360	14,717
Cash and Cash Equivalents at the End of the Year		13,914	15,360

The 2009/10 figure for Government Grant in Aid included nil (2009: £500,000), for relocation costs deriving from the surrender of the lease on the previous London Headquarters building.

HBMCE Statement of Cash Flows for the Year Ended 31 March 2010

	Note	2009-2010 £'000	2008-2009 £'000
Cash Flows from Operating Activities			
Net Expenditure		(134,064)	(136,074)
Investment Income		(202)	(1,035)
Depreciation and Amortisation		5,677	5,022
Notional Cost of Capital		1,573	1,737
Impairments and profit on disposal of Property, Plant and Equipment		551	2,460
Release from Capital Reserves		(888)	(459)
Decrease in Inventory		3	93
Decrease in Receivables		933	855
(Decrease) / Increase in Payables and Provisions		(666)	3,460
Net Cash Outflow from Operating Activities		(127,083)	(123,941)
Cash Flows from Investing Activities			
Interest received		163	1,493
Dividends received		22	29
Payments to acquire Property, Plant & Equipment		(8,056)	(7,199)
Payments to acquire Intangible Assets		(166)	(186)
Proceeds on disposal of Property, Plant & Equipment		22	4
Net Cash Outflow from Investing Activities		(8,015)	(5,859)
Cash Flows from Financing Activities			
Government Grant in Aid		130,922	129,358
Grants received credited to the Capital Reserves		2,728	1,085
		133,650	130,443
Net Financing	34	(1,448)	643
Net (Decrease) / Increase in Cash and Cash Equivalents		(1,448)	643
Cash and Cash Equivalents at the Beginning of the Year		14,860	14,217
Cash and Cash Equivalents at the End of the Year		13,412	14,860

The 2009/10 figure for Government Grant in Aid included nil (2009: £500,000), for relocation costs deriving from the surrender of the lease on the previous London Headquarters building.

Consolidated Statement of Changes In Reserves for the Year Ended 31 March 2010

	General Reserve £'000	Revaluation Reserve £'000	EU Government Grant Reserve £'000	Donated Asset Reserve £'000	Development and Restricted Funds £'000	Iveagh Bequest Capital Fund £'000	Total Reserves £'000
	Note 32				Note 33	Note 38c	
Balance at 1 April 2009	25,301	16,595	2,095	11,072	7,771	316	63,150
Changes in reserves for 2009/10							
Net gain/(loss) on revaluation of property, plant & equipment	-	(1,775)	(139)	(317)	-	-	(2,231)
Net gain/(loss) on revaluation of intangible assets	-	-	-	-	-	-	-
Net gain/(loss) on revaluation of investments	-	-	-	-	-	111	111
Release of reserves to net expenditure	(63)	-	(80)	(648)	-	-	(791)
Expenditure for the year	(133,159)	-	-	-	(1,023)	-	(134,182)
Transfer between reserves	535	(535)	-	-	-	-	-
Total recognised income and expense for 2009/10	(107,386)	14,285	1,876	10,107	6,748	427	(73,943)
Grant in Aid received	130,922	-	-	-	-	-	130,922
Other Income	-	-	-	3,279	1,138	-	4,417
Balance at 31 March 2010	23,536	14,285	1,876	13,386	7,886	427	61,396

HBMCE Statement of Changes in Reserves for the Year Ended 31 March 2010

	General Reserve £'000	Revaluation Reserve £'000	EU Government Grant Reserve £'000	Donated Asset Reserve £'000	Development and Restricted Funds £'000	Total Reserves £'000
	Note 32				Note 33	
Balance at 1 April 2009	25,301	16,595	2,095	11,072	7,771	62,834
Changes in reserves for 2009/10						
Net gain/(loss) on revaluation of property, plant & equipment	-	(1,775)	(139)	(317)	-	(2,231)
Net gain/(loss) on revaluation of intangible assets	-	-	-	-	-	-
Release of reserves to net expenditure	(63)	-	(80)	(648)	-	(791)
Expenditure for the year	(133,159)	-	-	-	(1,023)	(134,182)
Transfer between reserves	535	(535)	-	-	-	-
Total recognised income and expense for 2009/10	(107,386)	14,285	1,876	10,107	6,748	(74,370)
Grant in Aid received	130,922	-	-	-	-	130,922
Other Income	-	-	-	3,279	1,138	4,417
Balance at 31 March 2010	23,536	14,285	1,876	13,386	7,886	60,969

Notes to the Financial Statements

I Statement of Accounting Policies

a) Accounting Convention

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

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

English Heritage Trading Limited, a subsidiary undertaking of HBMCE, continued trading throughout the year ended 31 March 2010. 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.

English Heritage has applied IFRS 1 in preparing these financial statements. The Council's transition date is 1 April 2008. English Heritage prepared its opening IFRS statement of financial position at that date.

English Heritage has prepared the financial statements for the year ending 31 March 2010 as the first full financial statements under IFRS. As a result the 31 March 2009 and 31 March 2008 financial statements will become the comparatives and have been converted from UK GAAP to IFRS.

The statement of financial position was previously prepared in accordance with the generally accepted accounting principles in the United Kingdom (UK GAAP) until 31 March 2009. UK GAAP differs in some areas from IFRS as adopted by the FReM. In preparing the statement of financial position under IFRS, management has amended certain accounting and valuations applied in the previous GAAP financial statements to comply with IFRS.

b) Value Added Tax

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

c) Membership Income

Annual membership income is recognised in the 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 Statement of Financial Position.

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

d) Admission, Retail and Other Earned Income

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

e) Government Grant in Aid Receivable

Parliamentary grant is voted to meet English Heritage's cash payments falling due during the financial year. English Heritage accounts for its expenditure on an accruals basis, thus incurring liabilities during a year which may not need to be satisfied by cash payments until future financial years. Government Grant in Aid receivable is credited to the General Reserve (note 32).

f) Other Grants Receivable

Other Grants Receivable are recognised in the Income and Expenditure Account and Statement of Financial Position when the conditions of grant have been fulfilled and the grant is claimable. Non Government Grants and Lottery Grants used to purchase, enhance or create Fixed Assets are held on the Statement of Financial Position 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 Statement of Financial Position as part of the Government Grant Reserve and are released to the Income and Expenditure Account as the assets are depreciated.

g) Grants Payable

Grants payable to individuals and bodies by English Heritage in accordance with its statutory powers and duties are accounted for when the grant recipient carries out the specific activity which forms the basis of entitlement. Grant offers made yet to become payable are quantified at note 35a.

h) Notional Costs

The Net Expenditure for the financial year is arrived at after charging a notional cost of capital calculated at 3.5 per cent (2009: 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.

Notes to the Financial Statements

I Statement of Accounting Policies

i) Intangible Non-Current Assets

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

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

Computer software development is capitalised and amortised over its useful economic life.

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

j) Property - Land and Buildings

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

- Pure heritage assets (non-operational heritage assets);
- Operational heritage assets; or
- Operational (non-heritage) assets.

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 Non-Current Assets in the Statement of Financial Position where a reliable valuation is possible, otherwise they are not treated as Non-Current 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 Statement of Financial Position. The valuation method used depends upon the type of the building, its use and any conditions attached to its disposal.

Operational (non-heritage) land and buildings are professionally valued and held on the Statement of Financial Position. 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 Statement of Financial Position 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. Dreweatt Neate undertook an interim valuation during the year ended 31 March 2009. Powis Hughes undertook an interim valuation during the year ended 31 March 2010. The values of the land and buildings held as Non-Current Assets are reviewed annually using relevant indices published by the Building Cost Information Services as at 31 March 2010. Any change in value is reflected in the relevant Reserve. Assets held under finance leases are depreciated over the term of the relevant lease.

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

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

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

k) 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 Statement of Financial Position at cost. Revaluations are not carried out on this class of asset as the cost associated with valuing these assets is onerous when compared with the benefits obtained by the users of the financial statements. English Heritage policy is not to dispose of any heritage assets and therefore the costs of revaluation would outweigh any benefits to the users of the accounts. In addition, due to the nature of some assets no market value can be readily obtained.

Notes to the Financial Statements

I Statement of Accounting Policies

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

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

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

m) Assets Under Construction

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

n) Donated Assets

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

Donated assets are revalued in the same way as other Non-Current Assets.

o) Depreciation

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

Non-heritage buildings and gardens

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

Refurbishments

- Shop/café/holiday cottage refurbishment, infrastructure	10-20 years
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Plant and machinery 5-15 years

IT, furniture and fittings 4-5 years

Assets held under finance leases are depreciated over the term of the relevant lease.

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

Operational 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.

p) Non-Current Financial Assets

Non-Current Financial Assets, other than those in subsidiary undertakings are held at fair value. Any unrealised gain at the Statement of Financial Position date is taken directly to reserves. Unrealised losses at the Statement of Financial Position date are written off against the proportion of credit balance on the Capital Reserve which relates to the investment concerned. Any other unrealised losses are charged to the Income and Expenditure Account. Investments in subsidiary undertakings are held at cost.

q) Inventories

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

r) Finance Leases

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

Notes to the Financial Statements

I Statement of Accounting Policies

s) **Operating Leases**

Operating lease costs are charged as incurred.

t) **Cash and Cash Equivalents**

Cash surplus to immediate cash flow requirements is placed on short term deposit for periods of up to one month in accordance with English Heritage's treasury policy and is treated as cash in the financial statements (note 34). Where there is a bank overdraft this offsets the cash balance.

u) **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 18).

v) **Restricted Funds**

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

w) **Segmental Reporting**

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

The expenditure type reported in 2009-10 has changed from those reported in 2008-09 due to the first time adoption of IFRS 8. The segments reported reflect the management structure reported on internally within English Heritage on a monthly basis.

Conservation and Protection is responsible for heritage protection, conservation, strategy, research, properties presentation, publishing and the National Monuments Record.

Properties and Education is responsible for English Heritage's properties, marketing, development, retail and education.

Planning and Development advises on making and managing changes to historic places as well as publishing the annual *Heritage at Risk Register*.

Corporate and Support Services are responsible for advising government and other bodies on the value of our historic environment and includes national advice, communications, legal services and corporate governance, and also for providing a range of services to the organisation including: finance, human resources, IT and procurement.

x) **Provisions**

Provisions are made where the conditions for such a liability exist at the Statement of Financial Position date which can be reliably estimated. Provisions not payable within a year are discounted at a rate of 1.8%.

y) **Short Term Investments**

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

z) **Impact of New Financial Reporting Standards**

(Adopted for 2009-10)

The following new IFRS, and revised or amended IFRSs were adopted by English Heritage from 1 April 2009. IFRS 8 'Operating Segments' was amended in April 2009 and defines operating segments as components of an entity about which separate financial information is available and evaluated regularly by the chief operating decision-maker. The amendment clarified that segmental information for total assets is required only if such amounts are regularly reported to the chief operating decision-maker. English Heritage does not report information for total assets per segment and has not included this information within these accounts.

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

Notes to the Financial Statements

2 First Time Adoption of IFRS

English Heritage and HBMCE	Donated Asset Reserve £'000	Government Grant Reserve £'000	Revaluation Reserve £'000	Capital Fund £'000	Development and Restricted Funds £'000	General Reserve £'000	Total Reserves £'000
				Note 38c	Note 33	Note 32	
Taxpayers' equity at 31 March 2008 Under UK GAAP	9,414	2,245	12,969	505	8,925	32,767	66,825
Adjustments for							
IAS 19 - Employee Benefit accrual	-	-	-	-	-	(1,902)	(1,902)
IAS 17 - Finance Lease	-	-	6,322	-	-	(1,461)	4,861
Taxpayers' equity at 1 April 2008	9,414	2,245	19,291	505	8,925	29,404	69,784
Taxpayers' equity at 31 March 2009 Under UK GAAP	11,072	2,095	10,400	316	7,771	28,760	60,414
IAS 19 - Employee Benefit accrual	-	-	-	-	-	(1,902)	(1,902)
IAS 19 - Employee Benefit movement	-	-	-	-	-	6	6
IFRS 3 - Write back goodwill amortisation	-	-	-	-	-	12	12
IAS 17 - Finance Lease	-	-	6,195	-	-	(1,575)	4,620
Taxpayers' equity at 31 March 2009	11,072	2,095	16,595	316	7,771	25,301	63,150
							£'000
Net expenditure for 2008/09 under UK GAAP							134,209
IAS 19 - Employee Benefit movement 2008/09							(6)
IFRS 3 - Write back goodwill amortisation							(12)
IAS 17 - Net effect of finance lease							109
Net expenditure for 2008/09 under IFRS							134,300

English Heritage has prepared the financial statements for the year ending 31 March 2010 as the first full financial statements under IFRS. As a result, the 31 March 2008 and 31 March 2009 financial statements have become the comparatives and have been converted from UK GAAP to IFRS.

The adjustment relating to IAS 17 'Leases' is due to the reclassification of the NMRC Building and Archives lease from an operating lease under UK GAAP to a finance lease under IFRS. This lease has been treated in accordance with English Heritage's Finance Lease policy as per Note I, r.

Notes to the Financial Statements

3	Earned Income		2009-2010 £'000	2008-2009 £'000
	Admission Income		13,937	11,531
	Retail and Catering Income		11,761	10,423
	Membership Income		17,261	15,328
	Other Earned Income		5,620	5,646
	Total Earned Income		48,579	42,928
4	Other Operating Income	2009-2010 Capital £'000	2009-2010 Revenue £'000	2008-2009 Capital £'000
	Grants Receivable			2008-2009 Revenue £'000
	European Community	-	99	269
	Heritage Lottery Fund	-	652	472
	Aggregates Levy	-	2,398	1,550
	Other	2,728	507	421
	Total Grants Receivable	2,728	3,656	2,712
	Transfer (to)/from Capital Reserves	(2,728)	488	244
	Total Grants	-	4,144	2,956
	Donations	551	1,080	777
	Transfer (to)/from Capital Reserves	(551)	400	215
	Other Operating Income	-	23	152
	Total Other Operating Income	-	5,647	4,100
5	Investment Income		2009-2010 £'000	2008-2009 £'000
	Interest Receivable		184	1,028
	Dividends Receivable		22	29
	Total Investment Income		206	1,057
6	Grants		2009-2010 £'000	2008-2009 £'000
	Buildings and Monuments		9,000	7,057
	Conservation Areas		2,340	1,745
	Cathedrals		1,082	1,255
	Other Places of Worship		8,265	7,753
	Historic Environment		4,740	5,297
	Aggregates Levy Historic Environment		2,139	1,408
	Other		4,688	4,732
	Total Grants Payable		32,254	29,247

Notes to the Financial Statements

	2009-2010	2008-2009
	£'000	£'000
7 Conservation and Protection		
Designation and Listing	15,353	14,413
Property Presentation	4,902	5,054
Conservation	10,924	8,984
National Monuments Record	4,934	4,563
	<hr/>	<hr/>
Total Conservation and Protection Expenditure	36,113	33,014
	<hr/>	<hr/>
8 Properties and Education		
Conservation Programmes	4,119	3,874
Running the Properties	43,016	42,569
Education and Development	1,918	1,925
	<hr/>	<hr/>
Total Properties and Education Expenditure	49,053	48,368
	<hr/>	<hr/>
9 Planning and Development		
Managing the Historic Environment	19,572	16,809
Outreach	967	751
	<hr/>	<hr/>
Total Planning and Development Expenditure	20,539	17,560
	<hr/>	<hr/>
10 Corporate and Support Services		
National Advice and Information	4,282	4,188
Governance	1,386	1,221
Legal Services	603	579
Finance	2,774	3,065
Information Systems	11,652	10,152
Human Resources	2,518	2,928
Office Costs	7,252	8,116
	<hr/>	<hr/>
Total Corporate and Support Services Expenditure	30,467	30,249
	<hr/>	<hr/>

11 Relocation Costs

In 2005/06 English Heritage commenced a project to relocate the majority of its London Headquarters staff to outside London. Expenditure in relation to this project including the relocation and restructuring of the Finance Department totalled £195,000 (2009: £3,340,000). In addition costs of nil were capitalised and included as Fixed Assets (2009: £260,000).

12 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 2010 (2009: nil). English Heritage Trading Limited transferred all its profits for the year ended 31 March 2010 to HBMCE under the Gift Aid rules. Hence, it suffered no taxation charge as it had no taxable profits.

Notes to the Financial Statements

13 Auditors' Fees	2009-2010 £'000	2008-2009 £'000
Auditors' remuneration and expenses for statutory audit work:		
English Heritage and HBMCE	68	62
English Heritage Trading Limited	<u>6</u>	<u>7</u>
Total Auditors' Fees	<u>74</u>	<u>69</u>

The 2009/10 and 2008/09 auditors' remuneration includes additional fees related to the implementation of International Financial Reporting Standards.

14 Commissioners

Commissioners' emoluments totalled £99,000 (2009: £87,000) 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 current Chair Baroness Andrews OBE, the highest paid Commissioner, was appointed on 27 July 2009 and her emoluments for 2009/2010 were £35,000, a full year equivalent of £46,000 and related wholly to basic fees. This position is non-pensionable. Professor Sir Barry Cunliffe CBE was Interim Chairman to 27 July 2009 and his emoluments to this point were £5,000, a full year equivalent of £15,000. This position was non-pensionable.

The emoluments of the Commissioners were as follows:	2009-2010 £'000	2008-2009 £'000
Ms Lynda Addison OBE	4	1
Ms Maria Adebowale	4	4
Mrs Joyce Bridges CBE	10	10
Professor Sir David Cannadine (term of appointment ended 29 September 2009)	3	6
Mr Manish Chande	4	4
Professor Sir Barry Cunliffe CBE (Interim Chairman up to 27 July 2009)	7	3
Mrs Gilly Drummond OBE (term of appointment ended 30 March 2010)	6	6
Mr David Fursdon (appointed 1 February 2010)	1	-
Dr Jane Grenville (term of appointment ended 12 May 2008)	-	1
Professor Ronald Hutton (appointed 1 October 2009)	2	-
Mr Michael Jolly CBE	4	4
Ms Jane Kennedy	4	4
The Earl of Leicester CBE (term of appointment ended 22 January 2010)	5	6
Mr Les Sparks OBE (term of appointment ended 12 May 2008)	-	1
Mr John Walker CBE (appointed 1 February 2010)	1	-
Mr Chris Wilkinson OBE RA	4	4
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.

Notes to the Financial Statements

15 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 (2009: nil).

16 Related Party Transactions And Connected Bodies

Connected Bodies

English Heritage is sponsored by the Department for Culture, Media and Sport (DCMS) which is regarded as a related party. There were material transactions with DCMS in respect of the receipt of Grant in Aid (note 32), a payment by English Heritage of £101,000 in respect of secondment payments and joint project contributions as well as a receipt of £39,000 relating to a reimbursement of project costs.

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
British Broadcasting Corporation	National Heritage Memorial Fund
British Library	Royal Armouries Museum
British Museum	Visit Britain
Commission for Architecture and the Built Environment	

During the year English Heritage had material transactions with the following Government Departments and Central Government bodies and there was a material debtor balance with Defra of £307,000 at 31 March 2010:

British Railways Board Ltd	Environment Agency
Cabinet Office	Forestry Commission
Construction Industry Training Board	Government Actuary's Department
Department for Communities & Local Government	Government News Network
Department for Environment, Food & Rural Affairs (Defra)	Homes and Communities Agency
Department for Transport	National School of Government
Department for Work and Pensions	Natural England

Material Transactions with Related Party Interests

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

- Ms Lynda Addison OBE, a Commissioner, is an advisor to the Campaign for Better Transport and has undertaken work for London Borough of Hounslow. A payment of £6,000 was made to the Campaign for Better Transport. London Borough of Hounslow received £38,000 including grant payments of £37,000.
- Ms Maria Adebawale, a Commissioner, has worked on various projects for Defra. English Heritage paid Defra £18,000 in relation to conference fees and received income from Defra for £3,667,000 relating to Aggregates Levy Historic Environment grants.
- Mrs Joyce Bridges CBE, a Commissioner, is a Commissioner and Deputy Chair of CABE. CABE received payments totalling £69,000 including English Heritage contributions for the Engaging Places project totalling £50,000. English Heritage was in receipt of payments totalling £22,000 from CABE.
- Mrs Gilly Drummond OBE, a Commissioner, is an Advisory Panel member of the Sir Harold Hillier Gardens and Arboretum which was in receipt of payments of £3,000. She is also President of the Association of Gardens Trusts which received grant payments of £9,000. She is also a Trustee of Chiswick House and Gardens Trust (CHGT) along with Dr Edward Impey, the Director of Conservation and Protection. English Heritage received a grant payment of £1,000 from 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 £110,000.

Notes to the Financial Statements

16 Related Party Transactions And Connected Bodies

Material Transactions with Related Party Interests

- Mr David Fursdon, a Commissioner, is a Committee Member for the Duchy of Cornwall Rural Committee. The committee paid rent totalling £2,000 and received payments from English Heritage of £1,000. Mr David Fursdon is a Board Member for The Crown Estate. £5,000 of payments were made to The Crown Estate. Mr David Fursdon is a consultant to Tregothnan Estate who were in receipt of £3,000 of bursary funding. Mr David Fursdon is a consultant to Smiths Gore. Smiths Gore received payments totalling £44,000 for surveyors services. Smiths Gore have a creditor balance outstanding totalling £1,000.
- Professor Ronald Hutton, a Commissioner, is Vice President of the Sealed Knot Society which received payments of £6,000.
- Ms Jane Kennedy, a Commissioner, is a Partner with Purcell Miller Tritton Architects which received fee payments totalling £320,000. Ms Jane Kennedy is also a Committee member for Peterborough Cathedral Council and Fabric Advisory Committee which received grant payments totalling £100,000.
- The Earl of Leicester, a Commissioner, is the Vice President and Dr Edward Impey, the Director of Conservation and Protection, 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 £26,000.
- Mr Andrew Fane, Chair of the Audit Committee, is the chairman of the Stowe House Preservation Trust, which received a grant payment of £50,000.
- Dr Edward Impey, Conservation and Protection Director, is also a Trustee of The Holfords of Westonbirt Trust, which received grant payments totalling £6,000.
- 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 £101,000. Dr Simon Thurley is also a Council Member of St Paul's Cathedral which received grant payments totalling £250,000 from the Wolfson Foundation through the Grants For Cathedrals scheme. The scheme is administered by English Heritage.
- 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 £320,000.
- Mr Adrian Olivier, Strategy Director, is an Executive Board and Finance Committee member for the Society of Antiquaries which received grant payments of £32,000 in addition to other payments of £9,000 for room hire and associated services.
- Mr Mark Pemberton, the Director of Properties and Education, is a Director of the Association of Leading Visitor Attractions (ALVA) which received payments of £7,000.
- Miss Carol Pyrah, Planning and Development Regional Director, North East's partner runs a research consultancy business which has received payments totalling £4,000 for research projects commissioned by English Heritage.
- 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 £184,000 including grant payments totalling £152,000, and other payments of £28,000 which include amounts of £27,000 which relate to a publication management agreement.
- Mr Humphrey Welfare, the Planning and Development Director, North Territory, is a Director of Hadrian's Wall Heritage Ltd which received payments totalling £238,000, including grant payments of £230,000 and other payments totalling £8,000 which includes a contribution to the Hadrian's Wall Ltd marketing campaign of £5,000.
- Ms Deborah Lamb, Director of National Advice and Information, serves on the non-executive steering board of the Homes and Communities Agency Academy. She received remuneration for this of £2,000 which was paid over to English Heritage as a donation.

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

17 Employees

a) Employee Numbers

	2010	2009
The average number of persons employed during the year expressed as full-time equivalents was:		
Conservation and Protection	609	592
Properties and Education	846	819
Planning and Development	337	315
Corporate and Support Services	251	244
Total Employee Numbers	2,043	1,970

Employee numbers include 37 agency staff (2009: 48) and no members of staff working on projects shown as Non Current Assets (2009: 1), note 20.

The increase in staff numbers is due to: extra staff relating to growth in our commercial activities; the second intake of Trainee Historic Environment Managers and fixed term staff working on Heritage Protection.

	2010 £'000	2009 £'000
b) Employee Costs		
Salaries	58,329	54,166
Social Security Costs	4,473	4,082
Pension Costs	9,824	10,278
Redundancy and Severance Costs	2,734	2,322
Agency Staff Costs	1,332	1,645
Total Employee Costs	76,692	72,493

Included within the above costs are £3,000 salaries costs (2009: £3,000), nil social security costs (2009: nil) and nil pension costs (2009: nil) that have been capitalised within Non Current Assets (note 20). There are no redundancy and severance costs (2009: nil) and no agency staff costs (2009: nil) that have been capitalised. Pension costs for 2008/09 include £450,000 related to previous financial years.

18 Pension Costs

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

For the year ended 31 March 2010, employers' contributions were payable to the PCSPS at 1 of 4 rates in the range 16.7 to 24.3 per cent of pensionable pay, based on salary bands (2009: 17.1 to 25.5 per cent). The Scheme Actuary reviews

Notes to the Financial Statements

18 Pension Costs

employer contributions usually every 4 years following a full scheme valuation. Rates for next year will be in the range 16.7 to 24.3 per cent. The contribution rates are set to meet the cost of the benefits accruing during the year ended 31 March 2010 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Total employer contributions to the PCSPS were £9,793,600 (2009: £10,112,000).

Employees joining English Heritage after 1 October 2002 can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £183,300 were paid to a panel of 3 appointed stakeholder pension providers (2009: £157,000). Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £7,800 (2009: £9,000), 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the Statement of Financial Position date were nil (2009: nil). Contributions prepaid at that date were nil (2009: nil).

English Heritage operates a by-analogy scheme to the PCSPS for 3 of the previous chairmen. The scheme liability at 31 March 2010 was £255,000 (2009: £218,000). This scheme has been valued by the Government Actuary's Department in accordance with Treasury guidelines and Financial Reporting Standard 17 principles.

Notes to the Financial Statements

19 Intangible Fixed Assets

English Heritage and HBMCE	Software Licences £'000	Software Development £'000	Assets under Construction £'000	Goodwill £'000	Total £'000
Cost or Valuation					
At 1 April 2009	855	10,288	324	104	11,571
Revaluations	123	1,478	-	-	1,601
Additions	-	-	360	-	360
Disposals	-	-	-	-	-
Transfer of assets brought into use	165	380	(545)	-	-
At 31 March 2010	1,143	12,146	139	104	13,532
Amortisation					
At 1 April 2009	670	9,469	-	33	10,172
Charge for the Year	212	711	-	-	923
Backlog Amortisation	96	1,361	-	-	1,457
Impairments	-	-	-	-	-
Eliminated on Disposals	-	-	-	-	-
At 31 March 2010	978	11,541	-	33	12,552
Net Book Value					
At 31 March 2010	165	605	139	71	980
At 31 March 2009	185	819	324	71	1,399
Cost or Valuation					
At 1 April 2008	669	9,974	314	244	11,201
Additions	186	-	324	-	510
Disposals	-	-	-	-	-
Transfer of assets brought into use	-	314	(314)	-	-
At 31 March 2009	855	10,288	324	244	11,711
Amortisation					
At 1 April 2008	514	8,704	-	33	9,251
Charge for the Year	156	765	-	-	921
Impairment	-	-	-	140	140
Eliminated on Disposals	-	-	-	-	-
At 31 March 2009	670	9,469	-	173	10,312
Net Book Value					
At 31 March 2009	185	819	324	71	1,399
At 31 March 2008	155	1,270	314	211	1,950

Notes to the Financial Statements

20 Property, Plant & Equipment

English Heritage and HBMCE	Land & Buildings £'000	Dwellings £'000	Artefacts & Archives £'000	Plant & Machinery £'000	IT £'000	Furniture & Fittings £'000	Assets under Construction £'000	Total £'000
Cost or Valuation								
At 1 April 2009	69,160	4,842	5,635	6,573	3,324	2,250	4,457	96,241
Revaluations	(3,369)	9	60	-	484	-	-	(2,816)
Additions	70	-	38	349	18	257	6,759	7,491
Disposals	(7)	-	-	(316)	(17)	(22)	-	(362)
Impairments	(539)	(9)	-	-	-	-	-	(548)
Transfer of assets brought into use	3,377	156	-	1,436	346	1,582	(6,897)	-
At 31 March 2010	68,692	4,998	5,733	8,042	4,155	4,067	4,319	100,006
Depreciation								
At 1 April 2009	11,008	814	-	4,009	1,839	1,305	-	18,975
Charge for the Year	2,449	46	-	1,001	703	555	-	4,754
Backlog Depreciation	(782)	(18)	-	-	269	-	-	(531)
Eliminated on Disposals	(9)	-	-	(312)	(17)	(23)	-	(361)
At 31 March 2010	12,666	842	-	4,698	2,794	1,837	-	22,837
Net Book Value								
At 31 March 2010	56,026	4,156	5,733	3,344	1,361	2,230	4,319	77,169
At 31 March 2009	58,152	4,028	5,635	2,564	1,485	945	4,457	77,266

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.

The additions and transfers for the year mainly comprise capital projects at our trading sites, the largest projects being at Dover Castle and Kenilworth Gardens.

English Heritage's obligations under finance leases (see note 28) are secured by the lessors' title to the leased assets, which have a carrying value of £11,873,000 (2009: £12,121,000) within land and buildings excluding dwellings.

Notes to the Financial Statements

20 Property, Plant & Equipment

English Heritage and HBMCE	Land & Buildings £'000	Dwellings £'000	Artefacts & Archives £'000	Plant & Machinery £'000	IT £'000	Furniture & Fittings £'000	Assets under Construction £'000	Total £'000
Cost or Valuation								
At 1 April 2008	70,371	4,864	5,538	5,590	1,630	1,779	6,842	96,614
Revaluations	(2,687)	(150)	-	-	-	-	-	(2,837)
Additions	-	-	97	378	22	369	5,026	5,892
Disposals	(158)	-	-	(291)	(35)	-	-	(484)
Impairments	(2,773)	-	-	-	-	-	-	(2,773)
Transfer of assets brought into use	4,407	128	-	896	1,707	102	(7,411)	(171)
At 31 March 2009	69,160	4,842	5,635	6,573	3,324	2,250	4,457	96,241
Depreciation								
At 1 April 2008	9,454	825	-	3,482	1,331	975	-	16,067
Charge for the Year	2,002	15	-	818	543	330	-	3,708
Backlog Depreciation	(290)	(26)	-	-	-	-	-	(316)
Eliminated on Disposals	(158)	-	-	(291)	(35)	-	-	(484)
At 31 March 2009	11,008	814	-	4,009	1,839	1,305	-	18,975
Net Book Value								
At 31 March 2009	58,152	4,028	5,635	2,564	1,485	945	4,457	77,266
At 31 March 2008	60,976	3,980	5,538	2,108	299	804	6,842	80,547

Notes to the Financial Statements

21 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, j). 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.

22 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 £82,000 was incurred on historic artefacts (including replicas) during the year ended 31 March 2010 (2009: £112,000). £41,000 of this expenditure was charged to Property, Plant and Equipment (2009: £97,000) and £41,000 was charged to the Income and Expenditure Account (2009: £15,000). Donated artefacts received during the year had a value of £60,000 (2009: nil).

23 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 £8,000 was incurred on archives during the year ended 31 March 2010 (2009: £15,000). All of this expenditure was charged to the Income and Expenditure Account (2009: £15,000), and nil was charged to Non Current Assets (2009: nil). No donated archives received during the year had a value (2009: nil).

Notes to the Financial Statements

24 Investments

	Subsidiary Undertakings £'000	Other Investments £'000	Total £'000
a) HBMCE			
At 1 April 2008, 1 April 2009 and 31 March 2010	2,028	-	2,028
Details of the subsidiary undertakings are given in note 38.			
b) English Heritage			
	2010	2009	2008
	£'000	£'000	£'000
Market Value at 1 April	316	505	628
Additions	-	-	-
Disposals	-	-	-
Net Investment Gains / (Losses)	111	(189)	(123)
Market Value at 31 March	427	316	505
Historical Cost at 31 March	434	434	434

At 31 March 2010 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.

25 Inventories

	English Heritage			HBMCE		
	2010 £'000	2009 £'000	2008 £'000	2010 £'000	2009 £'000	2008 £'000
Inventories	2,522	2,211	2,593	46	49	142

26 Trade Receivables and Other Current Assets

	English Heritage			HBMCE		
	2010 £'000	2009 £'000	2008 £'000	2010 £'000	2009 £'000	2008 £'000
Trade Receivables	1,693	1,521	1,379	1,693	1,521	1,380
Value Added Tax	2,058	1,973	2,257	2,058	1,973	2,257
Prepayments and Accrued Income	8,475	8,549	8,876	8,475	8,549	8,873
Other Receivables	2,367	2,684	3,169	2,367	2,684	3,169
Amount Owed by Subsidiary Undertaking	-	-	-	277	1,074	977
Total Trade and other Receivables	14,593	14,727	15,681	14,870	15,801	16,656

Included within the above were trade receivables of £475,000 owed by Central Government Bodies and £4,000 by Public Corporations. All other current asset balances were owed by bodies external to Government.

Notes to the Financial Statements

27 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 International Financial Reporting Standard (IFRS) 7 mainly applies. English Heritage has no powers to borrow and its only investments are Fixed Asset Investments related to the Iveagh Bequest held in Common Investment Funds. Surplus funds are held on short term fixed interest rate deposit with institutions with low risk credit ratings, classified as cash or cash equivalents. As allowed by IFRS 7, debtors and creditors that are due to mature or become payable within 12 months from the Statement of Financial Position date have not been disclosed as financial instruments.

a) Liquidity Risk

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

b) Interest Rate Risk

English Heritage's long term financial liabilities relate solely to provisions (note 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 including short term deposits held at fixed interest rates and fixed asset investments held in a Common Investment Fund (note 24):

	English Heritage		
	2010	2009	2008
	£'000	£'000	£'000
Non-current Investments - Common Investment Funds	427	316	505
	427	316	505

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

28 Obligations Under Finance Leases

English Heritage and HBMCE	2010	2009
	£'000	£'000
Gross lease liabilities		
Within one year	566	566
In the second to fifth years inclusive	2,266	2,266
After five years	24,354	24,921
	27,186	27,753
Future Interest	(19,701)	(20,252)
Net lease liability	7,485	7,501

Notes to the Financial Statements

28 Obligations Under Finance Leases

It is English Heritage's policy to lease certain of its property, plant and equipment under finance leases. The NMRC Building and Archive facility lease transfers the risks and rewards of ownership to English Heritage. The assets have been capitalised and are subject to the same revaluation policies as other property, plant and equipment, and are depreciated over the shorter of useful economic life or the lease period with the outstanding lease obligations (net of interest) shown in payables. English Heritage's finance lease policy is disclosed in note 1, r. Net lease liabilities repayable within one year were £566,000 (2009: £566,000), in the second to fifth years inclusive £1,878,000 (2009: £1,878,000) and after five years £5,041,000 (2009: £5,057,000).

English Heritage's obligations under finance leases are secured by the lessors' rights over the leased asset disclosed in note 20.

29 Trade Payables and Other Current Liabilities

	English Heritage			HBMCE		
	2010 £'000	2009 £'000	2008 £'000	2010 £'000	2009 £'000	2008 £'000
Trade Payables	13,017	9,538	10,858	13,017	9,538	10,858
Income Tax and Social Security	1,442	1,343	1,302	1,442	1,343	1,302
Pensions	18	18	36	18	18	36
Deferred Income	5,646	5,781	5,429	7,762	5,119	4,734
Capital Government Grant in Aid	340	340	370	340	340	370
Accruals	10,554	13,133	12,535	10,548	13,127	12,529
Other payables	2,444	3,746	1,968	2,441	3,746	1,968
Amount Owed to Subsidiary Undertaking	-	-	-	-	1,108	753
Trade and other payables	33,461	33,899	32,498	35,568	34,339	32,550

Other Payables includes £833,000 (2009: £2,018,000), held on behalf of the Chiswick House and Gardens Trust.

Trade Payables and Accruals include £206,000 owed to Central Government Bodies, £424,000 to Local Authorities and £83,000 to Public Corporations. All other amounts were owed to bodies external to Government.

30 Other Non-Current Liabilities

	English Heritage			HBMCE		
	2010 £'000	2009 £'000	2008 £'000	2010 £'000	2009 £'000	2008 £'000
Pensions	237	200	215	237	200	215
Deferred Income	2,780	2,413	2,301	-	2,413	2,301
Other Payables	3,017	2,613	2,516	237	2,613	2,516

Notes to the Financial Statements

31 Provisions for Liabilities and Charges

English Heritage and HBMCE	Modernisation Relocation & Restructuring Costs	Legal & Constructive Costs	Total
	£'000	£'000	£'000
Balance at 1 April 2008	3,113	570	3,683
Released in the Year	(81)	(33)	(114)
Utilised in the Year	(1,073)	(529)	(1,602)
Charged in the Year	1,750	399	2,149
Balance at 31 March and 1 April 2009	3,709	407	4,116
Released in the Year	-	(94)	(94)
Utilised in the Year	(1,903)	(133)	(2,036)
Charged in the Year	1,871	389	2,260
Balance at 31 March 2010	3,677	569	4,246

A provision of £1,648,000 (2009: £1,975,000) has been made with relation to early retirement costs payable until pensionable age of 60. These are payable by monthly instalments to pensioners until 2018. Provisions are calculated based on third party information provided by pension scheme administrators.

A provision of £2,029,000 (2009: £1,734,000) has been made in respect of redundancy costs as a result of restructuring of English Heritage and the relocation of head office from London to Swindon. Payment is likely to be incurred during 2010.

A provision of £474,000 (2009: £329,000) has been made against dilapidations, rent reviews and contractual disputes, with payment likely to be incurred during 2010. The provision has been calculated based on third party information provided by landlords and subcontractors.

A provision of £95,000 (2009: £78,000) has been made with relation to personal injury and other claims made against English Heritage and the cancellation of the Future Jobs Fund project. The provision has been calculated based on the claim amount and likelihood of payment. Payment is likely to be incurred in 2010.

32 Movement in General Reserve

English Heritage and HBMCE	2010 £'000	2009 £'000
Baseline Grant receivable from DCMS	130,922	128,858
Grant in Aid receivable from DCMS for relocation	-	500
Total Grant in Aid receivable	130,922	129,358
Add Capital Grant in Aid brought forward utilised	-	30
Transfer re Property, Plant and Equipment Depreciation	(63)	528
Transfer from Revaluation Reserve	535	281
Total Government Grant in Aid	131,394	130,197
Net Expenditure for the Financial Year	(133,159)	(134,300)
Movement in General Reserve	(1,765)	(4,103)
Balance at 1 April 2009	25,301	29,404
Balance at 31 March 2010	23,536	25,301

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 Development and Restricted Funds

	Balance at 1 April 2009 £'000	Income £'000	Revenue Expenditure £'000	Capital Expenditure £'000	Balance at 31 March 2010 £'000
English Heritage and HBMCE					
Kenwood House	292	3	-	-	295
Down House and Gardens	1,390	12	(10)	-	1,392
Eltham Palace	1,257	11	(11)	-	1,257
Rangers House (Wernher Foundation)	655	6	(6)	-	655
Ditherington Flax Mill	39	-	-	-	39
Wrest Park	1,952	17	-	-	1,969
London Squares	14	-	-	-	14
Total Restricted Funds	5,599	49	(27)	-	5,621
Development Fund	2,172	1,089	(445)	(551)	2,265
Total Funds	7,771	1,138	(472)	(551)	7,886

The Total Funds were held as pooled investments as follows:

	2010 £'000	2009 £'000
Cash and Short Term Investments	7,886	7,771

34 Analysis of Net Funds

English Heritage	£'000
Balance at 1 April 2008	14,717
Net Change in Cash and Cash Equivalents	643
Balance at 31 March 2009	15,360
Net Change in Cash and Cash Equivalents	(1,446)
Balance at 31 March 2010	13,914
HBMCE	Change in year £'000
Balance at 1 April 2008	14,217
Net Change in Cash and Cash Equivalents	643
Balance at 31 March 2009	14,860
Net Change in Cash and Cash Equivalents	(1,448)
Balance at 31 March 2010	13,412

Within Cash at Bank and in Hand, both English Heritage and HBMCE have £10,000,000 (2009: £10,000,000) held on short term deposit.

Notes to the Financial Statements

35 Commitments

a)	Grant Offers made to Other Bodies and Individuals	£'000
	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	<u>34,676</u>
	Balance outstanding at 1 April 2009	54,843
	Grants paid during the year	(32,254)
	New Grant offers made during the year net of lapsed offers	<u>30,433</u>
	Commitment Outstanding at 31 March 2010	<u>53,022</u>

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 £1,288,000 and increases annually by an agreed inflation factor:

- b) Contracts**
Expenditure contracted for as at 31 March 2010 but not provided for in the financial statements amounted to £17,635,000 (2009: £22,836,000) including capital commitments of £2,153,000 (2009: £2,570,000).
- c) Operating Leases**
Total future minimum lease payments under operating leases are given in the table below for each of the following periods, split between land and buildings and other:

Land and Buildings	2010	2009	2008
	£'000	£'000	£'000
Within one year	2,552	2,544	264
Between one and five years	8,205	8,263	2,832
After five years	12,216	12,420	19,769
	<u>22,973</u>	<u>23,227</u>	<u>22,865</u>
Other			
Within one year	196	281	206
Between one and five years	176	223	181
Total Operating Lease Commitments	<u>23,345</u>	<u>23,731</u>	<u>23,252</u>

The majority of leases relate to property rentals and are subject to rent reviews. During the year ended 31 March 2010 payments under operating leases totalled £2,468,000 (2009: £3,268,000).

36 Losses and Special Payments

	2010	2009
	£'000	£'000
Losses	188	301
Special Payments	101	83
Total Losses and Special Payments	<u>289</u>	<u>384</u>

There were no other individual losses or special payments that exceeded £250,000 (2009: nil).

Notes to the Financial Statements

37 Contingent Liabilities

Various outstanding claims existed at 31 March 2010. Provision has been made in the accounts for the year ended 31 March 2010 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.

38 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:

	2010 £'000	2009 £'000
Income and Expenditure		
Turnover	14,033	12,814
Expenditure	(12,607)	(11,511)
Operating Profit	1,426	1,303
Interest Receivable and Similar Income	4	22
Profit on Ordinary Activities before Gift Aid	1,430	1,325
Gift Aid to HBMCE	(1,430)	(1,325)
Profit on Ordinary Activities before and after Taxation	-	-
Net Assets as at 31 March		
Current Assets	2,977	3,770
Creditors: Amounts Falling Due Within One Year	(949)	(1,742)
Net Assets	2,028	2,028
Share Capital - Ordinary Shares at £1 each	2,028	2,028
Profit and Loss Account	-	-
Shareholders' Funds	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.

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.

Notes to the Financial Statements

38 Subsidiary Undertakings

c) The Iveagh Bequest

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

Statement of Financial Activities	2010	2009
	£'000	£'000
Incoming Resources		
Investment Income: Dividends Receivable	22	29
Resources Expended		
Charitable Expenditure: Distributions to HBMCE	(22)	(29)
Net Outgoing Resources	-	-
Gain/(Loss) on the Revaluation of Investment Assets: Unrealised Gain/(Loss)	111	(189)
Net Movement in Funds	111	(189)
Fund balances brought forward 1 April	316	505
Fund balances carried forward 31 March	427	316
Net Assets as at 31 March		
Fixed Asset Investments	427	316
Capital Fund Reserves	427	316

39 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 2010 there were no projects in progress that were grant funded by landfill tax credits (2009: nil).

40 Post Balance Sheet Event

In June 2010 HM Treasury announced that public funding for the Stonehenge new visitor facilities project was being withdrawn. English Heritage is seeking to continue the project with funding provided from non-public sources.

Donors, Sponsors and Contributors

English Heritage is very grateful to all the benefactors, charitable trusts and grant-making organisations that have contributed to or sponsored its activities during the year ended 31 March 2010. The following have given amounts of, or worth, £1,000 or more:

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In addition to the donors, sponsors, legators and contributors listed above, during the year ended 31 March 2010 we also received pledges of future support from many other organisations and individuals and we look forward to acknowledging them all in our Annual Report and Accounts in future years.

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

In addition the 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:

The Ashdene Charitable Trust
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