

ENGLISH  
HERITAGE  
ANNUAL  
REPORT  
AND  
ACCOUNTS  
2014 2015



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Presented to Parliament pursuant to Paragraph 13(4) of Schedule 3 to the National Heritage Act 1983.

Ordered by the House of Commons to be printed on 14 July 2015.

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This publication is available at <https://www.gov.uk/government/publications> and from the Historic England website at <http://historicengland.org.uk/about/what-we-do/annual-reports-and-accounts/>

Print ISBN 9781474119153  
Web ISBN 9781474119160

Printed in the UK by Park Communications Limited

ID15051506 07/15

Printed on paper containing 100% recycled fibre content

Product code: 51984

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# Introduction

This report covers the final year during which English Heritage operated under its old structure.

Since 1 April 2015, the Historic Buildings and Monuments Commission for England has adopted the name of Historic England. Historic England is the government's adviser on the historic environment, responsible for advice on listing, planning, grant making, research, guidance and providing public access to an extensive archive. Historic England has, with effect from 1 April 2015, transferred the care (but not ownership) of the National Heritage Collection to the English Heritage Trust under a licence that gives the charity the exclusive right to use the English Heritage name.

The work involved in preparing for this New Model for Historic England and the English Heritage Trust has required considerable attention from Commissioners and senior staff. It has been a complex process to 'demerge' an organisation employing over 2,000 people into two distinct entities, but it has been achieved in a spirit of constructive co-operation and goodwill. The Commission is grateful to the many staff who have contributed to the process and also to external stakeholders, including others involved in the heritage sector and the teams within DCMS and HM Treasury, who have provided encouragement and support. We are also grateful to have received cross-party political approval for our plans, including the investment of £80 million by government to fund vital conservation and improvement works across the National Heritage Collection.

All of our activities during the year showed progress, as covered in more detail in the pages that follow. The National Heritage Collection achieved its best performance to date, with visitor numbers to pay-for-entry properties reaching 5.74 million, membership (including corporate membership) increasing to 1.34 million and operating revenue exceeding £70 million. Progress was made towards implementing the government's reform agenda through the introduction of more efficient processes for planning advice and our work with local authorities. We were pleased that, after a five-year campaign, we have removed 25% of entries from the *Heritage at Risk Register* for positive reasons and, amongst a number of new listings, we successfully recommended a Grade II designation for a skate park in Romford – the first in this genre.

Since the year end, Simon Thurley has left us after 13 very successful years as Chief Executive. Simon was an inspirational leader of English Heritage, combining outstanding scholarship with managerial flair. We welcome Duncan Wilson as Chief Executive of Historic England and Kate Mavor as Chief Executive of the English Heritage Trust. They have the benefit of working with dedicated and expert staff who deserve heartfelt thanks as we embark on a new era.



**Sir Laurie Magnus**  
Chairman

# Chief Executive's Report

## The New Model

This has been the most profoundly important year for English Heritage since it was created in 1984 as our plans for a 'New Model' of working have come to fruition. The operation of the National Heritage Collection that we care for has always generated a significant loss overall. The historic properties have a backlog of conservation defects. Over recent years that loss has been steadily reduced and this year we convinced government that a further investment of £80 million to address conservation defects and for interpretation and new visitor facilities would set the Collection on a path to financial self-sufficiency in eight years – securing the Collection for the nation in perpetuity.

In December 2014 we completed the arrangements to establish the English Heritage Trust – an independent charity – that would take on the management of the Collection under a licence for the eight years it will take to reach that goal. Operational staff and all the business assets of the Collection transferred at the end of the financial year. Arrangements are also in place to share support services, such as finance and IT, between the two organisations to minimise disruption and maximise efficiency.

It is now for the new board of trustees, chaired by Vice Admiral Sir Tim Laurence, and the Trust's new Chief Executive, Kate Mavor, to take forward the challenge of securing the additional funding needed to execute the business plan, carrying out the unprecedented programme of conservation works, delivering the new visitor facilities and increasing income to the level needed to become self-sufficient by 2023.

The vital role that the Commission plays in securing the heritage of the nation as a whole continues, of course, under the new name of Historic England. We published a three-year Corporate Plan for Historic England and accompanying Action Plan showing exemplary clarity of purpose and transparency in our work priorities.

The government has given an extraordinary commitment to both organisations in its backing for this New Model. This is a testimony to the persuasiveness of the plan we set out in the business case to HM Treasury and the support it gained from those in the sector and beyond, for which we are very grateful.

Throughout this time of change, we have been at pains to ensure that business as usual continued throughout the year and it is thanks to the huge effort of staff that we managed to maintain all our usual services, notwithstanding the great effort involved in demerging a business, creating two new identities, websites and business and governance systems.

## National Heritage Protection Plan

The National Heritage Protection Plan (NHPP) concluded in March 2015. The Plan delivered a programme of 383 projects that successfully integrated the applied research, designation, grant-aid and advisory functions of English Heritage in response to priorities identified in consultation with the heritage sector.

During 2014 we consulted on the effectiveness of the NHPP and received 200 organisational and 700 individual responses, demonstrating the strong appetite for a sector-wide strategy. We were delighted when the Historic Environment Forum agreed to take the lead on a successor to the NHPP called *Heritage 2020: strategic priorities for England's historic environment 2015-2020*. It came into effect on 1 April 2015.

## Heritage Policy and Public Engagement

New measures to better protect heritage under the Enterprise and Regulatory Reform Act 2013 came into force this year. Two Listed Building Heritage Partnership Agreements have been signed and a number are in development, and good progress has been made on a national Listed Building Consent Order for the Canal and River Trust. In Bradford we have worked with the local authority to develop a Local Listed Building Consent Order for the Little Germany district. All these new devices will provide developers with greater certainty and a streamlined planning process.

We were pleased that our efforts and those we worked with secured £40 million of funding from the Common Agricultural Policy for conservation and management of the rural historic environment.

To support the government's heritage planning policies, we have now published the Good Practice Advice series, endorsed by the Historic Environment Forum.

We were pleased to learn that 80% of senior planners in local authorities said they were satisfied with the planning advice received from English Heritage, the highest score of any of the statutory bodies that local authorities are obliged to consult.

# Chief Executive's Report

The 2014 *Heritage Counts* report included the findings of research that showed the positive impact the historic environment has on our general wellbeing and happiness. It created considerable interest and the blog post about it proved one of our most popular this year, with 14,000 views.

Other popular blog posts this year have been on lost railway stations (25,000 views), deserted Medieval villages (17,000 views), and amazing places in England recently given protected status (14,000). Our most successful popular publications included *The English Railway Station, Played in London*, shortlisted for the William Hill Sports Book of the Year, and *British Seaside Piers*, in association with the National Piers Society.

Numbers accessing our *Britain from Above* online archive of 95,000 aerial photographs have grown steadily since its launch, doubling in the two years between October 2012 and 2014 from 55,000 to 110,000. The final upload of digitised images took place in November 2014. The project mobilised a virtual volunteer force. 72% of the website's unlocated images were identified through public contributors.

The Heritage Schools programme continued its successful roll-out. In 2014/15 1,879 teachers were trained, bringing the running total from its start in 2012 to 3,122. The programme has been extremely well received; we were delighted when the Department for Education extended the funding for a further year until March 2016.

## Research and Training

We are committed to making the applied research we undertake more widely available. We published two issues of our *Research News* magazine, now titled *Historic England Research*, online for the first time. Other successful publications this year have been *Animal Bones and Archaeology: guidelines for best practice* and *Britain's Motoring Heritage from the Air* and we won awards for our *Carscapes and Textile Mills of South West England* volumes. Another publication, *England's Coastal Heritage: A Review of Progress Since 1997*, describes our extensive programme to survey coastal heritage threatened by coastal and climate change.

The NHPP has facilitated an increasingly close relationship between English Heritage and the higher education sector. Our ambition is to work with the UK Research Councils and universities so that increased resources can be directed towards key research questions. In pursuit of this we have continued our programme of Collaborative Doctoral Partnerships, cemented our partnership with the innovative Centre for Doctoral Training in Science and Engineering in Arts Heritage and Archaeology (SEAHA) and commenced work on a Strategic Research Partnership with University College London.

Our professional training programme continues to be a highly regarded. We delivered 128 training events across the country on a wide range of topics.

## Designation

Designation covers listing buildings, scheduling archaeology, registering parks and gardens, and battlefields, and protecting wreck sites. Our continued emphasis on strategic designation has been reaping results: 68% of all our cases this year arose from planned project work. DCMS accepted our recommendations in 99.8% of cases.

Marking the centenary of the start of the First World War, we have been focussing on war memorials. DCMS has pledged £4.5 million for grants, conservation advice and training and to triple the number of listed war memorials. We are working closely with War Memorials Trust, Civic Voice and the Imperial War Museum as well as relying heavily on volunteer contributions. The National Heritage List for England (NHLE) now includes 1,710 listed war memorials. The existing list entries for six major First World War memorials were upgraded in advance of Armistice Day. An exhibition at the Wellington Arch called *We Will Remember Them: London's Great War Memorials* was our most popular ever.

We also recognised the importance of the centenary in other ways: we scheduled the Redmires First World War Training Area in Sheffield, where soldiers of the Sheffield Pals Battalion trained before suffering severe casualties on the Somme in July 1916. Wilfred Owen's final family home, in Shrewsbury, was listed.

In late January, English Heritage announced the listing of 14 post-war office buildings. Located around the country, these included buildings by pre-eminent modern architects. The detailed list entries provide owners with a clearer sense of heritage sensitivity. The formal announcement generated widespread and very positive media attention.

Six deserted Medieval villages in Northamptonshire were protected as scheduled monuments this year. They were identified as a priority because of edge-of-village expansion and wind farm development proposals nearby. The Rom Skatepark of 1978 at Havering in London was listed. Consideration of its special interest was prompted by the English Heritage *Played in London* book. Whittington Lodge, an Edwardian cattery by Clough Williams-Ellis at Battersea Dogs and Cats Home in London was also listed and in February the Fritchley Tunnel

# Chief Executive's Report

in Crich, Derbyshire, was protected as a scheduled monument. Designed and built in 1793 by Benjamin Outram to carry stone from quarry to canal, Fritchley was recently accepted by the *Guinness Book of Records* as being the oldest surviving railway tunnel in the world.

## Heritage Planning Advice

We gave constructive conservation advice on 21,942 planning cases this year, focussing our advice on preserving the best of the past whilst exploring opportunities for positive and creative change.

At Girton College, Cambridge, a new wing comprising 50 en-suite bedrooms opened and the College's listed swimming pool was refurbished. This successful modern intervention received a RIBA regional award in 2014.

Throughout 2014 English Heritage worked closely with the Department for Transport and the Highways Agency on their feasibility study for the improvement of the A303 within the Stonehenge World Heritage Site (WHS). Rather than wait for them to identify a preferred option and then comment on its heritage impacts, we undertook a rapid, preliminary assessment of the potential impact or benefits of a range of tunnel solutions on the Outstanding Universal Value of the World Heritage Site. The assessment focussed on portal locations within the landscape rather than tunnel length and identified that a tunnel of somewhere between 2.5 kilometres and 2.9 kilometres, if designed sensitively, could maximise the benefits of removing the surface road from the WHS while minimising the harmful impacts of any tunnel scheme whose portals lie within the WHS boundary. On 1 December the Prime Minister announced the Government would invest in a tunnel of at least 2.9 kilometres in length, the best outcome we had hoped for and one which will ensure the protection and enhancement of the Stonehenge WHS while also solving the long-running congestion issues on this section of the A303.

A spectacular repair and redevelopment programme has been completed that placed one of four surviving original copies of the *Magna Carta* within a purpose-built facility at Lincoln Castle, a place that played a crucial role in King John's war with the barons. Over several years English Heritage worked closely and constructively with the *Lincoln Castle Revealed* project team, helping them to achieve crucial repairs and sympathetic new development at this most sensitive and historic location, enhancing the character of the castle and creating a nationally important visitor destination.

English Heritage advice and grant helped bring about the removal of Langham Dome Trainer in Norfolk from the *Heritage at Risk Register* this year. Used in the second half of the Second World War as a training dome, a white-lined interior formed a screen onto which moving pictures of aircraft were projected. Langham Dome had been on the *Register* since 1998. The North Norfolk Historic Buildings Trust, with £200,000 from English Heritage and help from other funding partners, has restored the dome and opened it as an educational and memorial centre.

The Stow Maries Great War Aerodrome in Essex is a uniquely well-preserved example of a Royal Flying Corps aerodrome that saw active service in the First World War. There are 24 buildings listed at Grade II\* on the site. By working closely with volunteers, local authorities and other stakeholders, we have agreed the first ever Listed Building Heritage Partnership Agreement in England that allows for a long-term programme of repairs to the listed buildings at risk at the aerodrome to take place without the need for multiple applications for Listed Building Consent.

Other heritage at risk successes this year have included the removal from the *Register* of the Grade II\* listed Middleport Pottery in Burslem, Stoke on Trent, the last working Victorian pottery in the UK still producing the internationally acclaimed 'Burleigh' ware. With funding from a range of sources, including £1.2 million from English Heritage, the Prince's Regeneration Trust acquired the site in partnership with Denby and completed a conservation project that has resulted in Middleport re-opening as a working pottery and visitor and educational attraction. The project has made a significant contribution to the regeneration of the Burslem area.

A partnership between the trustees of Hagley Park in Worcestershire, English Heritage, Natural England and the local authority has resulted in one of the most influential designed landscapes in England being restored. English Heritage funding and technical advice meant its Grade II\* rotunda could come off the *Heritage at Risk Register*.

## National Heritage Collection

The National Heritage Collection had a very successful last year in our care, welcoming 5.74 million visitors to our staffed sites alone. Stonehenge saw an increase of 8% on the previous year, achieving 1.36 million visitors. We completed replicas of Neolithic houses at the visitor centre, built using authentic materials and technology that give an insight into the lives of the people who created Stonehenge. The World Heritage Site featured in the headlines and in social media several times during the year – for taking part in the #LightsOut campaign, which reached 600,000 people on social media, to mark the First World War centenary in August and for the visit of President Obama in September.



# Chief Executive's Report

We completed major improvement schemes at several of our properties this year. At Audley End House in Essex the nursery has been restored to how it would have been in the 1830s and the coal gallery recreated to give a sense of the life of a Victorian servant. At Bolsover Castle the Little Castle, created as an extravagant retreat by playboy, poet and courtier, Sir William Cavendish, has been preserved and restored, with richly coloured wall art, carved marble fireplaces and stunning painted ceilings. The Wall Walk and Fountain Garden have also been newly restored.

At Conisbrough Castle the 12th century keep has been re-presented, with the walls brought to life by new digital characters as they prepare for a royal visit from Henry II. The visitor facilities have also been upgraded as part of a project supported by the Heritage Lottery Fund and Doncaster Metropolitan Borough Council. A new exhibition at Pendennis Castle explores many aspects of Falmouth's time as a Defended Port during the First World War using photographs, artefacts and first-hand accounts of soldiers stationed in the town.

With generous donations from HLF, the Garfield Weston Foundation and others, we have conserved and represented the Swiss Cottage and Museum at Osborne House on the Isle of Wight built for the education of the royal children. Visitors can discover the interests and personalities of the nine princes and princesses in the *Childhood at Osborne* exhibition. The Gazelle House, formally home to the children's three gazelles, has been conserved and given a new lease of life as a cake shop and a new play area has been installed inspired by the Swiss Cottage and Victoria Fort.

At Eltham Palace in London a new play area was installed, inspired by Stephen and Virginia Courtauld's exotic world travels in the 1930s. It has an 'around the world' theme with a plane to fly, mountains to climb and maps to explore. Overall investment at these sites has increased visitor numbers by over 50,000 this year.

A scheme that piloted gift aid on admission has proved an additional source of income. Together with donations, we received £200,000 of additional income. We have had a particularly good year for filming at our sites. Successful films and television productions such as *Wolf Hall*, *Into the Woods*, *Secrets from the Sky* and *Antiques Roadshow* generated over £300,000 for us this year. Our events programme had a more mixed season. Very bad weather on key event weeks reduced visitor numbers significantly. However, our Jousts, Clash of Knights and Knights Tournament events continued to perform well when the weather was good. Overall we welcomed 943,000 visitors over 1,480 event days.

During 2014/15 the number of people volunteering with English Heritage rose to over 1,800, accumulating around 120,000 volunteer hours.

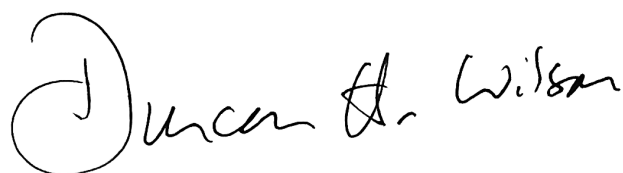
## Improving Service and Efficiency

This year we established an electronic tendering system three years ahead of procurement legislation requirements. Submission, receipt, evaluation and correspondence on new supply contracts all now happen online. We are delighted to have received positive feedback from our suppliers, especially the small to medium-sized enterprises.

April 2014 saw the start of a new bundled facilities contract for our London and Swindon offices. Expected to save in the region of £100,000 per annum, it was a huge project for our facilities team as they brought together many different third party contracts and achieved efficiencies in both cost and process.

English Heritage's whistleblowing policy was improved this year with additional routes for employees and volunteers to raise concerns. We took part in the annual Stonewall Workplace Equality Index, a review of how organisations are performing in terms of lesbian, gay and bisexual equality. We improved dramatically last year and made further improvements this year to reach the rank of 111 out of the 397 organisations that took part.

We have continued to improve our recruitment processes to ensure our workforce better reflects the society we serve, both to make sure that we are not missing out on the best talent by inadvertently discouraging or excluding potential recruits, and to demonstrate that the historic environment is for all of us to enjoy.



**Duncan Wilson**  
Chief Executive

# Strategic Report

This report covers the final year during which English Heritage operated under its old structure.

## Our Objectives

English Heritage is an Executive Non-departmental Public Body sponsored by the Department for Culture, Media and Sport (DCMS). Its formal name is the Historic Buildings and Monuments Commission for England. It was established on 1 April 1984 by the National Heritage Act 1983. The Act sets out the scope of our duties and functions.

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 historic environment. Our aims are set out in our Corporate Plan for 2011-15.

Our strategic direction is overseen by a Commission of up to 17 appointed by the Secretary of State. The Commission delegates operational management to a Chief Executive appointed by them who also serves as Accounting Officer on behalf of DCMS. The Chief Executive is supported by an Executive Board comprising the executive directors of English Heritage's four operational groups: Heritage Protection and Planning, National Advice and Information, National Collections, and Resources. For the changes to our governance arrangements introduced during this year in preparation for the separation into two organisations please see the Governance Statement that starts on page 16.

We have a Management Agreement in place with DCMS that sets the framework and resource for our activities. We report to DCMS, the departments for Communities and Local Government and for the Environment, Food and Rural Affairs and HM Treasury on our performance against it. This year's report starts on page 11.

Our relationships with local authorities are fundamental to achieving our aims as they are in the front line of caring for so much of the country's heritage. We also operate within a vibrant heritage sector comprising some large organisations and hundreds of smaller voluntary and local groups as well as commercial operators. Around 100 are members of The Heritage Alliance, which administers the Historic Environment Forum with funding from English Heritage.

## Our Performance This Year

We monitor our performance in part using published key performance indicators, which are set out below. This commentary is informed by those figures and the many other qualitative reports we receive from our staff and external stakeholders.

2014/15 was another very successful year for the National Heritage Collection. Visitors to our staffed historic properties totalled 5.74 million. Earned income grew from £60.2 million last year to £70.3 million. Examples of major improvement projects at properties that were completed this year are included in the Chief Executive's Report that starts on page two.

Good progress has been made against our corporate objectives in respect of the conservation of England's heritage. This was the final year of the National Heritage Protection Plan 2011-15 and the highlights of our activity in support of it this year is summarised in the Chief Executive's Report.

Having had to make a significant cut to our grant budget in 2012/13 as a result of the 2010 Spending Review, we were able to maintain it this year at a similar level to last year across all programmes.

# Strategic Report

Corporate KPIs		Outturn 2014/15	Outturn 2013/14	Outturn 2012/13	Outturn 2011/12
CKPI 01	Number of new designations	510	424	455	495
CKPI 02	Percentage of designation outcomes that are reactive/strategic	32%/68%	30% reactive/ 70% strategic	64% reactive/ 36% strategic	63% reactive/ 37% strategic
CKPI 03	Number of new list descriptions for existing designated assets	257	263	263	991
CKPI 04	Number of requests for English Heritage advice processed	21,942	20,579	20,434	20,358
CKPI 05	Percentage of requests for English Heritage advice processed within the agreed deadline	99.1%	98.9%	96%	94.7%
CKPI 06	Percentage spend on priority defects	34.2%	30.7%	37.8%	29.3%
CKPI 07	Total number of heritage assets on the <i>Heritage at Risk Register</i>	5,753	5,700	5,831	5,657
CKPI 08	Value of grants given	£19.37m	£17.8m	£19.56m	£31.37m
CKPI 10	Number of users of EH online resources	17.8m	14.7m	12.02m	9.94m
CKPI 11	Number of people trained	3,076	3,185	2,685	1,136
CKPI 12a	Number of page views of professional section of EH website	3.2m	3.9m	New indicator	
CKPI 13	Number of pieces of advice and guidance published online	66	34	52	76
CKPI 14	Number of visitors to staffed sites	5.74m	5.73m	5.10m	5.53m
CKPI 15	Number of educational visits to historic properties, collections and our tailored learning activities and resources (educational visits)	538,919 (385,000)	713,631 (389,000)	624,698 (347,000)	637,984 (372,000)
CKPI 16	Number of volunteers	1,872	1,473	1,026	830
CKPI 17	Number of members (inc. corporate members)	1.34m	1.32m	1.16m	1.12m
CKPI 18	Visitor experience (now out of 10, previous years restated)	8.7	8.6	8.6	8.6
CKPI 19	Net surplus from opening the National Heritage Collection to the public	£9.7m	£5.4m	£3.5m	£5.2m
CKPI 20	Amount raised through fundraising by English Heritage Development Department	£2.68m	£2.08m	£5.4m	£7.92m
CKPI 21	Earned income as a proportion of total income	40.3%	32.27%	33.2% (restated)	29.7%
CKPI 22	Ratio of charitable giving to Grant in Aid	29.3%	30.10%	27.13%	17.5%
CKPI 23	Amount of Grant in Aid to the National Heritage Collection	£11.8m	£15.6m	£19.6m	£20.84m

NB: KPIs 09 and 12 have been discontinued.

# Strategic Report

## Our Position at the Close of the Year

English Heritage received £181,047,000 (2014: £99,846,000) Grant in Aid funding from the DCMS to fund revenue spend and capital programmes. This figure is higher than usual as it includes £80,000,000 which was passed to the English Heritage Trust, to be spent on the conservation programme identified as part of the New Model arrangements. Other income totalled £74,526,000 (2014: £86,706,000) of which £70,266,000 (2014: £60,193,000) was earned income from commercial activities, with a further increase in membership income in the year (note 2). Other operating income of £4,173,000 (2014: £26,393,000) decreased in the year, as last year's figure included the receipt of lottery funding for two major improvement projects at Stonehenge and Kenwood House.

The net expenditure for the year ended 31 March 2015, after the transfer to the Development and Restricted Funds of £28,000 (2014: £62,000) and revenue to capital transfer of £nil (2014: £2,880,000), was £101,668,000 (2014: £82,974,000).

The operating surplus achieved as a result of operating sites opening to the public and related activities was £9,700,000 (2014: £5,400,000).

## Trends and Factors Likely to Affect Our Future Performance

The New Model described in the Chief Executive's Report on page two was implemented on 1 April 2015 and this alters the substance of the business considerably. The operation of the National Heritage Collection is now the business of the English Heritage Trust, which is financially independent. The Commission is a sole member of the Trust, but its financial and business relations are confined to an eight-year contractual arrangement that grants the Trust a licence to operate the properties, provides funding in order to achieve its business plan and provides the shared services it needs for day-to-day operations. The Major Projects Authority (part of the Cabinet Office) reviewed the delivery of the New Model and gave a positive view of the programme.

The key residual risk to the Commission, now called Historic England, is if it has to take back the operation of the Collection because of the financial failure of the Trust. The risk has been mitigated through: thorough business planning for the Trust, whose business plan has been scrutinised by HM Treasury, DCMS, independent trustees and industry experts; reporting requirements and controls in the contractual framework; and, through Commissioner board membership on the Trust. The contractual framework also covers the Trust's care of the Collection, which remains in government ownership, and the use of the £80 million grant.

Historic England's sole active focus from now on will be overall heritage protection in England. Its first Corporate Plan for the period 2015 to 2018 was published in February and as the year ended, work completed on its contribution to the first National Heritage Protection Plan. Historic England's Action Plan for 2015-18 sets out in more detail how we will take forward and resource the aims and objectives of the Corporate Plan and is Historic England's contribution to the sector's overall objectives for heritage conservation as described in *Heritage 2020*. We will report against the Action Plan and seek views on its effectiveness annually.

Historic England is not a new organisation, but its change of name means it has an opportunity to refocus its identity. Like all non-departmental public bodies, it faces possible further cuts in its Grant in Aid following this year's Spending Review. Our published Action Plan should help in building confidence and trust in the worth of our heritage protection activities and demonstrate our contribution to government's objectives.

## The Principal Risks We Face and How We Are Managing Them

This year was the last of four years of cuts in our Grant in Aid from government. All the restructuring necessary to deal with the planned cuts to the end of 2014/15 was completed in the previous year, with no significant internal control or performance failures being apparent this year.

Whilst the New Model effectively creates two new organisations, the businesses of both are not new and experienced staff and management teams remain in place. Historic England retains some residual risks in the care and operation of the National Heritage Collection and is responsible to government for reporting on the use of the £80 million grant. It also has to forge a reputation and deal with the consequences of the 2015 Spending Review with the new government. We describe above how these risks will be mitigated.

# Strategic Report

Operations at Stonehenge suffered some teething problems. Car parking congestion and some building defects are being addressed.

The provision of vital shared services, such as finance, IT and HR, to the Trust is a new arrangement with new risks. It is governed by a detailed contract and monitored at an individual service and overall level by both boards.

Achievement of our aims is to a large degree reliant on heritage protection law and policy. We continue to monitor closely the effect of the implementation of the Enterprise and Regulatory Reform Act, the National Planning Policy Framework and the Localism Act.

Achievement of our aims also very largely relies on the work of others, particularly owners, charities and local authorities. The impact of contracting public finances continues to have a significant effect on their ability to deliver conservation. We have devised much of our Action Plan to support those parties in ways that we hope will allow them to innovate their services to greater efficiency.

We expect to complete the programme to update our IT hardware and software this summer. Delays in completing this project have had an impact on performance in some areas.

In 2014/15 there were 450 reported accidents of which 26 were reportable to the Health and Safety Executive (HSE) under statutory reporting regulations. This compares with a total of 433 of which 36 were statutorily reportable in the previous year. No clear trends were identified, although slips, trips and falls remain the most common cause of accident (52%). The Audit and Risk Assurance Committee looked at the overall management of health and safety this year and was satisfied with its findings.

We have used the mandatory requirements of the Security Policy Framework as a prompt to raise awareness of all aspects of security with managers and their teams and the value of information security in particular was highlighted and acknowledged. We carried out an information survey across the country this year that showed specific need for training on records management and information handling that we will arrange during 2015/16. Counter-terrorist training took place in various locations on the advice of the police. No significant losses of information have taken place and no reports have been made to the Information Commissioner's Office.

The way in which we manage risks generally is described in the Governance Statement that starts on page 16.

## Employees

Our workforce demographics remain fairly stable. 62% of employees were female and, where they chose to disclose this information, 97.7% were white, 94.7% were heterosexual and 3.0% were disabled. We believe that there is significant under-reporting in disability status, borne out by the larger number of people (9%) identifying as disabled in our anonymous staff survey. The staff numbers in the table below are headcount as at 31 March 2015.

	At 31 March 2015		At 31 March 2014	
Gender	Female	Male	Female	Male
All staff	1,670 (62%)	1,029 (38%)	1,579 (61.2%)	999 (38.8%)
Directors (Executive Board) <sup>1</sup>	2 (50%)	2 (50%)	1 (20%)	4 (80%)
Senior Management (Directors)	11 (36.6%)	19 (63.4%)	13 (37.1%)	22 (62.9%)
Ethnicity <sup>2</sup>	White ethnic groups	BAME groups	White ethnic groups	BAME groups
	97.69%	2.3%	97.33%	2.67%

# Strategic Report

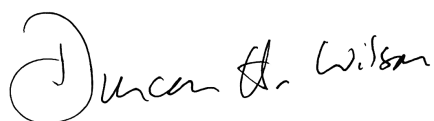
	At 31 March 2015		At 31 March 2014	
Sexual Orientation <sup>2</sup>	Heterosexual	Gay/Lesbian/ Bi/Other	Heterosexual	Gay/Lesbian/ Bi/Other
	94.67%	5.33%	95.2%	4.8%
Disabled <sup>2</sup>	No	Yes	No	Yes
	96.93%	3.0%	97.6%	2.4%

1 At 31 March 2015 the New Model Board: Corporate Business was the equivalent board to Executive Board.

2 These figures exclude employees who have chosen not to disclose this information.

## Environmental Matters

English Heritage has duties to promote National Park and Areas of Outstanding Natural Beauty purposes and biodiversity. This year we have continued to work with Defra under our Memorandum of Understanding on the new Countryside Stewardship Scheme and with them and DCLG on farm building conversion guidance. We have also worked with Natural England on a joint Landscape Symposium and begun work on refreshing the National Parks Joint Statement. Our Sustainability Report starts on page 29.



**Duncan Wilson**  
Chief Executive  
19 June 2015

# Management Agreement Progress Report

Management Agreement Priorities	Progress
Promote sustainable development	<p>On behalf of the Historic Environment Forum and with the approval of the Department for Communities and Local Government, English Heritage published three Good Practice Advice notes in March on how to conserve our heritage. They support the objectives for sustainable development set out in the National Planning Policy Framework. We also ran a substantial training programme to ensure the heritage sector helped deliver sustainable growth. We made thirty-nine substantive responses to government consultations this year, an increase of over 10% on the previous year.</p> <p>New legislative powers have enabled new designation entries to be more supportive of sustainable change to listed buildings (see below).</p>
Focus activities in areas where EH provides a distinctive service and reduce any areas of overlap with other bodies	<p>The first National Heritage Protection Plan was completed in March 2015, exceeding its targets for priority projects delivered. Several other heritage bodies produced Action Plans that married with its objectives. It has been replaced by a sector-wide statement of heritage conservation priorities called <i>Heritage 2020</i>, prepared by the Historic Environment Forum. We have published an Action Plan that shows our contribution to those priorities.</p> <p>Our funding arrangement for Heritage Open Days (HODs) expired at the end of March 2015. We made a final payment in March to the National Trust, lead partner in the Heritage Open Days National Partnership, of £122,000 for 2015/16. The People's Postcode Lottery (PPL) has contributed £150,000 this year and indications are that PPL is keen to fully fund the event in future years.</p>
Total funding for planning advice, grants for heritage at risk and the conservation and maintenance of sites in English Heritage's care are protected and have a cut of no more than 15% in real terms	English Heritage's savings plan for the 2011/12 to 2014/15 Spending Review period achieved this target as against the 2010/11 budget baseline.
Administration is cut by 50% in real terms by the end of the Spending Round period	This target was achieved.
Self-generated income is increased	The National Heritage Collection had a good year. Key investments at Stonehenge and Kenwood House, record levels of inbound tourism and generally fine weather in the main season boosted financial performance. We received 3.1 million paying visitors and 5.74 million visitors across all our staffed sites. Earned income was £70.3 million compared with £60.2 million last year, an increase of over 16%.
English Heritage works in partnership on philanthropy to help reinforce the financial resilience of the sector and to strengthen its own fundraising capacity	<p>The support English Heritage gave to the Heritage Alliance in preparing their successful HLF Catalyst bid is now bearing fruit with the 'Giving to Heritage' programme. This two-year programme of small-scale high-quality training across England, and online across the UK, will deliver around 8,500 learning opportunities, accessible at a range of entry points in terms of skills and location.</p> <p>All of our fundraising income streams exceeded their target this year: £2,683,904 was raised against a target of £2,312,900.</p>

# Management Agreement Progress Report

Management Agreement Priorities	Progress
Continued financial contribution to the joint research and survey programme (CASE and Taking Part)	English Heritage continued to contribute to these programmes from its Grant in Aid.
Assist DCMS in its implementation of the Penfold recommendations and increase the efficiency of the designation system	English Heritage actively engaged in the implementation of those reforms that have made it into legislation. 47% of new listing entries used one form of the ERR Act or the other across the year. In the 20th century commercial offices project it was used for 85% of cases.
Agree and implement a plan to increase the financial sustainability of the National Collection	We have implemented the New Model, which secured an additional £80 million of government investment in the National Heritage Collection. This enables the new English Heritage Trust to pursue a robust business plan towards financial self-sufficiency by 2023.

Key Areas of Activity relating to Other Government Departments	Progress
Department for Communities and Local Government: the ongoing reform of the planning and heritage protection system, regeneration and the provision of new housing in historic areas, as well as community and local government issues.	English Heritage actively engaged with the Department in pursuing more efficient means of achieving heritage protection through sustainable development, including through streamlined planning consultation requirements. We have engaged in a number of national infrastructure projects and plans.
Defra: the emerging Rural Development Programme and the contribution of rural heritage to the sustainability of rural communities, economic development and tourism. Also, issues around climate change, including the National Adaptation Plan, flooding and coastal erosion risk management.	Through its updated memorandum of understanding with the Department, English Heritage and now Historic England continue to engage on these matters. We have been fully involved in the development of the next Rural Development Programme for England, and the forthcoming Countryside Stewardship scheme which will help deliver Heritage At Risk targets, providing advice and datasets to Defra and its agencies.

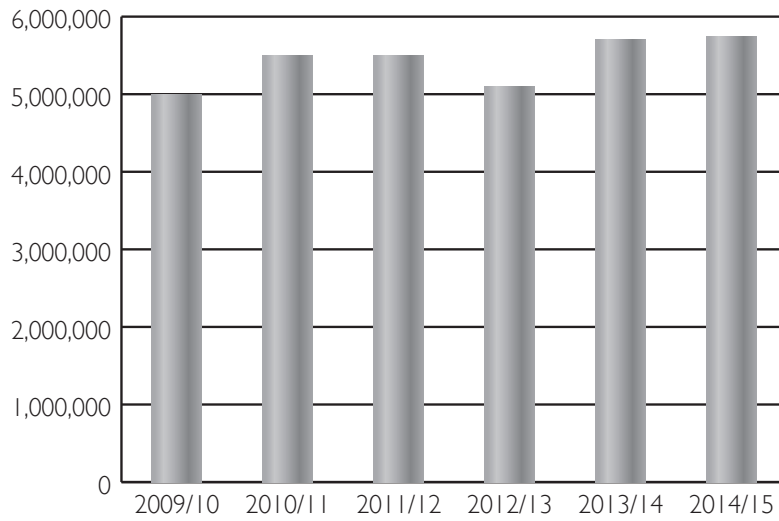


# Management Agreement Progress Report

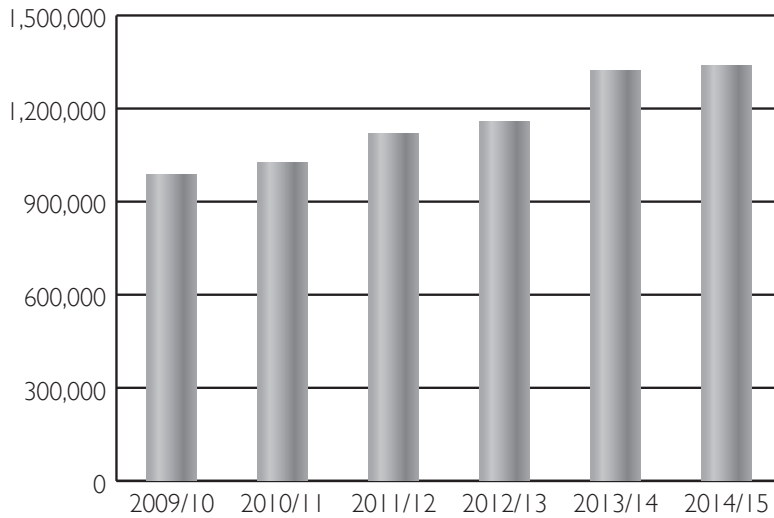
Management Agreement Key Performance Measures	2014/15	2013/14	2012/13	2011/12
<b>4.1 Key Performance Indicators</b>				
<b>English Heritage will contribute to DCMS's indicators on philanthropy:</b>				
Total amount of charitable giving (donations and sponsorship) to English Heritage	<b>£29.62m</b>	£30.0m	£27.5m	£21.5m
Ratio of charitable giving to Grant in Aid for English Heritage	<b>29.3%</b>	30.10%	27.13%	17.5%
<b>4.2 Additional Performance Indicators:</b>				
<b>Promoting Sustainable Development</b>				
Number and percentage of sites removed each year from the baseline <i>Heritage at Risk Register</i> for positive reasons	<b>575 (10.01%)</b>	458 (7.8%)	341 (6%)	297 (6.5%)
Number of proposals advised upon pre-application	<b>3,732</b>	3,692	2,968	New indicator
Number of people trained in the application of the National Planning Policy Framework to sustainable development in the historic environment	<b>600</b>	200	600	New indicator
Number of English Heritage guidance notes revised to take account of the National Planning Policy Framework	<b>20</b>	5	2	New indicator
Percentage of requests for English Heritage advice processed within agreed deadlines	<b>99.1%</b>	98.9%	96%	94.7%
<b>Net surplus from opening the National Heritage Collection to the public</b>	<b>£9.7m</b>	£5.4m	£3.5m	£5.20m
<b>Number of volunteers</b>	<b>1,872</b>	1,473	1,026	830

# The Year in Numbers

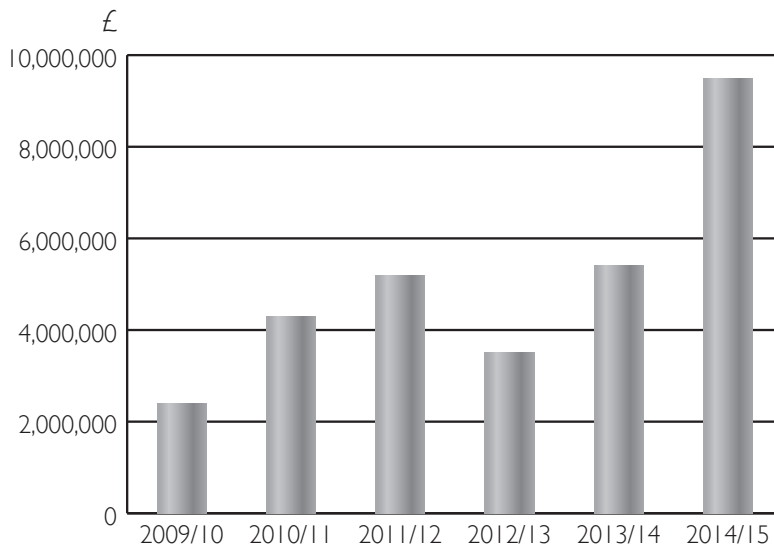
## Visitors to Staffed Properties (inc LMAs)



## Members (inc corporate members)



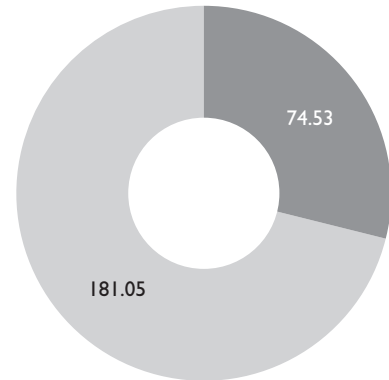
## Net Surplus from Opening the National Heritage Collection to the Public



# The Year in Numbers

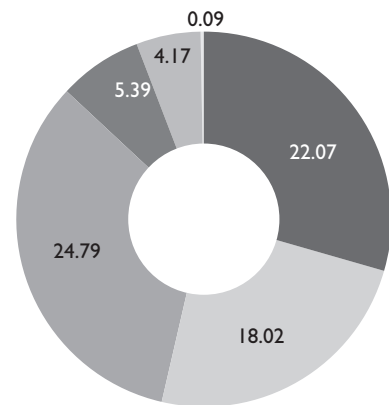
## Total Income and Grant in Aid (£m)

■ Total Non-GIA Income	74.53
■ Grant in Aid	181.05
<b>Total</b>	<b><u>255.58</u></b>



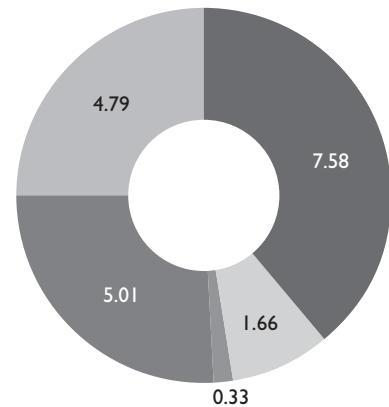
## Earned, Operating and Investment Income (£m)

■ Admission Income	22.07
■ Retail and Catering Income	18.02
■ Membership Income	24.79
■ Other Earned Income	5.39
■ Donations, Grants and Other Operating Income	4.17
■ Interest	0.09
<b>Total</b>	<b><u>74.53</u></b>



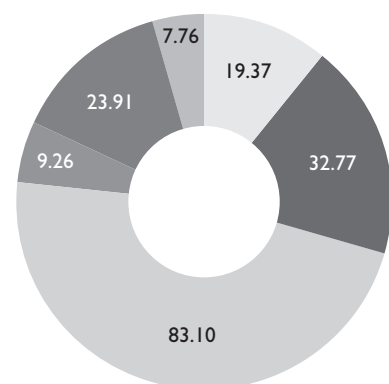
## Grant Expenditure (£m)

■ Buildings and Monuments	7.58
■ Conservation Areas	1.66
■ Other Places of Worship	0.33
■ Historic Environment	5.01
■ Other	4.79
<b>Total</b>	<b><u>19.37</u></b>



## Total Expenditure (£m)

■ Grants	19.37
■ Heritage Protection and Planning	32.77
■ National Collections	83.10
■ National Advice and Information	9.26
■ Corporate and Support Services	23.91
■ Depreciation, Amortisation and Impairment	7.76
<b>Total</b>	<b><u>176.17</u></b>



# Governance Statement

## Scope of Responsibilities

The Historic Buildings and Monuments Commission for England is a Non-departmental Public Body with statutory purposes set out principally in the National Heritage Act 1983. Its corporate aims can be found in its Corporate Plan 2011-2015. A Management Agreement with DCMS sets out the framework and resources within which it operates. It is governed by its Commissioners with a view to achieving its aims in a manner that is impartial, objective, efficient, open and accountable. On 1 April 2015 the Commission changed its common or trading name from English Heritage to Historic England. This Annual Report and Accounts refers to the Commission as English Heritage.

English Heritage's governance arrangements seek to achieve legal and regulatory compliance, the highest standards of probity and ethics, including compliance with the 'Nolan principles', proportionate risk management, compliance with government policy and guidance on managing public money, information asset management and governance generally.

In my role as Accounting Officer I have received written assurances from the Accounting Officer during the year (Dr Simon Thurley) and the Executive Board that English Heritage maintained a sound system of governance whilst managing risks and safeguarding the public funds and departmental assets in accordance with the responsibilities in *Managing Public Money*.

## Governance Framework

Governance within English Heritage was exercised through:

- the Commission, the governing body comprising non-executive Commissioners as explained in the Directors' Report on page 21;
- Executive Boards. We started the year with a single Executive Board. As it became ever more certain that the organisation was going to adopt the New Model and part of the business would be transferred to the English Heritage Trust we established three Executive Boards. Two Executive Boards started meeting from the autumn to consider those decisions that would impact on the two parts of the business that would be in separate organisations from 1 April 2015. The third board considered all of English Heritage's business as usual up to the end of the financial year. Dr Thurley, as Accounting Officer and Chief Executive, chaired all three boards. Each executive director on each of these boards was personally accountable to the Chief Executive for the achievement of the aims and objectives of the organisation and the management of risks where the risks are wholly or partly the responsibility of their area. There were delegated authorities from the Chief Executive to the executive directors and within each department to make decisions and incur costs as specified in both the Management Agreement English Heritage has in place with DCMS and the Finance Manual; and
- the Audit and Risk Assurance Committee, which is an advisory committee of Commission with no executive authority. Its members are appointed by the Chair of Commission. The Committee receives half-yearly reports on corporate performance, including the management of business and operational risks and oversight of governance arrangements generally. The Committee carried out its work by testing and challenging the assurances the Chief Executive received on the effectiveness of internal controls and risk management, the way in which these assurances were developed and the management priorities on which they were based. The Committee also sought contributions from others when it considered that its work may be enhanced by other specialist support. The Committee was also given the opportunity to comment on and challenge the assurances made in this statement. The Committee met five times in 2014/15.

The membership of these boards is set out below with the attendance record for this year. Members have a broad range of experience in finance, risk management and governance generally. Details of individual experience can be found on the Historic England website.

# Governance Statement

Commission	Meetings attended	Executive Board 1 April – 30 September	Meetings attended	English Heritage Executive Board 5 November – 31 March	Meetings attended
Sir Laurie Magnus (Chair)	8/8	Dr Simon Thurley (Chair)	8/8	Dr Simon Thurley (Chair)	6/6
Lynda Addison	8/8	Keith Harrison	8/8	Jon Bullen	5/6
Sally Balcombe	6/7	Deborah Lamb	8/8	Anna Eavis	6/6
Alex Balfour	6/7	Mark Pemberton	7/8	Magdalen Fisher	5/5
Vicky Barnsley	6/7	Chris Smith	8/8	Keith Harrison – until 31 December 2014	3/3
Professor Martin Daunton	6/7			Shirley Jackson	5/6
Peter Draper	8/8			Linda Kilroy	6/6
Professor Mike Fulford	5/7			Mark Pemberton	4/6
Victoria Harley	6/7			Tracey Wahdan	6/6
Vice Admiral Sir Tim Laurence	6/7			Luke Whitcomb	6/6
Martin Moore	7/8				
Graham Morrison	7/8				
Michael Morrison	5/7				
Baroness Young	6/8				
Audit and Risk Assurance Committee	Meetings attended	Historic England Executive Board 14 October – 31 March	Meetings attended	New Model Board: Corporate Business 20 October – 31 March	Meetings attended
Martin Moore (Chair)	5/5	Dr Simon Thurley (Chair)	6/6	Dr Simon Thurley (Chair)	4/4
Vicky Barnsley	2/3	Roger Bowdler	6/6	Keith Harrison – until 31 December 2014	2/2
Mitesh Dhanak	3/5	Keith Harrison – until 31 December 2014	3/3	Meryl Hayward – from 1 January 2015	2/2
Victoria Harley	2/3	Meryl Hayward – from 1 January 2015	3/3	Deborah Lamb	4/4
Simon Judge	4/5	Deborah Lamb	6/6	Mark Pemberton	3/4
Andy Karski	3/3	Chris Smith	6/6		
John Walker	2/5	Steve Trow	6/6		

# Governance Statement

There are other advisory committees that advise staff and report to Commission: English Heritage Advisory Committee; London Advisory Committee; Designation Review Committee; Business and Finance Committee; Appointments Committee; and Remuneration and Human Resources Committee. In February Commission agreed to establish an Historic Estates Conservation Committee to oversee the work of the English Heritage Trust in conserving the National Heritage Collection, but it had not met by the end of the year. Each committee has a distinct area of business and all have a mix of Commissioners and external expert advisers in their membership. In addition there are a number of advisory panels formed of external experts who advise staff on technical matters.

To oversee the implementation of the New Model (described in the Strategic Report that starts on page six), Commission established an internal programme board as a committee of Commission that consisted of Commissioners and executive directors and also a project board that reported into the programme board. These met monthly and bi-weekly respectively. The Executive Board looking at business as usual and Commission received progress and risk reporting from these implementation boards when considering the overall performance of the organisation and the interplay between business as usual and the New Model work.

Declarations of potential conflicts of interest were formally sought from all Commissioners and members of the Executive Boards and other members of the committees at least once in the year and a register was maintained. Declarations were also sought at each meeting in relation to the business on the agenda of all the above boards, committees and panels. Where there was a material conflict the individual took no part in the proceedings.

Accountability to Ministers was managed through the usual control mechanisms for Arm's Length Bodies. English Heritage reported six-monthly on progress against its Management Agreement (see the report for 2014/15 that starts on page 11) and the Chief Executive and Executive Board members had regular meetings with senior DCMS staff. Meetings with Ministers took place as required.

## The Purpose of the System of Governance

The overriding purpose of our governance system is to maximise the potential of the organisation and its resources to achieve its aims and objectives.

The governance system is designed to manage performance and control risk to a reasonable level rather than to eliminate all risk of failure. Our approach is to identify and prioritise the risks to the achievement of our aims by evaluating the likelihood of those risks being realised and the impact should they be realised. We then aim to manage them effectively and economically in proportion to the degree of risk they pose.

## The Method of Governance

The system of governance continued in place in English Heritage for the financial year ended 31 March 2015 and up to the date of approval of the Annual Report and Accounts. It accorded with HM Treasury guidance, including the *Corporate Governance Code of Good Practice 2011* in so far as it is applicable to Arm's Length Bodies. Commission's Remuneration and Human Resources Committee oversaw the remuneration of senior staff. Commissioner appointments are the responsibility of government.

Commission set aims for the organisation in the Corporate Plan for 2011 to 2015. The Executive Board agreed corporate targets under each of the aims and had a number of key performance indicators (KPIs) that it used to monitor performance. Performance against the KPIs in the past year is set out in the Strategic Report that starts on page six. The board also maintained a corporate risk register.

An assessment of performance against the aims, targets and risks was carried out by the Executive Board for business as usual and the Audit and Risk Assurance Committee at the half-year and by the Historic England Executive Board and the Audit and Risk Assurance Committee following the end of the year. Commission reviewed the year-end performance and risk reporting.

Responsibility for achieving corporate aims and targets and managing risk lies with the Executive Board. The constituent executive directors agree departmental targets and risks with their managers who then delegate responsibility for delivering those departmental targets and controlling the risks to their staff as appropriate. Reports on the departmental targets and risks on a half-year cycle provide the information for the board's review of overall corporate performance against the Corporate Plan and risk register.

# Governance Statement

Annual Letters of Assurance from the directors to the Accounting Officer provide an additional level of comfort that risk is being properly managed throughout the organisation.

Responsibility for performance and risk management policy and coordination lies with the Corporate Secretary who provides advice to the Executive Board, particularly on the integrity of the corporate and departmental targets and risks when viewed in light of the Corporate Plan. Our governance staff keep up-to-date with good practice by reading guidance and taking part in appropriate training and through contact with their counterparts in similar organisations.

English Heritage maintains 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'. For commentary on our current risks and how we are managing them see page eight of the Strategic Report.

## Monitoring the Effectiveness of Governance

The Accounting Officer (who was also the Chief Executive) had responsibility for reviewing the effectiveness of the system of governance. His review was informed by: the work of the internal auditors, including the assurances gained from an annual programme of internal audit reviews and advice, which is agreed by the Chief Executive, the Executive Boards and the Audit and Risk Assurance Committee; the advice of staff who have responsibility for the development and maintenance of the performance and risk management system; the twice-yearly performance reports; comments made by the external auditors in their management letter and other reports; the assurances provided to the Chief Executive by each Executive Board member in their regular reports to him and the Executive Boards generally; and the assurances gained from the work of specific committees, including Business and Finance Committee, Safety Council and the programme and project boards established to oversee the New Model implementation.

The results from that review of effectiveness are discussed with the Executive Board and the Audit and Risk Assurance Committee. The Audit and Risk Assurance Committee provides assurances based on these reports to Commission.

Performance management, including risk control, is an ongoing process and will continue to be integral to strategic and operational planning and to the delivery of the objectives set out in our Management Agreement and our new Corporate Plan for 2015-18. Performance management procedures and practice will also continue to be reviewed and developed in order to ensure effective control, good management and accountability.

## Corporate Governance this Year

At the year-end Commission and Executive Board undertook reviews of their effectiveness, looking at all relevant matters including:

- Commission and the Executive Boards' own processes and practices;
- the views of Audit and Risk Assurance Committee, internal audit and other means of assurance;
- the formal performance and risk reporting from line management and the knowledge of directors from day-to-day management;
- the quality of data provided to the board;
- the business of Commission and its committees, including those with oversight of the New Model implementation; and
- any other body's views or survey data that expressed a view on the performance of English Heritage.

Commission and Executive Board both concluded that their operations had been satisfactory and that the data provided to them had been adequate for sound decision-making and risk management.

The highlights from the boards' review of their own reports and activities and those of Commission and its committees are covered within the Strategic Report that starts on page six.

# Governance Statement

## Open Government and Freedom of Information

English Heritage is subject to the Freedom of Information Act 2000 and also the Environmental Regulations 2004, which relate specifically to information about the environment. In 2014/15 we answered 390 requests under this legislation, compared to 393 last year. As part of our ongoing commitment to open government much of our information is available via our website.

## Conclusion

There have again been considerable challenges for the staff and senior management of English Heritage this year, the most important of which has been the governance and call on resources of the New Model implementation. The governance regime we had in place provided the Accounting Officer with adequate assurance that the organisation was optimising its use of resources in achieving its objectives, whilst controlling risks to an appropriate degree. I believe the governance regime was fit for its purpose in 2014/15 and remains so. Dr Thurley, the Chief Executive and Accounting Officer throughout 2014/15, my fellow Executive Board members and the Commission support this view. I am reassured in this view by an internal audit report that confirms the accuracy of this Governance Statement and which states that compliance with public sector standards remains rigorous.



**Duncan Wilson**  
Chief Executive  
19 June 2015



# Directors' Report

## Background Information

'English Heritage' is the name of the consolidation of the Historic Buildings and Monuments Commission for England (HBMCE), The English Heritage Trust, English Heritage Trading Limited and the Iveagh Bequest. Further details of English Heritage's organisational structure and background can be found in the Strategic Report, which starts on page six.

## Commissioners and Executive Board Members

English Heritage's Chairman, Sir Laurie Magnus, was appointed on 1 September 2013. Details of his remuneration and that of Dr Simon Thurley, the former Chief Executive whose employment terminates on 30 June 2015, can be found in the Remuneration Report that starts on page 23. A full list of Commissioners who served during the year is included within the Remuneration Report, which also contains details of Executive Board members.

The terms of reference for Commission and the committees and panels as well as information about Executive Board, together with biographical notes on members, can be found on Historic England's website.

## 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, which includes company directorships. A copy of the Register of Interests is available from the Commission Governance Manager, Historic England, 1 Waterhouse Square, 138-142 Holborn, London, EC1N 2ST.

Declarations of potential conflicts of interest are obtained from all Commissioners and members of Executive Board, English Heritage Advisory Committee and London Advisory Committee at least once a year. Declarations are also obtained at each meeting in relation to the business on the agenda of all the above boards, committees and panels. Where there is a material conflict the individual takes no part in the proceedings.

## Post Balance Sheet Events

Post balance sheet events are disclosed in note 36.

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

## Pension Liabilities

Details of the pension schemes can be found in the Remuneration Report on page 23 and accounting policies can be found in note 1r. The annual costs of the various schemes are detailed in note 14.

# Directors' Report

## Communication with Employees

English Heritage recognises the importance of effective communication in order to keep all employees informed, motivated and engaged. The communication channels include regular management briefings on key initiatives, weekly staff updates, the corporate intranet, the staff conference and presentations made to staff by the Chief Executive, which are also filmed and published on the intranet. Additional communication has taken place during the year to keep employees up-to-date with the future plans for the organisation.

English Heritage works with three recognised trades unions to develop appropriate employment policies, procedures and terms and conditions for all employees. Twice a year, Executive Board meets with representatives from the trades unions at a full Whitley Council meeting which is chaired by the Chief Executive.

## Sickness Absence

The average working days lost per person for English Heritage employees is 4.1 for the financial year 2014/15. This was a slight increase on the figure of 3.9 in the previous year. The Chartered Institute of Personnel and Development's *Absence Management 2015* survey reports the public sector average as 7.9 days and the private sector average as 5.5 days.

## Personal Data Related Incidents

English Heritage has suffered no significant losses of protectively marked data during 2014/15 and has not had to make any report on the loss of personal protected information to the Information Commissioner's office. Likewise, English Heritage did not experience any reportable fraud during 2014/15.

## Disability

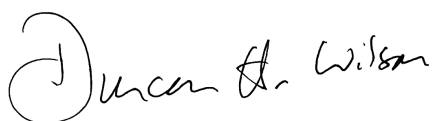
English Heritage aims to increase participation by people with disabilities. Full and fair consideration is given to applications for employment from the disabled where they have appropriate skills to perform the job. If disability should occur during employment, then English Heritage would make every effort to maintain employment and to ensure the availability of adequate training and career development facilities. Further information on the percentage of employees identified as disabled can be found in the Employees section of the Strategic Report.

## Audit Arrangements

The Comptroller and Auditor General has been auditor of HBMCE since 1 April 2004, English Heritage Trading Limited from 1 April 2008 and The English Heritage Trust from 1 April 2014. The Iveagh Bequest is now dormant and is no longer subject to audit or independent examination. Audit fees charged for the year are reported in note 11. Remuneration paid to auditors in respect of non-audit services was nil (2014: nil).

## Disclosure of Relevant Audit Information

As Accounting Officer and in conjunction with the Commissioners and Executive Board, we have taken all the steps that ought to have been taken to make ourselves aware of any relevant audit information and to establish that the National Audit Office is aware of that information. So far as we are aware, there is no relevant audit information of which the National Audit Office is unaware.



**Duncan Wilson**  
Chief Executive  
19 June 2015

# 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 three times a year and is chaired by a Commissioner (but not the Chairman of the Commission). It comprises no fewer than five members, at least three of whom must be Commissioners (including the Chairman of Commission). Members of the Committee are appointed by the Chairman of the Commission. The Committee has been chaired by Mr Martin Moore since 9 January 2014. During 2014/15, the Committee met twice to consider its usual business and an additional three times as a joint meeting with the Appointments Committee as part of the recruitment process for the new Chief Executives of Historic England and English Heritage.

## Executive Board Remuneration Policy

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

## Executive Board Contracts

Executive Board members are employed on continuous contracts and are required to give three months' notice of termination of employment by resignation. The Chief Executive is also on a continuous contract and is required to give six months' notice of termination of employment by resignation. Early terminations of contract by English Heritage are dealt with in accordance with the rules of the Civil Service Compensation Scheme. The only employees with a contractual performance bonus arrangement are the Chief Executive and the former Director of Resources, who has now left the organisation. The bonuses are payable for the achievement of specific performance targets and objectives and is a maximum of 20% of basic salary for the Chief Executive and 10% of basic salary for the former 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 bonus.

The Acting Director of Finance and IMT, the Director of National Planning and Conservation, the Director of Heritage Protection and the Director of Designation are participants in the organisation's Performance Related Pay Scheme for senior managers which is non-contractual and allows for awards of up to 7.5% of salary, assessed against annual targets and objectives annually.

# Remuneration Report

## Emoluments of the Commissioners

	Emoluments	
	2015 £'000	2014 £'000
<b>The Chair of Commission</b>		
Baroness Andrews OBE (term of appointment ended 31 July 2013)	–	15
Sir Laurie Magnus (appointed 1 September 2013)	40	23
<b>Commissioners</b>		
Ms Lynda Addison OBE	8	8
Ms Sally Balcombe (appointed 1 June 2014)	1	–
Mr Alex Balfour (appointed 1 June 2014)	3	–
Mrs Vicky Barnsley OBE (appointed 1 June 2014, term of appointment ended 28 February 2015)	3	–
Professor Sir Barry Cunliffe CBE (term of appointment ended 14 February 2014)	–	7
Professor Martin Daunton (appointed 1 June 2014)	3	–
Mr Peter Draper	4	4
Professor Mike Fulford CBE (appointed 1 June 2014)	6	–
Mr David Fursdon (term of appointment ended 31 January 2014)	–	3
Mrs Victoria Harley (appointed 1 June 2014)	3	–
Professor Ronald Hutton (term of appointment ended 30 September 2013)	–	3
Ms Jane Kennedy (term of appointment ended 14 February 2014)	–	4
Vice Admiral Sir Tim Laurence KCVO CB ADC(P) (term of appointment ended 31 December 2014)	3	4
Mr Martin Moore	4	4
Mr Graham Morrison	4	4
Mr Michael Morrison (appointed 1 June 2014)	3	–
Mr John Walker CBE (term of appointment ended 31 January 2014)	–	3
Baroness Young of Hornsey OBE	4	4

Commissioners' emoluments wholly related to basic fees in respect of their duties as Commissioners and as Chairs of Advisory Committees. No Commissioner received any performance related fees.

All Commissioners' appointments are non-pensionable. Commissioners' emoluments are set by DCMS.

## Advisory Committee and Panel Members

English Heritage has a number of advisory committees and panels. Mr Charles Wilson, chair of the Urban Panel, who was not a Commissioner, received an emolument of £4,000 in total during the year (2014: £4,000). No other non-Commissioners received emoluments during the year.

# Remuneration Report

## Single Total Figure of Remuneration for Executive Board

	Salary		Performance Award		Pension Benefits <sup>1</sup>		Total	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>Simon Thurley<sup>2</sup></b> Chief Executive	<b>139</b>	137	<b>28</b>	27	<b>28</b>	14	<b>195</b>	179
<b>Keith Harrison<sup>3</sup></b> Director of Resources	<b>93</b>	121	–	12	<b>40</b>	47	<b>133</b>	180
<b>Edward Impey<sup>4</sup></b> Director of Heritage Protection and Planning	–	61	–	–	–	15	–	76
<b>Deborah Lamb</b> Director of National Advice and Information	<b>103</b>	102	–	–	<b>26</b>	1	<b>129</b>	103
<b>Mark Pemberton<sup>5</sup></b> Director of National Collections	<b>130</b>	128	–	–	<b>26</b>	6	<b>156</b>	134
<b>Chris Smith<sup>6</sup></b> Director of National Planning and Conservation	<b>88</b>	46	<b>3</b>	–	<b>29</b>	12	<b>120</b>	58
<b>Meryl Hayward<sup>7</sup></b> Acting Director of Finance and IMT	<b>21</b>	–	–	–	<b>6</b>	–	<b>27</b>	–
<b>Stephen Trow<sup>8</sup></b> Director of Heritage Protection	<b>31</b>	–	–	–	–	–	<b>31</b>	–
<b>Roger Bowdler<sup>9</sup></b> Director of Designation	<b>31</b>	–	–	–	<b>2</b>	–	<b>33</b>	–

### Notes

- The value of pension benefits accrued during the year is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual. The real increases exclude increases due to inflation or any increases or decreases due to a transfer of pension rights. The figures are provided by MyCSP, the pension scheme administrator.
- Former Chief Executive, contract of employment terminates on 30 June 2015. A payment of £153,000 is due to be made upon termination.
- Former Director of Resources, left on 2 January 2015. Annual full year equivalent salary £122,582.
- Director of Heritage Protection and Planning to 16 October 2013. Annual full year equivalent salary £113,000.
- Former Director of National Collections, left on 31 March 2015.
- Acting Director of Heritage Protection and Planning between 1 April 2014 and 16 November 2014. Director of National Planning and Conservation from 17 November 2014.
- Acting Director of Finance and IMT from 1 January 2015. Annual full year equivalent salary £73,104.
- Director of Heritage Protection from 17 November 2014. Annual full year equivalent salary £74,977.
- Director of Designation from 17 November 2014. Annual full year equivalent salary £75,487.

# Remuneration Report

## Pension Benefits for Executive Board

	Total accrued pension at pension age <sup>1</sup> 2015 £'000	Total lump sum at pension age <sup>1</sup> 2015 £'000	Real annual increase in pension at pension age 2015 £'000	Real annual increase in lump sum at pension age 2015 £'000	CETV <sup>2</sup>		Real annual increase in CETV £'000
					2015 £'000	2014 £'000	
<b>Simon Thurley<sup>3</sup></b> Chief Executive	47	140	2	5	856	794	21
<b>Keith Harrison<sup>4</sup></b> Director of Resources	21	–	3	–	287	244	27
<b>Deborah Lamb</b> Director of National Advice and Information	50	–	2	–	792	731	17
<b>Mark Pemberton<sup>5</sup></b> Director of National Collections	64	191	2	5	1,428	1,402	25
<b>Chris Smith<sup>6</sup></b> Director of National Planning and Conservation	27	26	2	–	519	490	26
<b>Meryl Hayward<sup>7</sup></b> Acting Director of Finance and IMT	6	17	–	1	102	93	4
<b>Stephen Trow<sup>8</sup></b> Director of Heritage Protection	31	44	–	–	594	586	(3)
<b>Roger Bowdler<sup>9</sup></b> Director of Designation	24	73	–	1	446	438	1

### Notes

- 1 Balances as at 31 March 2015
- 2 Cash Equivalent Transfer Value
- 3 Former Chief Executive, contract of employment terminates on 30 June 2015.
- 4 Former Director of Resources, left on 2 January 2015.
- 5 Former Director of National Collections, left on 31 March 2015.
- 6 Acting Director of Heritage Protection and Planning between 1 April 2014 and 16 November 2014. Director of National Planning and Conservation from 17 November 2014.
- 7 Acting Director of Finance and IMT from 1 Jan 2015.
- 8 Director of Heritage Protection from 17 November 2014.
- 9 Director of Designation from 17 November 2014.

## Emoluments

Emoluments include gross salary, performance related awards and any other allowance to the extent that they are subject to UK taxation. This report is based on payments made by English Heritage and thus recorded in these accounts. No benefits-in-kind were paid during the year (2014: nil).

The Chief Executive was the highest paid employee. His total emoluments for the year of £167,000 (2014: £165,000) comprise basic salary of £139,000 (2014: £137,000) and a performance related award of £28,000 (2014: £27,000).

The Chief Executive and the Director of National Planning and Conservation were eligible for a performance related award.

# Remuneration Report

## Pay Multiples

	2015 £'000	2014 £'000
Highest paid director's total remuneration (excluding pension benefits)	167	165
Median total remuneration	20	20
Ratio	8.45	8.27

The increase in the basic salary of the highest paid director from 2013/14 to 2014/15 is due to the 1% pay increase which came into effect from 1 April 2014.

In 2014/15, no employees (2013/14: none) received remuneration in excess of the highest paid director.

Total remuneration includes salary, non-consolidated performance related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

## Civil Service Pensions

Pension benefits are provided through the Civil Service Pension arrangements. From 30 July 2007, members may be in one of four defined benefit schemes: either a final salary scheme (Classic, Premium or Classic Plus) or a whole career scheme (Nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under Classic, Premium, Classic Plus and Nuvos are increased annually in line with pensions increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary related and range between 1.5% and 6.85% of pensionable earnings for Classic and 3.5% and 8.85% for Premium, Classic Plus and Nuvos. Increases to employee contributions have applied from 1 April 2014. Benefits in Classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum. Classic Plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per Classic and benefits for service from October 2002 worked out as in Premium. In Nuvos a member builds up a pension based on pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with pensions increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

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

Further details about the Civil Service Pension arrangements can be found at the website <http://www.civilservice.gov.uk/pensions>.

Employer's contributions into the Principal Civil Service Pension Scheme (PCSPS) in respect of the Executive Board totalled £154,000 (2014: £145,000).

# Remuneration Report

## Cash Equivalent Transfer Values

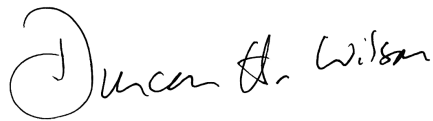
A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme, or arrangement to secure pension benefits in another pension scheme or arrangement, when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service Pension arrangements. They also include any additional pension benefit accrued by the member as a result of their buying additional pension benefits at their own cost. CETVs are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

## Real Increase in CETV

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

The emoluments section of the Remuneration Report is audited.



**Duncan Wilson**  
Chief Executive  
19 June 2015



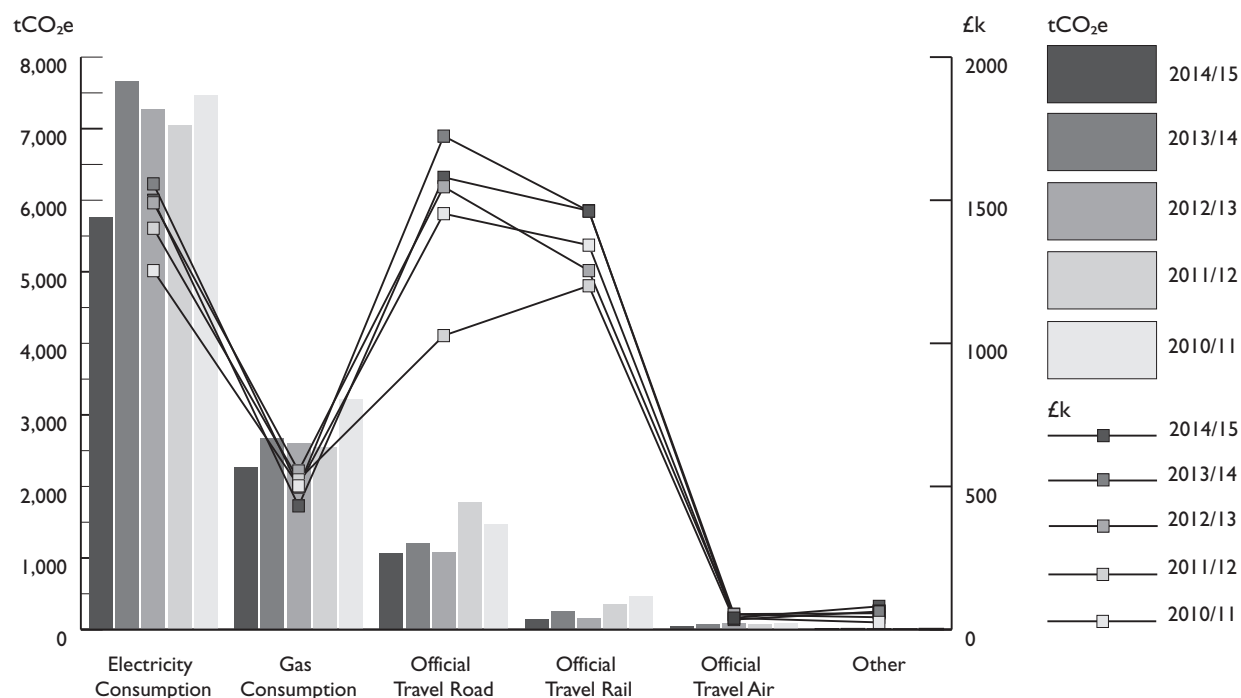
# Sustainability Report

## Greenhouse Gas Emissions

	2014/2015	2013/2014	2012/2013	2011/2012	2010/2011
Non-Financial Indicators (tCO <sub>2</sub> e: tonnes of CO <sub>2</sub> equivalent)					
Total Gross Emissions for Scopes 1 & 2	<b>8,045</b>	10,339	9,885	9,325	10,345
Total Net Emissions for Scopes 1 & 2 (i.e. less reductions – e.g. green tariffs)	<b>8,045</b>	10,339	9,885	9,325	10,345
Gross Emissions Scope 3 Business Travel	<b>1,283</b>	1,551	1,335	2,220	2,047
Other Scope 3 Emissions Measured	<b>0</b>	0	0	284	345
Related Energy Consumption (kWh: kilowatthour)					
Electricity: Non-Renewable	<b>11,668,174</b>	17,193,565	15,807,451	15,602,043	15,386,767
Electricity: Renewable	–	–	–	–	–
Gas	<b>8,139,913</b>	9,655,304	8,908,677	7,966,231	10,917,724
LPG	<b>127,220</b>	366,389	262,184	173,320	209,028
Other	<b>2,944,953</b>	3,258,587	3,482,639	2,927,507	3,102,075
Financial Indicators					
Expenditure on Energy	<b>£1,932k</b>	£2,055k	£2,045k	£1,925k	£1,756k
CRC License Expenditure (2010 onwards)	<b>£0k</b>	£0k	£0k	£0k	£0k
CRC Income from Recycling Payments	<b>£0k</b>	£0k	£0k	£0k	£0k
Expenditure on Accredited Offsets (e.g. GCOF)	<b>£0k</b>	£0k	£0k	£0k	£0k
Expenditure on Official Business Travel	<b>£3,169k</b>	£3,297k	£2,896k	£2,326k	£2,861k

1 The scopes and conversion rates are set out in the UK Government Conversion Factors for Company Reporting guidelines issued by Defra and available via at <http://www.ukconversionfactorscarbonsmart.co.uk/>.

### Greenhouse Gas Emissions in Tonnes and by Cost



Actual data is used as far as possible to calculate greenhouse gas emissions but where it has not been possible estimations have been extrapolated from the actual data.

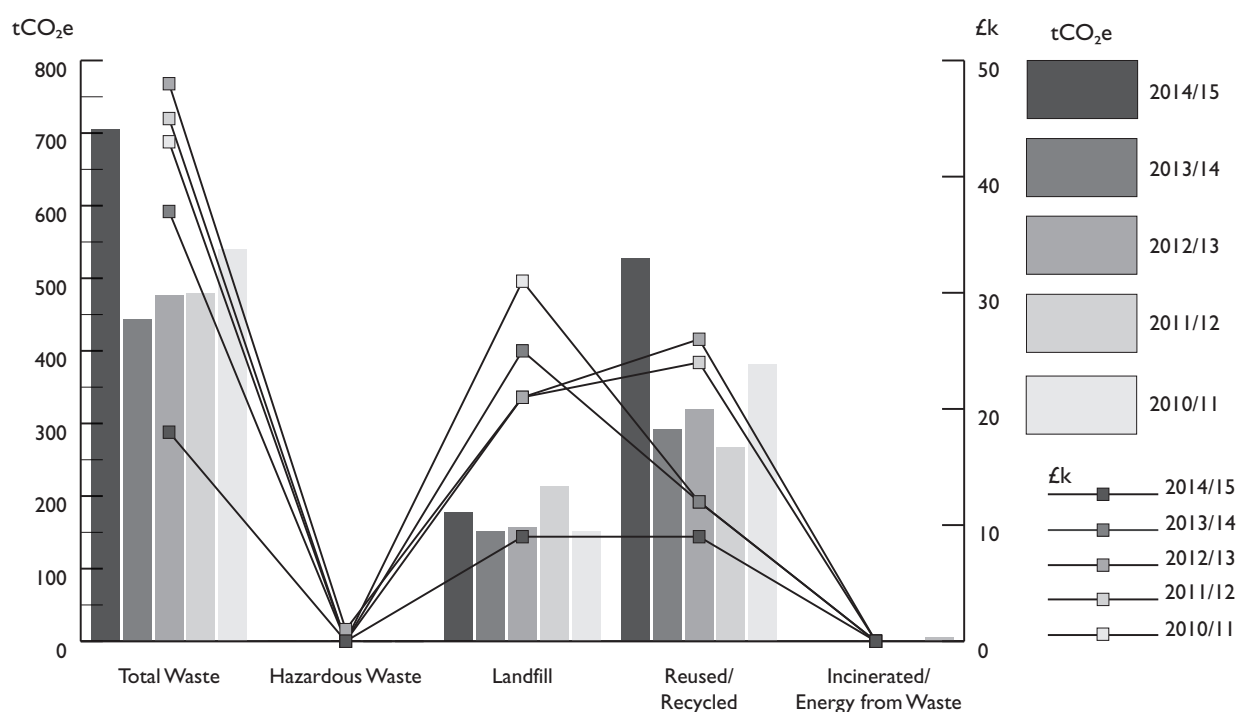
English Heritage continues to use the smart meters installed across all energy types as the mechanism for controlling and managing energy usage. This activity contributes to the decrease in greenhouse gas emissions, as well as consuming less energy at our other sites as a result of the mild weather conditions again this winter.

# Sustainability Report

## Waste

		2014/2015	2013/2014	2012/2013	2011/2012	2010/2011
Non-Financial Indicators (tonnes)						
Total waste		705	444	477	480	540
Hazardous waste	Total	0	0	1	0	0
	Landfill	177	152	157	213	152
Non-hazardous waste	Reused/Recycled	528	292	319	267	382
	Incinerated/energy from waste	0	0	0	0	6
Financial Indicators						
Total disposal cost		£18k	£37k	£48k	£45k	£43k
Hazardous waste – Total disposal cost		£0k	£0k	£1k	£0k	£0k
Non-hazardous waste – Total disposal cost	Landfill	£9k	£25k	£21k	£21k	£31k
	Reused/Recycled	£9k	£12k	£26k	£24k	£12k
	Incinerated/energy from waste	£0k	£0k	£0k	£0k	£0k

### Waste Volumes and Disposable Routes in Tonnes and by Cost



Recycling or reuse as a percentage of total waste has increased this year by 15% and now represents 75% of total waste. Alongside this, the overall cost of handling waste has decreased by 50%. Both these changes are as a result of a re-tendered facilities management contract awarded at the beginning of this year which brought in tighter waste management procedures at lower costs at the two largest office premises.

# Sustainability Report

## Water – Finite Resource Consumption

	2014/2015	2013/2014	2012/2013	2011/2012	2010/2011	
Non-Financial Indicators (m <sup>3</sup> )						
Water Consumption	Supplied	134,663	140,045	100,741	128,136	124,854
	Abstracted	0	0	0	0	0
Financial Indicators						
Water Supply Costs	£276k	£231k	£221k	£226k	£232k	

Consumption of water at our sites with formal gardens is dependant on rainfall, and is affected by fluctuations in weather conditions year on year. Consumption remained high due to the dry weather conditions. The smart metering programme continues to identify excessive or erratic usage and leaks and will also enable us to benchmark consumption and target poor performance.

## Paper – Finite Resource Consumption

	2014/2015	2013/2014	2012/2013	2011/2012	2010/2011
Non-Financial Indicators (Reams)					
A3 Paper	546	500	500	0	0
A4 Paper	10,311	10,598	11,241	0	0
Financial Indicators					
A3 Paper	£3k	£3k	£3k	£0k	£0k
A4 Paper	£32k	£31k	£31k	£0k	£0k

The volume of paper used remains static, including the 19.5% of the paper procured being made from recycled stock. Further initiatives are underway to target key departments to ensure they increase the volume of recycled paper they use.

# Statement of Commissioners' and Chief Executive's Responsibilities

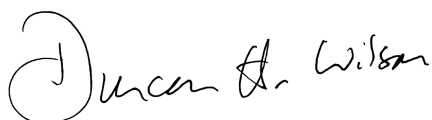
Under paragraph 12(2) of Schedule 3 of the National Heritage Act 1983, the Commissioners are required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State with the consent of HM Treasury. The accounts are prepared on an accruals 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 DCMS 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 Historic England, 1 Waterhouse Square, 138-142 Holborn, London, EC1N 2ST.



**Duncan Wilson**  
Chief Executive  
19 June 2015



**Sir Laurie Magnus**  
Chairman  
19 June 2015

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

I have audited the financial statements of the Historic Buildings and Monuments Commission for England for the year ended 31 March 2015 under the National Heritage Act 1983. The financial statements comprise: the Consolidated Statement of Comprehensive Net Expenditure; the Consolidated Statement of Financial Position; the Historic Buildings and Monuments Commission for England Statement of Financial Position; the Consolidated Statement of Cash Flows; the Historic Buildings and Monuments Commission for England Statement of Cash Flows; the Consolidated Statement of Changes in Taxpayers' Equity; the Historic Buildings and Monuments Commission for England Statement of Changes in Taxpayers' Equity and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

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

As explained more fully in the Statement of Commissioners' and Chief Executive's Responsibilities, the Commissioners and Chief Executive as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the National Heritage Act 1983. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the Audit of the Financial Statements

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

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

## Opinion on Regularity

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

## Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of the Historic Building and Monuments Commission for England's affairs as at 31 March 2015 and of its net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Heritage Act 1983 and Secretary of State directions issued thereunder.

## Opinion on Other Matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the National Heritage Act 1983; and
- the information given in the Strategic Report and the Directors' Report included in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

## Report

I have no observations to make on these financial statements.

### **Sir Amyas C E Morse**

Comptroller and Auditor General  
National Audit Office  
151-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SS

1 July 2015

# Consolidated Statement of Comprehensive Net Expenditure for the Year Ended 31 March 2015

	Note	2014-2015 £'000	2013-2014 £'000
<b>Income</b>			
Earned Income	2	70,266	60,193
Other Operating Income	3	4,173	26,393
Investment Income	4	87	120
<b>Total Income</b>		<b>74,526</b>	86,706
<b>Expenditure</b>			
Grants	5	19,370	17,802
Heritage Protection and Planning	6	32,774	32,556
National Collections	7	83,095	77,895
National Advice and Information	8	9,262	8,556
Corporate and Support Services	9	23,907	21,287
Depreciation, Amortisation and Impairment		7,758	8,642
<b>Total Expenditure</b>		<b>176,166</b>	166,738
<b>Net Expenditure for the Financial Year Before Transfers</b>		<b>(101,640)</b>	(80,032)
Transfer (to) the Development and Restricted Funds	28	(28)	(62)
Transfer from Revenue to Capital		–	(2,880)
<b>Net Expenditure for the Financial Year</b>		<b>(101,668)</b>	(82,974)
<b>Other Comprehensive Expenditure</b>			
Net Expenditure for the Year		(101,668)	(82,974)
Net Gain/(Loss) on Revaluation of Property, Plant & Equipment, Intangible Assets and Heritage Assets		7,415	(2,722)
<b>Total Comprehensive Expenditure for the Financial Year</b>		<b>(94,253)</b>	(85,696)

# Consolidated Statement of Financial Position as at 31 March 2015

	Note	2015 £'000	2014 £'000
<b>Non-Current Assets</b>			
Intangible Assets	15	3,170	2,412
Property, Plant & Equipment	16	95,773	89,851
Heritage Assets	17	25,039	25,717
<b>Total Non-Current Assets</b>		<b>123,982</b>	117,980
<b>Current Assets</b>			
Inventories	21	5,839	5,162
Trade and Other Receivables	22	10,545	11,789
Cash and Cash Equivalents	29	87,272	3,776
<b>Total Current Assets</b>		<b>103,656</b>	20,727
<b>Total Assets</b>		<b>227,638</b>	138,707
<b>Current Liabilities</b>			
Trade and Other Payables	25	(36,355)	(36,333)
Provisions	27	(325)	(1,521)
Obligations Under Finance Leases	24	(566)	(566)
<b>Total Current Liabilities</b>		<b>(37,246)</b>	(38,420)
<b>Total Assets Less Current Liabilities</b>		<b>190,392</b>	100,287
<b>Non-Current Liabilities</b>			
Other Payables	26	(3,836)	(3,566)
Provisions	27	(301)	(513)
Obligations Under Finance Leases	24	(6,829)	(6,850)
<b>Total Non-Current Liabilities</b>		<b>(10,966)</b>	(10,929)
<b>Total Assets Less Liabilities</b>		<b>179,426</b>	89,358
<b>Taxpayers' Equity</b>			
Revaluation Reserve		29,856	25,195
General Reserves		149,014	63,635
Development and Restricted Funds	28	556	528
<b>Total Taxpayers' Equity</b>		<b>179,426</b>	89,358

The financial statements, which comprise the Statement of Comprehensive Net Expenditure, the Consolidated and HBMCE Statements of Financial Position, the Consolidated and HBMCE Statements of Cash Flows, the Consolidated and HBMCE Statements of Changes in Taxpayers' Equity and the related notes 1 to 36, were approved by the Commissioners and signed on their behalf on 19 June 2015 by:



**Duncan Wilson**  
Chief Executive



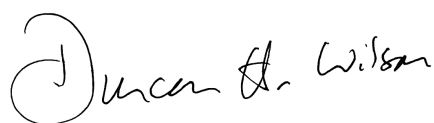
**Sir Laurie Magnus**  
Chairman



# HBMCE Statement of Financial Position as at 31 March 2015

	Note	2015 £'000	2014 £'000
<b>Non-Current Assets</b>			
Intangible Assets	15	3,170	2,412
Property, Plant & Equipment	16	95,773	89,851
Heritage Assets	17	25,039	25,717
Financial Assets	20	84,495	2,028
<b>Total Non-Current Assets</b>		<b>208,477</b>	120,008
<b>Current Assets</b>			
Trade and Other Receivables	22	14,500	15,900
Cash and Cash Equivalents	29	4,058	3,275
<b>Total Current Assets</b>		<b>18,558</b>	19,175
<b>Total Assets</b>		<b>227,035</b>	139,183
<b>Current Liabilities</b>			
Trade and Other Payables	25	(35,752)	(36,844)
Provisions	27	(325)	(1,521)
Obligations Under Finance Leases	24	(566)	(566)
<b>Total Current Liabilities</b>		<b>(36,643)</b>	(38,931)
<b>Total Assets Less Current Liabilities</b>		<b>190,392</b>	100,252
<b>Non-Current Liabilities</b>			
Other Payables	26	(3,836)	(3,531)
Provisions	27	(301)	(513)
Obligations Under Finance Leases	24	(6,829)	(6,850)
<b>Total Non-Current Liabilities</b>		<b>(10,966)</b>	(10,894)
<b>Total Assets Less Liabilities</b>		<b>179,426</b>	89,358
<b>Taxpayers' Equity</b>			
Financial Asset Reserve		82,467	–
Revaluation Reserve		29,856	25,195
General Reserves		66,547	63,635
Development and Restricted Funds	28	556	528
<b>Total Taxpayers' Equity</b>		<b>179,426</b>	89,358

The financial statements, which comprise the Statement of Comprehensive Net Expenditure, the Consolidated and HBMCE Statements of Financial Position, the Consolidated and HBMCE Statements of Cash Flows, the Consolidated and HBMCE Statements of Changes in Taxpayers' Equity and the related notes 1 to 36, were approved by the Commissioners and signed on their behalf on 19 June 2015 by:



**Duncan Wilson**  
Chief Executive



**Sir Laurie Magnus**  
Chairman

# Consolidated Statement of Cash Flows for the Year Ended 31 March 2015

	Note	2014-2015 £'000	2013-2014 £'000
<b>Cash Flows From Operating Activities</b>			
Net Expenditure after Interest		(101,640)	(80,032)
Investment Income	4	(87)	(120)
Depreciation, Amortisation and Impairments		7,758	7,857
Release from Capital Reserves		774	(408)
Decrease/(Increase) in Inventories	21	(677)	(2,003)
Decrease/(Increase) in Trade and Other Receivables	22	1,244	1,944
(Decrease)/Increase in Trade and Other Payables		292	(8,974)
(Decrease)/Increase in Provisions		(1,408)	(1,720)
<b>Net Cash Outflow from Operating Activities</b>		<b>(93,744)</b>	(83,456)
<b>Cash Flows from Investing Activities</b>			
Interest Received		80	120
Purchase of Property, Plant & Equipment and Heritage Assets		(8,027)	(21,183)
Purchase of Intangible Assets		(2,215)	(1,118)
Proceeds/(Costs) on Disposal of Property, Plant & Equipment		3,124	2,957
<b>Net Cash Outflow from Investing Activities</b>		<b>(7,038)</b>	(19,224)
<b>Cash Flows from Financing Activities</b>			
Capital Element of Payments in Respect of Finance Lease		(21)	(19)
English Heritage Trust Opening Trust Balance		3,252	–
Government Grant in Aid		181,047	99,846
<b>Net Cash Inflow from Financing Activities</b>		<b>184,278</b>	99,827
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>83,496</b>	(2,853)
Cash and Cash Equivalents at the Beginning of the Year	29	3,776	6,629
<b>Cash and Cash Equivalents at the End of the Year</b>	29	<b>87,272</b>	3,776

# HBMCE Statement of Cash Flows for the Year Ended 31 March 2015

	Note	2014-2015 £'000	2013-2014 £'000
<b>Cash Flows from Operating Activities</b>			
Net Expenditure after Interest		(180,861)	(80,032)
Investment Income		(80)	(115)
Depreciation, Amortisation and Impairments		7,758	7,857
Release from Capital Reserves		774	(408)
Decrease/(Increase) in Trade and Other Receivables		1,400	(39)
(Decrease)/Increase in Trade and Other Payables		(787)	(8,994)
(Decrease)/Increase in Provisions		(1,408)	(1,720)
<b>Net Cash Outflow from Operating Activities</b>		<b>(173,204)</b>	(83,451)
<b>Cash Flows from Investing Activities</b>			
Interest Received		79	115
Purchase of Property, Plant & Equipment and Heritage Assets		(8,027)	(21,183)
Purchase of Intangible Assets		(2,215)	(1,118)
Proceeds/(Costs) on Disposal of Property, Plant & Equipment		3,124	2,957
<b>Net Cash Outflow from Investing Activities</b>		<b>(7,039)</b>	(19,229)
<b>Cash Flows from Financing Activities</b>			
Capital Element of Payments in Respect of Finance Lease		(21)	(19)
Government Grant in Aid		181,047	99,846
<b>Net Cash Inflow from Financing Activities</b>		<b>181,026</b>	99,827
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>783</b>	(2,853)
Cash and Cash Equivalents at the Beginning of the Year	29	3,275	6,128
Cash and Cash Equivalents at the End of the Year	29	<b>4,058</b>	3,275

# Consolidated Statement of Changes in Taxpayers' Equity for the Year Ended 31 March 2015

	General Reserve £'000	Revaluation Reserve £'000	Development and Restricted Funds £'000 Note 28	Total Reserves £'000
Balance at 1 April 2013	40,249	30,731	1,589	72,569
<b>Changes in Taxpayers' Equity for 2013/14</b>				
Net (Loss) on Revaluation of Non-Current Assets	–	(2,722)	–	(2,722)
Income/(Expenditure) for the Year	(82,974)	–	(1,061)	(84,035)
Transfer Between Reserves	(19)	19	–	–
<b>Total Recognised Income and Expense for 2013/14</b>	<b>(42,744)</b>	<b>28,028</b>	<b>528</b>	<b>(14,188)</b>
Grant in Aid Received	99,846	–	–	99,846
Other Income/(Expenditure)	6,533	(2,833)	–	3,700
<b>Balance at 31 March 2014</b>	<b>63,635</b>	<b>25,195</b>	<b>528</b>	<b>89,358</b>
<b>Changes in Taxpayers' Equity for 2014/15</b>				
Transfers In	3,122	–	–	3,122
Net Gain on Revaluation of Non-Current Assets	–	7,415	–	7,415
Income/(Expenditure) for the Year	(101,640)	–	–	(101,640)
Transfer Between Reserves	2,726	(2,754)	28	–
<b>Total Recognised Income and Expense for 2014/15</b>	<b>(32,157)</b>	<b>29,856</b>	<b>556</b>	<b>(1,745)</b>
Grant in Aid Received	181,047	–	–	181,047
Other Income/(Expenditure)	124	–	–	124
<b>Balance at 31 March 2015</b>	<b>149,014</b>	<b>29,856</b>	<b>556</b>	<b>179,426</b>

# HBMCE Statement of Changes in Taxpayers' Equity for the Year Ended 31 March 2015

	General Reserve £'000	Revaluation Reserve £'000	Development and Restricted Funds £'000	Financial Asset Reserve £'000	Total Reserves £'000
			Note 28		
Balance at 1 April 2013	40,249	30,731	1,589	–	72,569
<b>Changes in Taxpayers' Equity for 2013/14</b>					
Net (Loss) on Revaluation of Non-Current Assets	–	(2,722)	–	–	(2,722)
Income/(Expenditure) for the Year	(82,974)	–	(1,061)	–	(84,035)
Transfer Between Reserves	(19)	19	–	–	–
<b>Total Recognised Income and Expense for 2013/14</b>	<b>(42,744)</b>	<b>28,028</b>	<b>528</b>	<b>–</b>	<b>(14,188)</b>
Grant in Aid Received	99,846	–	–	–	99,846
Other Income	6,533	(2,833)	–	–	3,700
<b>Balance at 31 March 2014</b>	<b>63,635</b>	<b>25,195</b>	<b>528</b>	<b>–</b>	<b>89,358</b>
<b>Changes in Taxpayers' Equity for 2014/15</b>					
Transfers In	–	–	–	3,122	3,122
Net Gain on Revaluation of Non-Current Assets	–	7,415	–	79,345	86,760
Income/(Expenditure) for the Year	(180,861)	–	–	–	(180,861)
Transfer Between Reserves	2,726	(2,754)	28	–	–
<b>Total Recognised Income and Expense for 2014/15</b>	<b>(114,500)</b>	<b>29,856</b>	<b>556</b>	<b>82,467</b>	<b>(1,621)</b>
Grant in Aid Received	181,047	–	–	–	181,047
<b>Balance at 31 March 2015</b>	<b>66,547</b>	<b>29,856</b>	<b>556</b>	<b>82,467</b>	<b>179,426</b>

# Notes to the Financial Statements

## I Statement of Accounting Policies

### a) Accounting Convention

The financial statements have been prepared in accordance with the 2014-2015 Government Financial Reporting Manual (FRoM) issued by HM Treasury. The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS), as adapted or interpreted for the public sector context. Where the FRoM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of English Heritage for the purpose of giving a true and fair view has been selected. The particular policies adopted by English Heritage are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

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

HBMCE is the sole member of The English Heritage Trust, which has been consolidated from 12 December 2014, when it became part of the English Heritage group. English Heritage Trading Limited, a subsidiary undertaking of HBMCE, continued trading throughout the year ended 31 March 2015. HBMCE is the Administrative Trustee of the Iveagh Bequest, which is now dormant. Hence, the financial statements include a consolidation of HBMCE, the English Heritage Trust, English Heritage Trading Limited and the Iveagh Bequest.

### b) Value Added Tax

Income is shown net of Value Added Tax. Expenditure for HBMCE and English Heritage Trading Limited is shown inclusive of any non-recoverable VAT incurred.

Prior to 15 January 2015, The English Heritage Trust was not registered for VAT, and hence all expenditure between 12 December 2014 and 15 January 2015 is shown inclusive of VAT.

From 15 January 2015 onwards, The English Heritage Trust became a member of the English Heritage VAT group. Thereafter, all expenditure is shown inclusive of any non-recoverable VAT incurred.

### c) Membership Income

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

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

### d) Admission, Retail and Other Earned Income

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

### e) Government Grant in Aid Receivable

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

English Heritage has a Management Agreement in place with DCMS which details Parliamentary grant receivable. A settlement letter set out the Parliamentary grant receivable until financial year 2015/16.

### f) Other Grants Receivable

Other grants receivable are recognised in the Statement of Comprehensive Net Expenditure when the conditions of the grant have been fulfilled and the grant is claimable. If such a grant is subject to a condition, the grant will be deferred until such time as the condition has been fulfilled. This is shown as other income in the Statement of Changes in Taxpayers' Equity.

### 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 30a. Where grants have been offered but not paid, an accrual of grant owing is calculated based on the stage of completion of the works. For grant schemes where grants are payable in advance, an estimate of the prepayment made is calculated based on works not yet complete.

# Notes to the Financial Statements

## I Statement of Accounting Policies

### h) Intangible 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 non-current intangible assets and amortised over the life of the licence or the life of the related asset where there is no licence expiry date. Annual licences to use software are charged to the Statement of Comprehensive Net Expenditure as they are incurred.

Systems development is capitalised and amortised over its useful economic life.

Expenditure on developing the brand is charged to the Statement of Comprehensive Net Expenditure as it is incurred.

### i) Property, Plant and Equipment

#### *Operational Land & Buildings and Dwellings*

Land and buildings owned by, or in the guardianship of, English Heritage are treated as non-current assets in accordance with the FReM and are classified as either:

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

The policy on heritage assets is disclosed at note 1j.

Operational heritage land and buildings, which, in addition to being held by English Heritage in pursuit of its overall objectives, are also used for revenue generating or other non-heritage purposes, are professionally valued and held on the Statement of Financial Position within Heritage Assets.

Operational (non-heritage) land and buildings are professionally valued and held on the Statement of Financial Position within Property, Plant and Equipment.

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

With the exception of major refurbishments and items with a net book value of less than £50,000, all land and buildings held on the Statement of Financial Position are subject to a full professional valuation every five years. Major refurbishments are not valued, as they are indistinguishable from the underlying asset, but they are depreciated over a shorter useful economic life than the underlying asset.

Assets with a value of less than £50,000 are revalued with reference to relevant indices published by the Building Cost Information Service as at 31 March. A full quinquennial revaluation was undertaken as at 31 March 2011 by professionally qualified internal valuers, and the following external valuers: Ash & Co, Bare Leaning and Bare, Bidwells, Brownhill Vickers, Carter Jonas, Edwin Thompson, Humberts Leisure, King Sturge, Kivells, Mildred Howells, Powis Hughes, RNJ Partnership, Turner and Holman, the Valuation Office Agency and Walton Goddland, in accordance with Royal Institution of Chartered Surveyors' guidance. Interim valuations were undertaken by Ash & Co and Turner and Holman during the financial year ended 31 March 2013, Synergy Construction & Property Consultants LLP, Turner and Holman during the financial year ended 31 March 2014, and Bare, Leaning and Bare during the financial year ended 31 March 2015.

The values of the land and buildings held as Non-Current Assets are reviewed annually using relevant indices published by the Building Cost Information Service as at 31 March. Any change in value is reflected in the relevant reserve.

Where possible, assets are valued at fair value. Where there is no available market information due to the specialised nature of the asset, depreciated replacement cost valuation is used.

Any unrealised gain on revaluation at the Statement of Financial Position date is taken directly to the Revaluation Reserve.

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

#### *Plant & Machinery, Information Systems and Furniture & Fittings*

Plant and machinery, information systems equipment, furniture and fittings are initially recorded in the Statement of Financial Position at cost. Subsequent expenditure of more than £5,000 is recorded on the Statement of Financial Position if the expenditure enhances the economic benefits of the asset.

# Notes to the Financial Statements

## I Statement of Accounting Policies

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

### *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.

### j) **Heritage Assets**

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

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

English Heritage maintains over 550 pure heritage land and building assets at over 400 sites throughout England. English Heritage does not consider that reliable cost or valuation information can be obtained for the vast majority of items held as heritage land and buildings as, owing to the incomparable nature of many of the assets, conventional valuation approaches lack sufficient reliability and that, even if valuations could be obtained, the costs would be onerous compared with the additional benefits derived by English Heritage and the users of the accounts. English Heritage does not therefore recognise those assets on its Statement of Financial Position, other than recent acquisitions where a reliable valuation is possible. Expenditure on these assets, where it does not result in the creation of a new operational heritage asset, is charged to the Statement of Comprehensive Net Expenditure as it is incurred. All operational heritage assets are capitalised on the Statement of Financial Position in accordance with note 1i.

One of the conditions underpinning the transfer of day-to-day responsibility for the management of the National Heritage Collection to the English Heritage Trust on 1 April 2015, and the accompanying receipt of £80 million in order to perform essential work on the backlog of conservation defects, was a requirement for heritage assets identified as being in need of rectification works to be professionally valued prior to work commencing. A rolling programme of valuations is being conducted each year prior to work commencing. The valuation work was performed by Powis Hughes, Chartered Surveyors. They concluded that a nil valuation was still appropriate for each asset in each case. Further details are in note 17.

#### *Heritage Artefacts and Archives*

English Heritage maintains over 500,000 heritage artefacts in its collection and almost 12 million archive records in its archive. English Heritage does not consider that reliable cost or valuation information can be obtained for the vast majority of items held in the artefacts collection and archives and that, even if valuations could be obtained, the costs would be onerous compared with the additional benefits derived by English Heritage and the users of the accounts. This is because of the diverse nature of the assets held, the number of assets held and the lack of comparable market values. English Heritage therefore does not recognise these assets on its Statement of Financial Position, other than those additions to collections and archives acquired after 1 April 2001 and recognised as per previous requirements of the Government Financial Reporting Manual. These items are recognised at cost or, where donated, at current market value. Expenditure which, in English Heritage's view, is required to preserve or clearly prevent further deterioration of individual collection and archive items is recognised in the Statement of Comprehensive Net Expenditure as it is incurred.

Further information on the acquisition, disposal, management and preservation of English Heritage's heritage assets is given in notes 17, 18 and 19.

### k) **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.

### l) **Depreciation and Amortisation**

Depreciation is provided on property, plant and machinery, information systems equipment, furniture and fittings (excluding land and assets under construction), and amortisation is provided on software licences and systems development, 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:



# Notes to the Financial Statements

## I Statement of Accounting Policies

### *Intangible Assets*

Software licences	3-10 years
Systems development	4-10 years

### *Tangible Assets*

Non-heritage buildings and gardens	
– Dwellings	50 years
– Other permanent or brick/stone buildings	50 years
– Non brick/stone visitor centres, shops, museums, exhibition buildings	25-40 years
– Other non brick/stone structures	20 years
– Paths, car parks, playgrounds	20-25 years
– Gardens	50 years
Refurbishments	
– Shop/café/holiday cottage refurbishment, infrastructure	10-20 years
Exhibitions and interpretations	5-20 years
Plant and machinery	5-15 years
IT, furniture and fittings	4-10 years

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

When considering anticipated useful economic lives, regard is given to the IAS 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 and pure heritage buildings and historic artefacts and archives are not depreciated, as they are deemed to have indefinite lives.

### **m) 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 any credit balance which relates to the investment concerned. Any other unrealised losses are charged to the Statement of Comprehensive Net Expenditure.

Investments in subsidiary undertakings are held at fair value.

### **n) Non-Current Assets Held for Sale**

The value of Non-Current Assets held for sale is measured at the lower of their carrying amount and fair value less costs to sell. Assets classified as held for sale are not depreciated. In order to be classified as held for sale, a Non-Current Asset must meet the criteria specified within IFRS 5.

### **o) 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.

### **p) Leases**

#### *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.

Contingent rent is recognised directly in the Statement of Comprehensive Net Expenditure as incurred.

#### *Operating Leases*

Operating lease costs are charged to the Statement of Comprehensive Net Expenditure as incurred.

# Notes to the Financial Statements

## I Statement of Accounting Policies

### q) Cash and Cash Equivalents

Cash comprises cash on hand and on-demand deposits. Cash equivalents are investments with a short-term maturity of less than three months from the date of acquisition. Cash which is surplus to immediate cash flow requirements is placed on deposit in accordance with English Heritage's treasury policy.

### r) 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 (see note I4).

### s) Restricted and Development Funds

Funds held by English Heritage that can only be applied for particular purposes imposed by donors are held as restricted and development funds. Investments to cover the amounts held in restricted funds are placed on deposit at fixed rates of interest for periods of up to six months in accordance with English Heritage's treasury policy and are treated as Cash and Cash Equivalents or Current Financial Assets in line with the accounting policies noted in notes I m and I q.

Any transfers between the Development and Restricted Funds and the general fund are recognised in the Statement of Comprehensive Expenditure as they are incurred. Any transfer of revenue to support capital programmes is recognised in the Statement of Comprehensive Net Expenditure as it is incurred.

In accordance with the provisions of the FReM, the Restricted and Development Funds have been accounted for in line with the Charities' Statement of Recommended Practice (SORP).

### t) Segmental Reporting

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

The segments reported reflect the management structure reported internally within English Heritage on a monthly basis, and have been amended during the 2014/15 financial year so as to better reflect the organisational structure.

Heritage Protection and Planning is responsible for heritage protection, strategy, research, advising on making and managing changes to historic places and publishing the annual *Heritage at Risk Register*. National Collections is responsible for English Heritage's properties, marketing, capital development, commercial activities, fundraising, education, conservation, properties presentation, publishing and the English Heritage Archive. National Advice and Information is responsible for advising government and other bodies on the value of our historic environment. Corporate and Support Services includes communications, legal services and corporate governance; and also provides a range of services to the organisation including finance, human resources, information systems and procurement.

### u) Provisions

Provisions are made where the conditions for such a liability exist at the Statement of Financial Position date which can be reliably estimated. Balances that are not payable within one year are discounted to reflect future cash flows in current year prices where the time value of money is material. The discount rate is set by HM Treasury and is currently 1.3% for pension provisions.

### v) Impact of New and Updated Financial Reporting Standards and Interpretations

No standards and interpretations which are in issue but not yet adopted have been identified which would have a material effect on the reported income or net assets of English Heritage.

### w) Significant Accounting Estimates and Judgements

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

# Notes to the Financial Statements

2. Earned Income	2014-2015 £'000	2013-2014 £'000
Admission Income	22,071	17,466
Retail and Catering Income	18,016	14,964
Membership Income	24,788	22,914
Other Earned Income	5,391	4,849
<b>Total Earned Income</b>	<b>70,266</b>	60,193

3. Other Operating Income	2014-2015 £'000	2013-2014 £'000
<b>Grants Receivable</b>		
European Union	717	258
Heritage Lottery Fund	1,635	13,441
Other	920	12,067
<b>Total Grants Receivable</b>	<b>3,272</b>	25,766
Transfer from Capital Reserves	71	104
<b>Total Grants</b>	<b>3,343</b>	25,870
Donations	298	93
Transfer (to)/from Capital Reserves	17	33
Other Operating Income	515	397
<b>Total Other Operating Income</b>	<b>4,173</b>	26,393

During 2014/15, additional work, funded by Heritage Lottery Fund and other non-government grants, was conducted at the Stonehenge Visitor Centre to continue to enhance the visitor experience.

Major capital projects completed in the previous financial year, 2013-2014, included the new Stonehenge Visitor Centre and the Caring for Kenwood project. On completion, the income received over the life of the project was recognised in the Statement of Comprehensive Net Expenditure. Income received included £7,265,000 Heritage Lottery Fund for Stonehenge, £1,714,000 Heritage Lottery Fund for Kenwood and £4,841,000 non-government grants for Stonehenge.

4. Investment Income	2014-2015 £'000	2013-2014 £'000
Interest Receivable	87	120
<b>Total Investment Income</b>	<b>87</b>	120

5. Grants	2014-2015 £'000	2013-2014 £'000
Buildings and Monuments	7,581	7,818
Conservation Areas	1,663	908
Other Places of Worship	329	250
Historic Environment	5,013	5,256
Other	4,784	3,570
<b>Total Grants Payable</b>	<b>19,370</b>	17,802

# Notes to the Financial Statements

	2014-2015 £'000	2013-2014 £'000
<b>6. Heritage Protection and Planning</b>		
Designation and Listing	4,023	3,883
Heritage Protection	8,751	8,913
Managing the Historic Environment	20,000	19,760
<b>Total Heritage Protection and Planning Expenditure</b>	<b>32,774</b>	32,556

The 2013-2014 figures have been restated to reflect amendments to the composition of the organisational structure during the year.

	2014-2015 £'000	2013-2014 £'000
<b>7. National Collections</b>		
Running the Properties	55,195	51,293
Caring for our Collections	27,150	25,966
Development and Fundraising	750	636
<b>Total National Collections Expenditure</b>	<b>83,095</b>	77,895

The 2013-2014 figures have been restated to reflect amendments to the composition of the organisational structure during the year.

	2014-2015 £'000	2013-2014 £'000
<b>8. National Advice and Information</b>		
Archive	2,080	1,922
Government Advice and Heritage Schools	2,281	2,215
Governance and Legal	2,037	1,833
Publishing, Communications and Other	2,864	2,586
<b>Total National Advice and Information Expenditure</b>	<b>9,262</b>	8,556

The 2013-2014 figures have been restated to reflect amendments to the composition of the organisational structure during the year.

	2014-2015 £'000	2013-2014 £'000
<b>9. Corporate and Support Services</b>		
Finance	2,317	2,011
Information Systems	11,521	9,695
Human Resources	2,166	1,925
Office Costs	7,192	6,650
Other Corporate	711	1,006
<b>Total Corporate and Support Services Expenditure</b>	<b>23,907</b>	21,287

The 2013-2014 figures have been restated to reflect amendments to the composition of the organisational structure during the year.

## 10. Taxation

HBMCE enjoys the status of a charity for taxation purposes. No taxation liability is expected on its operations for the year ended 31 March 2015 (2014: nil). English Heritage Trading Limited transferred all its profits for the year ended 31 March 2015 (2014: all) to HBMCE under the Gift Aid rules. Hence, it suffered nil taxation charge (2014: nil) as it had no taxable profits.

# Notes to the Financial Statements

11. Auditor's Fees	2014-2015 £'000	2013-2014 £'000
<b>Auditor's remuneration and expenses for statutory audit work:</b>		
The English Heritage Trust and HBMCE	110	66
English Heritage Trading Limited	10	8
<b>Total Auditor's Fees</b>	<b>120</b>	<b>74</b>

During the year English Heritage has not purchased any non-audit services from its auditor, the National Audit Office (2014: nil).

## 12. 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 and staff secondments.

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

Arts Council England	Imperial War Museum
British Broadcasting Corporation	National Heritage Memorial Fund
British Museum	Royal Collection Trust
Churches Conservation Trust	The Theatres Trust
Heritage Lottery Fund	VisitBritain

During the year English Heritage had material transactions with the following Government Departments and Central Government bodies:

Biotechnology and Biological Sciences Research Council	Government Actuary's Department
Cabinet Office	Homes and Communities Agency
Department for Environment, Food and Rural Affairs	Ministry of Justice
Department for Transport	Natural England
Environment Agency	Royal Mail Holdings plc
Forestry Commission (England)	Valuation Office Agency

### Material Transactions with Related Party Interests

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

#### Commissioners

- Sir Laurie Magnus, Chairman of HBMCE, is a trustee of Allchurches Trust Ltd, which is the parent of Ecclesiastical Insurance Office plc (Ecclesiastical). Ecclesiastical paid £47,000 during the year, including £40,000 for events and sponsorship and £6,000 for joint research activities. English Heritage has a balance due to it from Ecclesiastical of £12,000.
- Mr Graham Morrison is a Design Review Panel member of the South Downs National Park which paid £10,000 as part of a contribution to the Strategic Stone Study.
- Mr Michael Morrison is a partner at Purcell who were in receipt of £7,000 for architect's services.
- Professor Michael Fulford was a trustee of Museum of London Archaeology which received £167,000 in payments, including £146,000 of grants. They also made payments totalling £10,000 for search services and reports. He is also a trustee and vice president of the Society for the Promotion of Roman Studies which was in receipt of £10,000 in grants.
- Ms Sally Balcombe is the Chief Executive of VisitBritain, and Mr Ian McCaig, a Trustee, is a board member of VisitBritain which was in receipt of payments of £10,000 for research services and £8,000 for other promotional activities. VisitBritain also made payments to English Heritage totalling £39,000 for customer site admissions.

# Notes to the Financial Statements

## 12. Related Party Transactions and Connected Bodies

- Ms Balcombe is also a governor at the Museum of London, which made payments totalling £2,000 for educational services.
- Mrs Victoria Harley was a Regional Advisory Board member at the National Trust. The National Trust was in receipt of grant payments of £401,000 and made payments as part of other contractual agreements totalling £305,000. There is also a balance receivable at the end of the year of £145,000 English Heritage was in receipt of £11,000 and has an outstanding balance due from the National Trust of £5,000.

### *Trustees*

- Mr Charles Gurassa is Co Chair of Governance Review at the National Trust. Transactions with the National Trust during the year are as noted above.
- Mr Malcolm Reading is a majority shareholder of Malcolm Reading Consultants, which received £16,000 of payments for consultancy services.
- Professor Ronald Hutton is an Honorary Vice-President of the Sealed Knot Society, which received payments of £3,000 for services rendered.
- Sarah Staniforth CBE is a Museum Accreditation Committee member for Arts Council England which was in receipt of £5,000 as part of a contribution for the Cultural Education Partnership Group research tender.
- Sukie Hemming is a Director of Corporate Affairs at the British Museum which received £4,000, including a grant payment of £3,000.
- Ms Vicky Barnsley OBE is the Non-Executive Director and Executive Chair of Castle Howard Estate Ltd. Also on the board are her husband as Non-Executive Director and Non-Executive Chairman and her stepson as a Non-Executive Director. This organisation was in receipt of grants totalling £275,000.
- The English Heritage Trust Trustees Mrs Kate James-Weed, Vice Admiral Sir Tim Laurence KCVO, CB, ADC, Sir Laurie Magnus, and Mr James Twining were trustees of the English Heritage Foundation prior to 12 December 2014. As well as being Trustees of the English Heritage Trust, Mr James Twining and Dr Simon Thurley CBE, Chief Executive of English Heritage, were the Chair and Company Secretary respectively of the English Heritage Foundation prior to 12 December 2014. English Heritage Foundation made grant payments to English Heritage totalling £221,000. English Heritage Foundation paid English Heritage £317,000 for management services.

### *Senior Staff*

- Andrew Brown, Planning and Conservation Director, is a Cultural Transformation Board member for Kent County Council and a Thanet Regeneration Board member for Thanet District Council. Kent County Council and Thanet District Council received grant payments of £21,000 and £46,000 respectively.
- The partner of Miss Carol Pyrah, Planning and Conservation Director, is the owner of Colin Dobinson Consulting, to which English Heritage paid a grant of £1,000.
- The partner of Mr Chris Smith, Director of National Planning and Conservation, is a trustee of the Council for British Archaeology, which received payments totalling £202,000, including grants of £194,000. She is also the Honorary Chair of the Institute for Archaeologists (IfA), which received £116,000, including grants of £113,000.
- Mrs Elizabeth Page, Historic Properties Director – North, is the Board Director of Northumberland Tourism and a trustee of Hadrian's Wall Trust. Hadrian's Wall Trust received grant payments of £37,000 and a payment of £5,000 for the Hadrian's Wall Heritage Campaign. Northumberland Tourism, in relation to marketing partnerships, received £11,000 and has a balance due to English Heritage of £1,000.

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

# Notes to the Financial Statements

## 13. Employees

### a) Employee Numbers

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

	2014-2015	2013-2014
National Collections	1,151	1,067
Heritage Protection and Planning	563	554
National Advice and Information	137	132
Corporate and Support Services	211	195
<b>Total Employee Numbers</b>	<b>2,062</b>	1,948

Employee numbers include 38 agency staff (2014: 16). The significant increase is due to the implementation of the New Model during the financial year. Included within the above numbers are 25 staff who have been engaged on capitalised projects (2014: 23) the costs of which have been capitalised.

### b) Employee Costs

	2014-2015 £'000	2013-2014 £'000
Wages and Salaries	56,583	55,136
Social Security Costs	4,106	4,088
Pension Costs	10,051	9,710
Redundancy and Severance Costs	1,130	879
Agency Staff Costs	1,582	596
<b>Total Employee Costs</b>	<b>73,452</b>	70,409

Included within the above costs are £1,167,000 wages and salaries costs (2014: £1,764,000), £91,000 social security costs (2014: £138,000) and £153,000 pension costs (2014: £267,000) that have been capitalised within Non-Current Assets (notes 15, 16 and 17). There are nil redundancy and severance costs (2014: nil) and £264,000 agency staff costs (2014: nil) that have been capitalised.

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

Exit Package Cost Band	Number of Compulsory Redundancies		Number of Other Agreed Departures		Total Number of Exit Packages	
	2014-2015	2013-2014	2014-2015	2013-2014	2014-2015	2013-2014
Less than £10,000	9	6	–	–	9	6
£10,000 to £25,000	5	6	3	3	8	9
£25,000 to £50,000	4	3	9	6	13	9
£50,000 to £100,000	2	–	3	1	5	1
£100,000 to £150,000	–	–	1	–	1	–
Greater than £150,000	–	–	1	–	1	–
<b>Total Number of Exit Packages</b>	<b>20</b>	15	<b>17</b>	10	<b>37</b>	25
<b>Total Resource Cost (£'000)</b>	<b>404</b>	236	<b>864</b>	342	<b>1,268</b>	578

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

# Notes to the Financial Statements

## 14. 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 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation ([www.civilservice.gov.uk/my-civil-service/pensions](http://www.civilservice.gov.uk/my-civil-service/pensions)).

For the year ended 31 March 2015, employers' contributions were payable to the PCSPS at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands (2014: 16.7% to 24.3%). The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during the year ended 31 March 2015 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 £9,778,000 (2014: £9,352,000).

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 £234,000 were paid to a panel of three appointed stakeholder pension providers (2014: £212,000).

Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £4,200 (2014: £6,000) 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 (2014: nil). Contributions prepaid at that date were nil (2014: nil).

English Heritage operates a by-analogy scheme to the PCSPS for three of the previous Chairs. The scheme liability at 31 March 2015 was £245,000 (2014: £232,000). This scheme has been valued by the Government Actuary's Department in accordance with HM Treasury guidelines and International Accounting Standard (IAS) 19 principles.



# Notes to the Financial Statements

## 15. Intangible Assets

English Heritage and HBMCE	Software Licences £'000	Systems Development £'000	Goodwill £'000	Assets under Construction £'000	Total £'000
<b>Cost or Valuation</b>					
At 1 April 2014	2,421	12,237	104	559	15,321
Additions	108	–	–	1,904	2,012
Disposals	–	(1,126)	–	–	(1,126)
Reclassifications	19	2,384	–	(2,208)	195
Revaluations	(79)	(373)	–	–	(452)
<b>At 31 March 2015</b>	<b>2,469</b>	<b>13,122</b>	<b>104</b>	<b>255</b>	<b>15,950</b>
<b>Amortisation</b>					
At 1 April 2014	1,484	11,399	26	–	12,909
Charged in Year	353	938	–	–	1,291
Disposals	–	(1,126)	–	–	(1,126)
Revaluations	(93)	(201)	–	–	(294)
<b>At 31 March 2015</b>	<b>1,744</b>	<b>11,010</b>	<b>26</b>	<b>–</b>	<b>12,780</b>
Carrying Amount at 31 March 2014	937	838	78	559	2,412
<b>Carrying Amount at 31 March 2015</b>	<b>725</b>	<b>2,112</b>	<b>78</b>	<b>255</b>	<b>3,170</b>

All intangible assets are owned outright by English Heritage (2014: all).

English Heritage and HBMCE	Software Licences £'000	Systems Development £'000	Goodwill £'000	Assets under Construction £'000	Total £'000
<b>Cost or Valuation</b>					
At 1 April 2013	1,718	12,240	104	442	14,504
Additions	606	20	–	609	1,235
Disposals	(103)	(14)	–	–	(117)
Impairments	(3)	–	–	–	(3)
Reclassifications	235	257	–	(492)	–
Revaluations	(32)	(266)	–	–	(298)
<b>At 31 March 2014</b>	<b>2,421</b>	<b>12,237</b>	<b>104</b>	<b>559</b>	<b>15,321</b>
<b>Amortisation</b>					
At 1 April 2013	1,221	10,708	26	–	11,955
Charged in Year	369	957	–	–	1,326
Disposals	(76)	(14)	–	–	(90)
Revaluations	(30)	(252)	–	–	(282)
<b>At 31 March 2014</b>	<b>1,484</b>	<b>11,399</b>	<b>26</b>	<b>–</b>	<b>12,909</b>
Carrying Amount at 31 March 2013	497	1,532	78	442	2,549
<b>Carrying Amount at 31 March 2014</b>	<b>937</b>	<b>838</b>	<b>78</b>	<b>559</b>	<b>2,412</b>

# Notes to the Financial Statements

## 16. Property, Plant & Equipment

English Heritage and HBMCE	Operational Land & Buildings £'000	Dwellings £'000	Plant & Machinery £'000	Information Systems £'000	Furniture & Fittings £'000	Assets under Construction £'000	Total £'000
<b>Cost or Valuation</b>							
At 1 April 2014	101,386	2,508	15,549	5,669	5,731	4,763	<b>135,606</b>
Additions	88	100	880	473	12	5,248	<b>6,801</b>
Disposals	(884)	–	(110)	(559)	(257)	–	<b>(1,810)</b>
Impairments	(123)	–	–	–	(1)	–	<b>(124)</b>
Reclassifications	6,011	580	387	101	120	(7,191)	<b>8</b>
Revaluations	8,380	177	(51)	107	(4)	–	<b>8,609</b>
<b>At 31 March 2015</b>	<b>114,858</b>	<b>3,365</b>	<b>16,655</b>	<b>5,791</b>	<b>5,601</b>	<b>2,820</b>	<b>149,090</b>
<b>Depreciation</b>							
At 1 April 2014	27,966	1,242	8,497	4,396	3,654	–	<b>45,755</b>
Charged in Year	4,023	136	1,272	481	430	–	<b>6,342</b>
Disposals	(216)	–	(110)	(559)	(257)	–	<b>(1,142)</b>
Reclassifications	(111)	60	5	–	46	–	<b>–</b>
Revaluations	2,305	93	(116)	108	(28)	–	<b>2,362</b>
<b>At 31 March 2015</b>	<b>33,967</b>	<b>1,531</b>	<b>9,548</b>	<b>4,426</b>	<b>3,845</b>	<b>–</b>	<b>53,317</b>
Carrying Amount at 31 March 2014	73,420	1,266	7,052	1,273	2,077	4,763	<b>89,851</b>
<b>Carrying Amount at 31 March 2015</b>	<b>80,891</b>	<b>1,834</b>	<b>7,107</b>	<b>1,365</b>	<b>1,756</b>	<b>2,820</b>	<b>95,773</b>

Total Non-Current Asset acquisitions in the year to the fair value of £4,854,000 were funded by government grant (2014: £7,278,000), £719,000 by non-government grant (2014: £3,638,000), £15,000 by donations (2014: £1,237,000), £3,161,000 by asset sale proceeds (2014: £2,879,000) and £719,000 by lottery funding (2014: £7,890,000).

The professional valuations in the year ended 31 March 2015 were for land and buildings using the Depreciated Replacement Cost method, with a net book value of £4,775,000 (2014: £1,339,000).

The transfers from Assets under Construction to other Non-Current Asset categories represent Assets under Construction which have been completed in the year. These include the Eltham visitor facilities project, the Kenilworth viewing platforms, the Conisborough visitor facilities project and the Stonehenge security project and Neolithic huts.

English Heritage's obligations under finance leases (note 24) are secured by the lessors' title to the leased assets, which have a carrying value of £11,928,000 (2014: £11,392,000) within land and buildings excluding dwellings. All other property, plant & equipment is owned outright by English Heritage (2014: all).

# Notes to the Financial Statements

## 16. Property, Plant & Equipment

English Heritage and HBMCE	Operational Land & Buildings £'000	Dwellings £'000	Plant & Machinery £'000	Information Systems £'000	Furniture & Fittings £'000	Assets under Construction £'000	Total £'000
<b>Cost or Valuation</b>							
At 1 April 2013	83,062	2,995	9,998	5,348	4,276	14,509	<b>120,188</b>
Additions	17	–	1,307	86	–	19,690	<b>21,100</b>
Disposals	(484)	(202)	(67)	(56)	–	–	<b>(809)</b>
Impairments	(623)	(3)	–	(2)	9	–	<b>(619)</b>
Reclassifications	23,624	(410)	4,006	407	1,398	(29,436)	<b>(411)</b>
Revaluations	(4,210)	128	305	(114)	48	–	<b>(3,843)</b>
<b>At 31 March 2014</b>	<b>101,386</b>	<b>2,508</b>	<b>15,549</b>	<b>5,669</b>	<b>5,731</b>	<b>4,763</b>	<b>135,606</b>
<b>Depreciation</b>							
At 1 April 2013	25,577	1,247	7,166	4,087	3,178	–	<b>41,255</b>
Charged in Year	4,566	114	1,220	461	409	–	<b>6,770</b>
Disposals	(238)	(55)	(49)	(56)	–	–	<b>(398)</b>
Revaluations	(1,939)	(64)	160	(96)	67	–	<b>(1,872)</b>
<b>At 31 March 2014</b>	<b>27,966</b>	<b>1,242</b>	<b>8,497</b>	<b>4,396</b>	<b>3,654</b>	<b>–</b>	<b>45,755</b>
Carrying Amount at 31 March 2013	57,485	1,748	2,832	1,261	1,098	14,509	<b>78,933</b>
<b>Carrying Amount at 31 March 2014</b>	<b>73,420</b>	<b>1,266</b>	<b>7,052</b>	<b>1,273</b>	<b>2,077</b>	<b>4,763</b>	<b>89,851</b>

# Notes to the Financial Statements

## 17. Heritage Assets

English Heritage and HBMCE	Land & Buildings £'000	Artefacts & Archives £'000	Assets under Construction £'000	Total £'000
<b>Cost or Valuation</b>				
At 1 April 2014	17,828	7,686	203	<b>25,717</b>
Additions	14	51	575	<b>640</b>
Donations	–	15	–	<b>15</b>
Disposals	(2,456)	–	–	<b>(2,456)</b>
Reclassifications	243	332	(778)	<b>(203)</b>
Revaluations	1,326	–	–	<b>1,326</b>
<b>Carrying Amount at 31 March 2015</b>	<b>16,955</b>	<b>8,084</b>	<b>–</b>	<b>25,039</b>

English Heritage and HBMCE	Land & Buildings £'000	Artefacts & Archives £'000	Assets under Construction £'000	Total £'000
<b>Cost or Valuation</b>				
At 1 April 2013	18,177	6,436	754	<b>25,367</b>
Additions	307	135	564	<b>1,006</b>
Disposals	(221)	–	–	<b>(221)</b>
Impairments	(111)	–	–	<b>(111)</b>
Reclassifications	410	1,115	(1,115)	<b>410</b>
Revaluations	(734)	–	–	<b>(734)</b>
<b>Carrying Amount at 31 March 2014</b>	<b>17,828</b>	<b>7,686</b>	<b>203</b>	<b>25,717</b>

The table below provides a summary of transactions relating to heritage assets for the current and previous three accounting periods. There are no transactions relating to assets which are not reported in the Statement of Financial Position.

	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Cost of Acquisition	<b>640</b>	1,006	969	221
Value Acquired by Donation	<b>15</b>	–	–	10
Impairments Recognised	–	(111)	–	(20)

All land and buildings are subject to a full professional valuation every five years. In 2014-15, in preparation for significant works being carried out as part of the New Model arrangements, a number of heritage assets which had not previously been subject to valuation have been valued by Powis Hughes in order to obtain a baseline prior to works being carried out in 2015/16 to address significant conservation defects. A rolling programme of such valuations will be conducted in the next seven years at all sites which are the subject of conservation defects work. The results of the valuations carried out in 2014/15 were nil valuations at all sites valued.

All artefacts and archives acquired since 2001 are recognised and held at cost or, where donated, at market value (note 1j).

# Notes to the Financial Statements

## 18. Further Information on English Heritage's Heritage Assets

### *Land and Buildings – Pure Heritage Assets*

English Heritage manages the National Heritage Collection of over 400 historic properties throughout England providing a diverse portfolio that includes World Heritage Sites, industrial monuments, castles, historic houses, abbeys, forts, stone circles and a large part of Hadrian's Wall. They range from prehistoric ruins to the lavishly furnished Osborne House. In age they range from Neolithic burial chambers dating from 3500-2600BC to 20th 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), (notes 1i and 1j). Over 550 discrete pure heritage assets have been identified and encompass the vast majority of what would be recognised as the main buildings at these properties.

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

Of the pure heritage assets held by English Heritage, only Hamondsworth Barn, Gloucester Greyfriars and Richborough shop, museum and cottage have been capitalised and recognised on the Statement of Financial Position. Apethorpe Hall, which was previously recognised, was sold during the year.

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

### *Land and Buildings – Operational Heritage Assets*

English Heritage holds 80 operational heritage assets. All acquisitions and disposals of land and buildings as disclosed in note 17 relate to operational heritage assets. All expenditure on the conservation and maintenance of property has been charged to the Statement of Comprehensive Net Expenditure as it was incurred.

### *Historic Artefacts*

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

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

Total expenditure of £433,000 was incurred on historic artefacts (including replicas) during the year ended 31 March 2015 (2014: £1,264,000). £398,000 of this expenditure was charged to Heritage Assets (2014: £1,250,000) and £35,000 was charged to the Statement of Comprehensive Net Expenditure (2014: £14,000). Donated artefacts received during the year had a value of £15,000 (2014: £5,000). There were no disposals of artefacts during the year, or in the previous year.

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

# Notes to the Financial Statements

## 18. Further Information on English Heritage's Heritage Assets

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

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

### *Archives*

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

Expenditure on digitisation of existing archives of £38,000 was incurred during the year ended 31 March 2015 (2014: £531,000). All of this expenditure was charged to Heritage Assets. This expenditure related to the digitisation of two existing archives: The Architectural Red Boxes and the Aerofilms Collection.

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

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

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

# Notes to the Financial Statements

## 19. Conservation and Management

The National Collections Group within English Heritage is responsible for the conservation and maintenance of the English Heritage estate and artefacts. The Estates Teams are responsible for the historic estate, and the Curatorial Department for artefacts.

Staff caring for the historic estate are split into three teams: Conservation Maintenance, National Projects and Development Projects. Their work is currently divided into three main streams: the Annual Maintenance Programme (planned cyclical and response maintenance); the Minor Planned Maintenance Programme (small repair projects usually of less than £50,000); and the Major Planned Repair Programme (larger long-term or one off conservation projects usually of more than £50,000). The team also contribute and provide project management resources to the Capital Investment Programme. The work streams are developed in line with the strategy and process set out in the English Heritage Asset Management Plan (AMP). The AMP enables the conservation of the estate to be managed according to nationally-established conservation priorities and gives English Heritage an awareness of the scale of the 'conservation deficit' in relation to the resources available to address it along with impact assessments of English Heritage's ability to procure the necessary works.

Total expenditure on site maintenance of £14,626,000 was incurred during the year ended 31 March 2015 (2014: £13,532,000). Further information is provided in the separate publication *Conservation Principles, Policies and Guidance*, which is now located on the Historic England website. This sets out the framework within which historic estates are managed as well as the thinking that guides Historic England's advice to others.

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

The English Heritage Archive is maintained within the National Advice and Information Group. The Archive's repository and main public service activities are based in Swindon, Wiltshire. The Archive is a recognised place of deposit under public records legislation and has high environmental standards for the storage of photographs and other archives. The Archive aims to devise and maintain services which reflect the varied requirements of a wide range of users. The Archive works closely with the parallel National Monument Records in Scotland and Wales on a range of archives and access projects, and operates in a UK, European and international context especially for common standards on the management of records of the historic environment. The Archive Team ensures the conservation of the collections and archives held by the Archive, and supports intellectual and physical access to them by users. Activities include conservation, cataloguing, contributing to access initiatives and maintaining flowlines to ensure that records deposited with the Archive are made available.

# Notes to the Financial Statements

## 20. Financial Assets

<b>HBMCE</b>	<b>Total £'000</b>
<b>Subsidiary Undertakings</b>	
At 1 April 2014	2,028
Transfers in – English Heritage Trust	3,122
Revaluation – English Heritage Trust	79,345
At 31 March 2015	<b>84,495</b>

Details of the subsidiary undertakings are given in note 33.

## 21. Inventories

	English Heritage		HBMCE	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Inventories	<b>5,839</b>	5,162	–	–

Inventories are stated after write offs in the year of £149,000 (2014: £94,000) and provisions of £128,000 (2014: £81,000).

## 22. Trade and other Receivables

	English Heritage		HBMCE	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade Receivables	1,110	1,471	1,110	1,471
Value Added Tax	3,520	4,543	3,512	4,543
Prepayments and Accrued Income	4,830	5,154	4,830	5,154
Other Receivables	1,085	621	1,085	621
Amount Owed by Subsidiary Undertaking	–	–	3,963	4,111
<b>Total Trade and Other Receivables</b>	<b>10,545</b>	11,789	<b>14,500</b>	15,900
<b>Analysis by Counterparty Status</b>				
Balances with Central Government Bodies	5,503	6,873	5,495	6,873
Balances with Local Authorities	102	1,967	102	1,967
Balances with Public Corporations	3	–	3	–
Balances with Bodies External to Government	4,937	2,949	8,900	7,060
<b>Total Trade and Other Receivables</b>	<b>10,545</b>	11,789	<b>14,500</b>	15,900



# Notes to the Financial Statements

## 23. Financial Instruments

As English Heritage has a Management Agreement with DCMS, it 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 held no investments as at 31 March 2015. Surplus funds are held on short-term fixed interest rate deposit with institutions with low risk credit ratings, classified as cash and cash equivalents.

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

### a) Liquidity Risk

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

### b) Interest Rate Risk

English Heritage's long-term financial liabilities relate solely to provisions (note 27), none of which are interest bearing and are mainly due within 1 year. The only disclosable financial assets are cash and cash equivalents, current and non-current 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

No financial assets classified as fixed term deposits were held at 31 March 2015 (2014: nil).

## 24. Obligations Under Finance Leases

Total future minimum lease payments under finance leases are given in the table below for each of the following periods:

English Heritage and HBMCE	2015 £'000	2014 £'000
<b>Obligations under finance leases for the following periods comprise:</b>		
<i>Land &amp; Buildings</i>		
Not later than one year	566	566
Later than one year and not later than five years	2,266	2,266
Later than five years	21,523	22,089
	<u>24,355</u>	<u>24,921</u>
Less interest element	(16,960)	(17,505)
<b>Present value of obligations</b>	<b><u>7,395</u></b>	<b><u>7,416</u></b>

Contingent rents are calculated as the increases in rental costs as a result of rent reviews. During the year £281,000 of contingent rents have been paid (2014: £281,000).

# Notes to the Financial Statements

## 24. Obligations Under Finance Leases

It is English Heritage's policy to lease certain of its property, plant & equipment under finance leases. The Engine House building and the English Heritage 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 1p.

Net lease liabilities repayable within one year were £566,000 (2014: £566,000), in the second to fifth years inclusive £1,878,000 (2014: £1,878,000) and after five years £4,951,000 (2014: £4,972,000).

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

# Notes to the Financial Statements

## 25. Trade and Other Payables

	English Heritage		HBMCE	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade Payables	12,149	14,969	12,149	14,969
Income Tax and Social Security	1,150	1,103	1,150	1,103
Pensions	22	18	22	18
Deferred Income	9,250	8,478	8,662	7,957
Deferred Capital Grants	–	123	–	123
Accruals	13,443	11,273	13,425	11,273
Other Payables	341	369	344	369
Amount Owed to Subsidiary Undertaking	–	–	–	1,032
<b>Trade and Other Payables</b>	<b>36,355</b>	<b>36,333</b>	<b>35,752</b>	<b>36,844</b>
<b>Analysis by Counterparty Status</b>				
Balances with Central Government Bodies	779	3,159	779	3,159
Balances with Local Authorities	139	561	139	561
Balances with Public Corporations	46	–	46	–
Balances with Bodies External to Government	35,391	32,613	34,788	33,124
<b>Total Trade and Other Payables</b>	<b>36,355</b>	<b>36,333</b>	<b>35,752</b>	<b>36,844</b>

## 26. Other Non-Current Payables

	English Heritage		HBMCE	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Pensions	223	214	223	214
Deferred Income	3,613	3,352	3,613	3,317
<b>Other Non-Current Payables</b>	<b>3,836</b>	<b>3,566</b>	<b>3,836</b>	<b>3,531</b>

# Notes to the Financial Statements

## 27. Provisions

	Early Retirement & Restructuring Costs £'000	Legal & Constructive Obligations £'000	Total £'000
<b>Balance at 1 April 2014</b>	1,041	993	<b>2,034</b>
Provided in the Year	22	–	22
Provisions Released in the Year	(72)	(810)	(882)
Provisions Utilised in the Year	(460)	(88)	(548)
<b>Balance at 31 March 2015</b>	<b>531</b>	<b>95</b>	<b>626</b>
<b>Balance at 1 April 2013</b>	1,230	260	<b>1,490</b>
Provided in the Year	251	886	1,137
Provisions Released in the Year	–	(10)	(10)
Provisions Utilised in the Year	(440)	(143)	(583)
<b>Balance at 31 March 2014</b>	<b>1,041</b>	<b>993</b>	<b>2,034</b>

A provision of £531,000 (2014: £1,041,000) has been made with relation to early retirement costs payable until pensionable age of 60. These are payable by monthly instalments to pensioners until 2019. Provisions are calculated based on third party information provided by pension scheme administrators.

A provision of £nil (2014: £796,000) has been made against dilapidations, rent reviews and contractual disputes, with payment likely to be incurred during 2015. The provision has been calculated based on third party information provided by landlords and subcontractors.

A provision of £95,000 (2014: £197,000) has been made with relation to personal injury and other claims made against English Heritage. The provision has been calculated based on the claim amount and likelihood of payment. Payment of the amount provided is likely to be incurred in the next financial year.

## 28. Development and Restricted Funds

	Balance at 1 April 2014 £'000	Income £'000	Revenue Expenditure £'000	Capital Expenditure £'000	Balance at 31 March 2015 £'000
<b>English Heritage and HBMCE</b>					
Rangers House (Wernher Foundation)	240	2	(2)	–	240
Other Restricted Funds	–	2	–	–	2
<b>Total Restricted Funds</b>	240	4	(2)	–	242
Development Fund	288	26	–	–	314
<b>Total Funds</b>	<b>528</b>	<b>30</b>	<b>(2)</b>	<b>–</b>	<b>556</b>

The total funds were held as pooled investments as follows:  
Cash and Cash Equivalents

2015 £'000	2014 £'000
<b>556</b>	528

# Notes to the Financial Statements

## 29. Cash and Cash Equivalents

	2015 £'000	2014 £'000
<b>English Heritage</b>		
Balance at 1 April	3,776	6,629
Net Change in Cash and Cash Equivalents Balances	83,496	(2,853)
<b>Balance at 31 March</b>	<b>87,272</b>	3,776
The following balances at 31 March were held with:		
<b>Cash</b>		
Government Banking Service	82,462	1,745
Commercial Banks	4,810	2,031
	<b>87,272</b>	3,776
<b>Cash Equivalents</b>		
Commercial Banks	-	-
<b>Balance at 31 March</b>	<b>87,272</b>	3,776
<b>HBMCE</b>		
Balance at 1 April	3,275	6,128
Net Change in Cash and Cash Equivalents Balances	783	(2,853)
<b>Balance at 31 March</b>	<b>4,058</b>	3,275
The following balances at 31 March were held with:		
<b>Cash</b>		
Government Banking Service	2,462	1,745
Commercial Banks	1,596	1,530
	<b>4,058</b>	3,275
<b>Cash Equivalents</b>		
Commercial Banks	-	-
<b>Balance at 31 March</b>	<b>4,058</b>	3,275

## 30. Commitments

a) <b>Grant Offers Made to Other Bodies and Individuals</b>	<b>£'000</b>
<b>Balance Outstanding at 1 April 2014</b>	<b>26,848</b>
Grants Paid During the Year	(19,370)
New Grant Offers Made During the Year Net of Lapsed Offers	12,463
<b>Commitment Outstanding at 31 March 2015</b>	<b>19,941</b>
b) <b>Contracts</b>	
Expenditure contracted for as at 31 March 2015 but not provided for in the financial statements amounted to £16,662,000 (2014: £21,948,000) including capital commitments of £1,489,000 (2014: £2,077,000), of which £1,461,000 (2014: £1,636,000) related to tangible Non-Current Assets and £28,000 (2014: £441,000) related to intangible Non-Current Assets.	

# Notes to the Financial Statements

## 30. Commitments

### 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:

	2015 £'000	2014 £'000
<b>Land and Buildings</b>		
Not later than one year	2,608	2,593
Later than one year and not later than five years	6,087	7,232
Later than five years	22,693	18,363
	<b>31,388</b>	28,188
<b>Other</b>		
Not later than one year	97	77
Later than one year and not later than five years	73	96
<b>Total Operating Lease Commitments</b>	<b>31,558</b>	28,361

The majority of leases relate to property rentals and are subject to rent reviews. During the year ended 31 March 2015 payments under operating leases totalled £3,301,000 (2014: £3,072,000).

## 31. Losses and Special Payments

	2015 £'000	2014 £'000
Losses/(Write Backs)	295	623
Special Payments	38	51
<b>Total Losses and Special Payments</b>	<b>333</b>	674

Losses incurred relate to bookkeeping losses, stock write-offs and abandoned claims.

## 32. Contingent Liabilities

Various outstanding claims existed at 31 March 2015. Provision has been made in the accounts for the year ended 31 March 2015 for those outstanding liabilities which will probably require settlement, and where the amount of the liability can be reliably estimated (note 27). No contingent liabilities have been identified at 31 March 2015 (2014: none).

# Notes to the Financial Statements

## 33. 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 has been included in the consolidated results:

	2015 £'000	2014 £'000
<b>Income and Expenditure</b>		
Turnover	20,617	17,085
Expenditure	(17,422)	(15,021)
Operating Profit	3,195	2,064
Interest Receivable and Similar Income	4	5
<b>Profit on Ordinary Activities Before Gift Aid</b>	3,199	2,069
Gift Aid to HBMCE	(3,199)	(2,069)
<b>Profit on Ordinary Activities Before and After Taxation</b>	-	-
<b>Net Assets as at 31 March</b>	2015 £'000	2014 £'000
Current Assets	5,839	6,696
Creditors: Amounts Falling Due Within One Year	(3,811)	(4,633)
Creditors: Amounts Falling Due After More Than One Year	-	(35)
<b>Net Assets</b>	2,028	2,028
Share Capital – Ordinary Shares at £1 Each	2,028	2,028
Profit and Loss Account	-	-
<b>Shareholders' Funds</b>	2,028	2,028

### b) The English Heritage Trust

HBMCE is the sole guarantor of the English Heritage Trust, incorporated in 2010. The English Heritage Trust became a subsidiary of the Historic Buildings and Monuments Commission for England ('HBMCE') on 12 December 2014.

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

	12 December 2014 to 31 March 2015 £'000
<b>Incoming and Expended Resources</b>	
Total Incoming Resources	80,288
Total Resources Expended	(943)
<b>Net Income for the Year</b>	79,345
<b>Reconciliation of Funds</b>	
Total Funds Brought Forward	3,122
Total Funds Carried Forward	82,467
<b>Net Assets as at 31 March</b>	March 2015 £'000
Current Assets	83,223
Creditors Amounts Falling Due Within One Year	(756)
Creditors Amounts Falling Due After More Than One Year	-
<b>Net Assets</b>	82,467
Restricted	81,490
Unrestricted	977
<b>Funds</b>	82,467

# Notes to the Financial Statements

## 33. Subsidiary Undertakings

### c) English Heritage Limited

HBMCE is the sole shareholder of English Heritage Limited, incorporated in 1984. English Heritage Limited was dormant throughout the current and prior years.

### d) Historic England Limited

HBMCE is the sole shareholder of Historic England Limited, incorporated in 2014. Historic England Limited has been dormant throughout the current year.

### e) The Iveagh Bequest

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

The Iveagh Bequest's principal place of business is 1 Waterhouse Square, 138-142 Holborn, London, EC1N 2ST.

On 28 March 2012, the trustee of the Iveagh Bequest agreed that the charity's investments be sold and be spent on the Kenwood House project. The investment was subsequently sold on 24 May 2012.

The Iveagh Bequest was dormant throughout the current and prior years.

## 34. 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 2015 there were no projects in progress that were grant funded by landfill tax credits (2014: nil).

## 35. New Model Impact

Additional Grant in Aid of £80 million was received in year in relation to the New Model. This has resulted in impacts throughout the financial statements as follows:

- Consolidated Statement of Financial Position (page 36) – The General Reserve has been increased to reflect the consolidation of the English Heritage Trust which held the £80 million at 31 March 2015.
- HBMCE Statement of Financial Position (page 37) – The Financial Asset Reserve represents the value of the English Heritage Trust at 31 March 2015 as HBMCE holds a controlling position in the charity.
- Consolidated Statement of Cash Flows (page 38) – The increase in cash in the year relates to the consolidation of the English Heritage Trust which held £83.214 million cash (including the New Model £80 million) at 31 March 2015.
- HBMCE Statement of Cash Flows (page 39) – Net Expenditure after Interest of £180.861 million includes the granting of the £80 million from HBMCE to the English Heritage Trust in March 2015.
- HBMCE Statement of Changes in Taxpayers' Equity (page 41) – The Gain on Revaluation on the Financial Asset Reserve of £79.345 million includes the receipt of £80 million by the English Heritage Trust.
- Note 29 – Cash and Cash Equivalents (page 65) – The £80 million is held in a Government Banking Service (GBS) account and drawn down as required.
- Note 33b – Subsidiary Undertakings (page 67) – The Net Assets of the English Heritage Trust includes the £80 million New Model grant which is held as cash.

## 36. Post Balance Sheet Event

On 1 April 2015, the New Model contractual framework came into force which sees HBMCE providing the English Heritage Trust with a Property and Operating Licence Agreement to operate the National Heritage Collection for eight years. The operations within the English Heritage group will remain largely unchanged, although the elements which remain within the DCMS reporting boundary change significantly as the English Heritage Trust is a public corporation and therefore not consolidated into DCMS group accounts.



# Donors, Sponsors and Contributors

## Gifts and Donations

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 2015. The following have given amounts of, or worth, £1,000 or more:

### Corporate Partners & Support

Aztec Marketing Solutions  
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Royal Mail Group Ltd  
Welspun UK Ltd

### Donations were given in memory of loved ones by

Giles Ellwood  
Saul Biber  
Victoria Dry  
Aaron Tilley  
Sarah Tuckman  
Terence Ray  
David Ryan

### Grant Making and Public Bodies

Arts Council England  
Cardiff University  
Doncaster Metropolitan Borough Council  
European Union  
The PCC of All Saints Church, Helmsley  
Herefordshire Council  
Heritage Lottery Fund  
Kensington and Chelsea College  
Lantra  
Southend-on-Sea Borough Council

### Friends Groups

Chiswick House Friends  
Island Friends of Osborne  
The Friends of the Iveagh Bequest, Kenwood

### Legacies

Hugh Anderson Legacy Trust  
Gladys Bourne  
Joan Bridges  
Desmond Robert Kennedy Cahill  
Joan Grace Cooper  
Pamela Dooner  
Kathleen Mary Elizabeth Griffiths  
Frederick Henry Hodgkins  
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Adrian Well

### Charitable Trusts

The Art Fund  
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The Barbara and Philip Denny Charitable Trust  
The Clothworkers' Foundation  
The Creative Society  
Elizabeth Wagland Fund  
The English Heritage Trust  
The Linbury Trust  
The National Trust  
The Wolfson Foundation

### Individual Donations

Mr Graham Cooper  
The Lord Lloyd Webber  
Sir Laurie and Lady Jocelyn Magnus  
Simon and Midge Palley  
Douglas Sargent  
Donald Smalley

In addition to the donors, sponsors, legators and contributors listed above, during the year ended 31 March 2015 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.

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ENGLISH HERITAGE

