

15/16

Historic England / Annual Report & Accounts  
2015/2016



Historic England

# **Historic England** / Annual Report & Accounts 2015/2016

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to the National Heritage Act 1983.

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# Introduction

This Annual Report and Accounts covers the first year following implementation of our New Model – a reorganisation, approved by Government, whereby the Historic Buildings and Monuments Commission for England adopted the brand name of Historic England and transferred the management of its historic properties to a charity, the English Heritage Trust.

Historic England's core purpose is to champion and protect England's historic environment. This report provides an insight into the extensive range of our expertise and reach.

Our planning teams were involved in numerous projects to revive historic structures: from the vast Battersea Power Station complex in London to small redundant 18th century agricultural barns.

Our research work during the year has included supporting the excavation of the Bronze Age Village at Must Farm, near Peterborough, now considered the most complete example of its period in Western Europe.

Our Heritage Schools team has brought history to life for over 100,000 primary school children whilst our first exhibition – *Out There: Our Post-war Public Art* – has raised awareness of long forgotten sculptures commissioned across England as towns and cities rebuilt the damage suffered during the Second World War.

Our listing teams have ensured the listing and consequent protection of 704 war memorials so far to coincide with the nation's commemoration of the First World War.

Our Finance, Governance, HR and IT teams have successfully overseen implementation of the New Model, including the establishment of a shared service function to support staff at both Historic England and the English Heritage Trust across over 120 locations.

English Heritage's results, which are consolidated in this Annual Report and Accounts, have shown a positive outcome during its first full year as a charity, with targets for members and visitors both being exceeded.

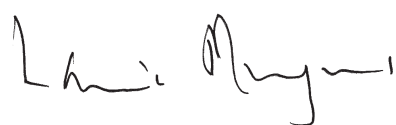
The Comprehensive Spending Review in November 2015 resulted in a budget cut for Historic England of 10% over the four years 2016/17 to 2019/20. We are seeking to minimise the impact of this cut to our services and, with the launch of our new Enhanced Advisory Services, developing opportunities to diversify our income.

We welcomed Duncan Wilson as our new Chief Executive on 5 May 2015. He joined me in a series of successful regional launches of Historic England during the early summer of 2015 and has given clear leadership to the whole organisation around the delivery of our Corporate Plan.

During the year, Peter Draper and Graham Morrison retired as Commissioners. I would like to thank them for their valued contribution. I would also like to welcome Paul Baker, Nicholas Boys Smith, Rosemarie MacQueen, Neil Mendoza and Charles O'Brien who joined us as Commissioners on 1 January 2016.

Historic England is now firmly established on its new path, with a clear purpose. Its vital role in championing and protecting England's historic environment depends upon the dedication, expertise and passion of its staff, expert advisers and Commissioners. It also benefits from the support of the Ministerial and Civil Service team at the Department for Culture, Media and Sport.

I thank them all for their contribution.



**Sir Laurie Magnus**  
Chairman



# 1

## Performance Report



# 1 Performance Report

## Overview

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### Our Purpose

Historic England is the government's statutory adviser on the historic environment. Its role is to champion and protect England's historic environment.

The Historic Buildings and Monuments Commission for England (Historic England's formal name) is an executive non-departmental public body sponsored by the Department for Culture, Media and Sport (DCMS). It was established on 1 April 1984 by the National Heritage Act 1983. The Act sets out the scope of its duties and functions. On 1 April 2015 it changed the name by which it is generally known from English Heritage to Historic England. From that same date English Heritage became the common name of the English Heritage Trust, which, under licence from Historic England, manages the National Heritage Collection of over 420 historic properties in the care of the state that are open to the public.

### Chief Executive's Statement

Historic England has continued to champion England's spectacular historic places – our historic buildings, monuments and landscapes, and archaeological sites below ground and underwater. We have drawn attention to particular aspects of our heritage at risk, whether individual buildings or whole classes of asset. We have used our expertise and resources to save the most important, always trying to encourage a long term and sustainable solution. We have focused on engaging more effectively with the general public and our sector as a critical factor in achieving our mission. The highlights of the year are described in the performance analysis section on page six.

For the purposes of the financial statements included within this report, Historic England is within a group also comprising the English Heritage Trust, English Heritage Trading Ltd and the Iveagh Bequest (a trust of which Historic England is the sole trustee). Note 1 to the financial statements, which starts on page 46, explains this more fully. Commentary on the performance of English Heritage is on page ten.

### Key Issues and Risks

While the year has had many highlights it has also brought its challenges. Some of the challenges inherent in being a relatively small organisation trying to influence a whole country are perennial. We have continued to be rigorous and imaginative in setting our priorities so as to maximise our impact on heritage protection. The principal challenges this year have been as follows:

- Historic England received a further cut to its Grant in Aid of 10% in real terms over four years. We have restructured and refocused in response, re-prioritising the commitments published in our Action Plan in April 2015. 65 members of staff are leaving the organisation under a voluntary exit scheme.
- Many others involved in protecting and caring for heritage, from local authorities to private owners to the trusts and societies that do so much to advocate for and sustain England's historic environment, also face considerable financial tightening. Working with volunteers through the war memorials programme with the War Memorials Trust has been a successful example of rethinking our approach. We have also focused our efforts on helping local authorities identify ways of maintaining their heritage services, but we remain very concerned by the level of expert conservation staff in the planning system.
- The government's drive to see more housing built has led to some proposed profound changes to the planning system. These could have a significant unintended impact on heritage protection. We have advised several Parliamentary Committees and been in close liaison with the government, particularly regarding changes to the National Planning Policy Framework and the then Housing and Planning Bill.

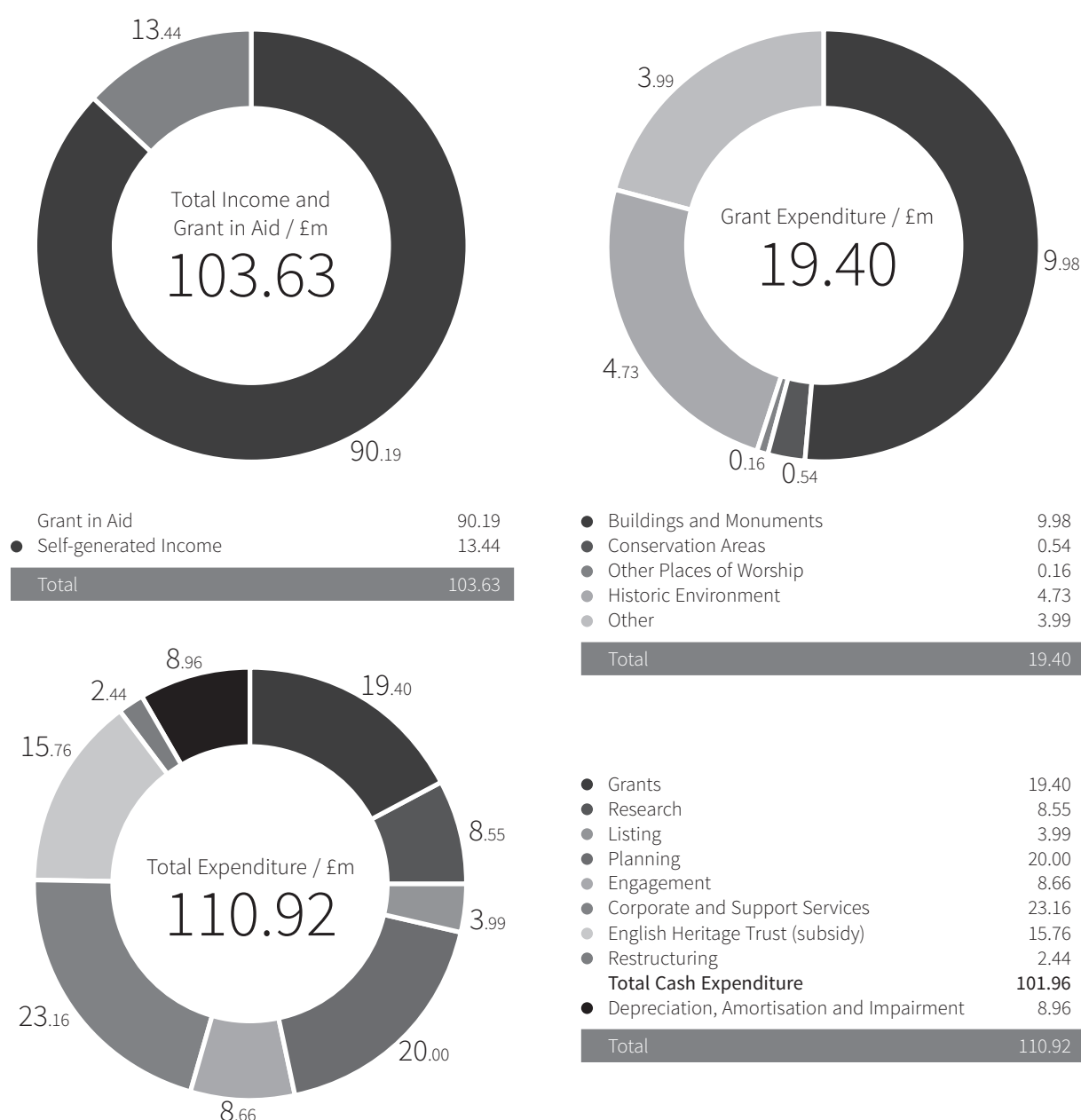
- This was the first year that the English Heritage Trust was operating the National Heritage Collection under licence from Historic England. English Heritage was given an £80 million government grant at its start up to spend over eight years on addressing the conservation deficit and new visitor facilities. Historic England has been supporting English Heritage through the provision of around £10 million of shared services, such as finance, HR, IT and legal. We have also been monitoring the performance of English Heritage's duties under its operating licence and grant conditions, which has been satisfactory. Nonetheless, this was a very significant change for both organisations, including substantial changes in management. English Heritage has had a good year, but its business targets remain challenging. Further commentary is on page ten.

The way in which we manage risks generally is described in the Governance Statement that starts on page 22.

## Adoption of the Going Concern Basis

The Annual Report and Accounts has been prepared on a going concern basis. The organisation is principally reliant on funding from the Department for Culture, Media and Sport with whom we have an agreement on funding until 2020.

## Performance Summary



The Grant in Aid figure quoted does not include funding for non-cash elements such as depreciation, amortisation and impairments but does include capital funding.

# Performance Analysis

The process for monitoring the performance of the organisation and managing its risks is set out in the Governance Statement that starts on page 22. Our Management Agreement progress report starts on page 12.

## Highlights of the Year

Historic England has had an exciting first year with its new identity and focus. We are very pleased that so many who know us well found the transition relatively easy, reassured that we are the same independent government advisers that we have been for more than three decades. The work to spread our new name more widely continues. Media and public engagement successes, such as our campaign and exhibition on post-war public art and our support for the First World War Memorials Programme, have done much to help. RepTrak, the reputation evaluation service, placed Historic England in the top ten Arm's Length Bodies within the UK in 2015.

We developed a new working relationship with the English Heritage Trust, which from the beginning of the year started operating the National Heritage Collection of over 420 historic properties under licence from Historic England. As well as providing grant in excess of £15.45 million to support the charity with its trading deficit, Historic England also provided at cost shared services, such as IT, finance, HR and legal advice, for £10.92 million.

As part of the Comprehensive Spending Review Government announced a reduction in our Grant in Aid from 2016/17 onwards that amounts to a real terms reduction of around 10% over four years. While this represented a reasonable settlement compared to other unprotected areas of public spending, we have had to reconsider our priorities and identify efficiency savings. Unfortunately this has resulted in a necessary reduction in staff, although this has mostly been achieved through voluntary exits and we have tried to protect front line operations as far as possible.

## Listing

Historic England has been marking the centenary of the First World War by adding nearly 500 war memorials to the National Heritage List for England this year. Many of these attracted considerable interest with the public and media. As part of a strategic review we also listed 20 inter-war pubs. Our *Pride of Place* project led to the listing of the Royal Vauxhall Tavern in London – the first building to be listed for its importance to the gay community. Nearby at the Oval, the gas holder overlooking the cricket ground was listed: a high-profile example of our work on historic infrastructure. Other priority areas included places of worship. Two remarkable Roman Catholic churches in Yorkshire, St Charles Borromeo, Hull, and Ampleforth Abbey, were upgraded to Grade I.

Our post-war listing work majored on public art this year, with 42 sculptures being listed. These included Barbara Hepworth's *Winged Figure* (1962) on John Lewis' department store on Oxford Street, London, and pieces in Leeds, Loughborough, Canterbury, Harlow, St Helens, Milton Keynes and elsewhere. The additions were timed to coincide with the *Out There* exhibition about public art. Other prominent listings included Nicholas Grimshaw's former Financial Times printing works building of 1987/88 in Tower Hamlets, London, at Grade II\* and by contrast, the extension of the protected wreck site of the 15th century warship the *Henry Grace a Dieu* in the Hamble River, Hampshire. Another vessel from Henry V's fleet, the *Holigost*, was identified alongside. Well over 6,000 amendments were made to the List, as well as over 800 additions.

The National Heritage List for England continues to be the most visited part of our website, with over 1.5 million visits this year, up from 1.1 million in 2014/15.

## Research

Historic England funded over 300 new or ongoing research projects. One project, co-funded with the developers of the adjacent brick pit Forterra, ensured the emergency recording of a late Bronze Age settlement at Must Farm, Whittlesey, in Cambridgeshire. The work revealed the exceptionally well-preserved remains of a settlement site that had been destroyed in a catastrophic fire about 3,000 years ago. The survival of near-intact Bronze Age round houses and associated artefacts and environmental evidence makes the site of international importance. The site attracted national and international media coverage and was even dubbed the 'Peterborough Pompeii' by some. We were delighted that Heritage Minister David Evennett MP was able to visit the site shortly after his appointment.

Our highly-regarded *Informed Conservation* series has broadened its reach. All 32 volumes in the series are freely available from our website and we have published titles on the Hoo Peninsula in Kent and on Boston, Lincolnshire.

Our commitment to maximising the contribution of heritage to urban regeneration was reinforced by our co-organisation, with the Heritage Lottery Fund and the Prince's Regeneration Trust, of a major conference on industrial heritage. Held in Manchester in December, the conference was well received by its 200 delegates and the three conference sponsors are now discussing how to maintain the increased interest generated by the event in the adaptive re-use of industrial heritage.

As part of the support we offer to local authorities we delivered 32 free Historic Environment Local Management courses, with 960 training places, through our national programme, together with locally delivered events. New topics in the programme were on managing historic places of worship, understanding archaeology for planners and conservation area management.

The *Historic England Research* digital magazine was launched on 1 April 2015, with its second issue published in November. The digital magazine shares our research work with a wider audience. It has been viewed by over 24,000 visitors and has led to a significantly increased uptake of our academic research reports. Stories from the magazine have attracted considerable interest through social media channels.

We are forging an increasingly close relationship with the higher education sector. Historic England has been awarded 18 Collaborative Doctoral Award studentships funded by the Arts and Humanities Research Council. We deliver the PhD studentships in partnership with universities across the country to address priority research themes identified by Historic England and the English Heritage Trust. It is estimated that these studentships will lever in the equivalent of more than £1 million of research funding.

## Planning

Our three main areas of activity are providing advice on developments in the historic environment, helping owners to save heritage at risk and championing historic places. This work and that of the English Heritage Trust is supported by the expertise of our specialist conservation teams. We gave advice on over 22,000 planning cases this year, responding to 99.7% within 21 days (or an agreed deadline). We focus on proposals for major change and where we can add value and ensure that the historic environment is being used positively to stimulate growth and enhance quality of place. In October we introduced a new paid-for pre-application advice service that has seen a steady take-up.

Through a combination of grant aid and expertise, we have removed 33% of entries from the baseline 2010 *Heritage at Risk Register*. In 2015 604 assets were removed from the *Register* for positive reasons. Meanwhile the Heritage Angel Awards, generously sponsored by Andrew Lloyd-Webber, celebrated their fifth year with winners ranging from the Birmingham Conservation Trust for the Newman Brothers' Coffin Works in Birmingham to Emma Dawson in the best craftsmanship on a heritage rescue category. Our wide-ranging historic places work has involved supporting heritage-led regeneration, tackling conservation areas at risk, advising on local planning policy and neighbourhood plans, and working constructively with local partners.

As part of a project with Arts Council England and Thanet District Council to cultivate the creative sector in Margate which came to an end during the year, Historic England has helped heritage to play a leading role in the regeneration of the area. Our funding of a project officer over a five-year period has attracted more than £1.5 million in additional funding for heritage-related projects in the town.

Historic England has been involved in shaping major developments in the heart of the city of Durham and within the setting of the Cathedral and Castle World Heritage Site. Our advice informed the remodelling of the Gates Shopping Centre and the master-planning and subsequent design of a major new quarter on the site of the old Passport Office at Milburngate.

One of the world's most important historic buildings, Shrewsbury Flaxmill Maltings (Ditherington Flax Mill), is being brought back to life by Historic England. The latest phase, a £2.3 million regeneration project creating a visitor centre in the office and stable buildings, was supported by Historic England and the European Regional Development Fund. The Flaxmill Maltings is home to the world's first iron-framed building – a forerunner to the modern day skyscraper – and was instrumental in helping to change the world of construction and design.

One of the North East's top ten Heritage at Risk sites was saved this year. Felton Park Greenhouse is one of only 20 surviving curvilinear metal and glass structures in England. Built in about 1830, it is a particularly early and complete example of the 'hothouse' format developed by John Claudius Loudon, but had been at severe risk of collapse for many years. Grant aid and specialist advice from Historic England helped the owner bring in funding from the Heritage Lottery Fund, the Country Houses Foundation and Northumberland County Council. The repair project also showcased the specialist heritage craft skills needed to restore the building.

Historic England's partnership with the Prince's Regeneration Trust in Stoke-on-Trent continued with the completion of fabric repairs to the Grade II\* listed Wedgwood Institute. The building had been on the *Heritage at Risk Register* since 1998. A multi-million-pound project is now converting it into working space, a lecture theatre and performance area. Historic England provided £230,000 of grant aid towards the repair costs of approximately £1.5 million. Phase two will draw funding from City of Stoke-on-Trent Council, the HLF Heritage Enterprise scheme and the European Regional Development Fund.

The second phase of repairs to the Grade II\* listed Grand Hotel in central Birmingham has been completed with the help of a £200,000 grant from Historic England. Built in 1879, the hotel was added to the *Heritage at Risk Register* in 2005 when it closed, leaving the building only partially occupied and the front shrouded in protective scaffolding. Our grant helped fund the restoration of stonework and repairs to more than 180 windows, rainwater goods, roofing, brickwork and chimneys. As the year ended new tenants were about to move in as the next phase of works to upgrade the rest of the building into a luxury hotel got underway.

The colossal Grade II\* listed airship shed at former RAF Cardington in Bedfordshire was removed from the *Heritage at Risk Register* this year. Shed No 1, the only in situ pre-1918 hangar to survive in Europe, had been on the *Register* since its start in 1998. The substantial cost of repairs, around £9 million, was secured through enabling development. The hangar is now fully repaired and operational, housing the prototype for a new generation of airships. We are helping Bedfordshire Borough Council with a management plan for the shed's long-term maintenance.

Norfolk County Museum Service is developing plans to reinterpret the medieval keep of Grade I listed Norwich Castle that include reinstating the medieval great hall floor and improving visitor access. Following an announcement by the Prime Minister in May 2015, DCMS made a one-off grant of £1 million, administered and monitored by Historic England. The castle is also a protected scheduled monument. We reviewed this protection and removed part of it that overlapped with its listed building protection so as to simplify management of the museum.

For a number of years historic parks have been a priority for Historic England in London. We made significant progress this year at Gunnersbury Park where work on site included repairs to the terraces, Gothic ruins and other structures, supported by one of our grants. The first phase of *Gunnersbury 2026* is now progressing rapidly and the future of the park looks much more secure.

Our efforts with our partners to reduce heritage crime continue and this year saw the successful prosecution of seven men for criminal damage at Grade II\* listed Clophill Church, Bedfordshire. The church had been a frequent target for heritage crime and we worked closely with Bedfordshire Police, the Crown Prosecution Service and the local charitable trust, which restored the church, to bring the offenders to justice. We were also delighted to work with the Sentencing Council whose latest guidelines on theft require a higher penalty where a heritage asset is involved.

We completed our ten volume *Practical Building Conservation* series. Awarded the 2015 Lee Nelson Book Award by the Association of Preservation Technology, the series is an excellent example of the breadth and depth of expertise and experience that Historic England can bring together.

## Engagement

A side effect of the New Model meant our digital channels, including websites and social media, were effectively brand new offers. In 2014 our content had generated 400,000 monthly visits under the well-established English Heritage brand. In April 2015 the new Historic England website had 144,300 visits. We have rebuilt our digital presence by: consolidating our offer; getting more active in social media; launching an Historic England newsletter; and optimising our presence on Google. In just 12 months we increased our monthly visits to over 328,440.

Exhibitions have played a very important part in our efforts to reach a wider audience. Our public art campaign got underway in December, generating much interest in the media and among other culture, heritage and built environment organisations and community groups. Our exhibition, *Out There: Our Post-war Public Art*, at Somerset House in London was awarded five stars by the *Evening Standard* and named *Time Out's* Exhibition of the Week. We have created an exhibition space in our office in Newcastle, Bessie Surtees House, which will house *Out There North* this summer. We mounted a series of outdoor exhibitions for the first time, promoting the Historic England Archive and the recent publication *Picturing England*. These were staged in Birmingham, London and Bristol and had attracted over 40,000 visitors by the end of the year.

The *England's Places* webpages were launched in September, making one of the Historic England Archive's most important collections available online for the first time. Over 620,000 photographs of streets and buildings in every English community can now be browsed without needing to visit the Archive in Swindon. The digitisation project has also allowed the vulnerable original prints to be removed from open public access and stored in more environmentally suitable conditions.

In addition to *Picturing England*, other significant publications this year were *Space, Hope and Brutalism: English Architecture, 1945-1975* published by Yale, and *Woolworth's: 100 Years on the High Street*. Our continuing research into Stonehenge produced *The Stonehenge Landscape* this year in association with our colleagues in the English Heritage Trust. We were also delighted to publish *Ditherington Mill and the Industrial Revolution* to coincide with the completion of phase one of the project.

The Heritage Schools Programme has gone from strength to strength. Training has been given to 2,600 teachers, trainee teachers and heritage and cultural educators since April 2015, with 97% of teachers and trainee teachers reporting that they had a greater understanding of the value of local heritage and how to use it in the curriculum afterwards. Many schools have continued to focus on the commemoration of the First World War and its impact on their communities. We have engaged approaching 100,000 pupils, providing resources including lessons and materials in support of the War Memorials Programme. By the end of the year two war memorials had been successfully nominated for listing by primary school children including the Fishponds War Memorial in Bristol, the first heritage assets to be listed following a nomination by children.

Historic England carried out the first ever comprehensive survey of listed residential building owners last summer. The study provided rich insights and evidence of owners' attitudes towards such things as repair and maintenance, their experience of planning and how and where they access advice and information. It revealed that listed building owners are very active in the repair and maintenance of their properties, often quoting emotive factors driving their behaviour. A large majority of owners have applied for listed building consent in the recent past and 88% felt listed building consent is either important or very important to protect the special architectural and historic character of their property. 68% clear their gutters, down pipes and drain covers at least once a year and 50% said they had a good or very good overall experience of planning.

Historic England has been actively involved in discussions around the planning elements of the Housing and Planning Bill (now Act), including giving evidence to the Public Bill Committee. We commented on the Government's proposed changes to national planning policy and submitted a response to the related Communities and Local Government (CLG) Committee inquiry. We also submitted evidence to the House of Lords Select Committee on national policy for the built environment, the Environmental Audit Committee's Sustainability and HM Treasury inquiry, the CLG Committee on the Cities and Local Government Devolution Bill, the Business, Innovation and Skills Committee's inquiry into the Productivity Plan, and CLG's Local Plan Expert Panel.

To support the successful application of the planning system, Historic England produced a range of advice notes. These concerned conservation areas, making changes to heritage assets, site allocations, tall buildings, setting up listed building heritage partnership agreements, and drawing up local listed building consent orders.

Historic England contributed to the Church of England's consultation on the *Report of the Church Buildings Review Group*, chaired by the Right Reverend John Inge, Bishop of Worcester. We welcomed the new analysis of data, demonstrating the extent of the challenges faced, and strongly encouraged a national cross-sector reflection on the way in which parish churches might be made more sustainable in the future, so that they may continue in use for worship alongside wider community functions.

As the public body responsible for the historic environment Historic England is committed to bringing greater attention to the histories of marginalised, under-researched and under-represented groups. Our ground-breaking project *Pride of Place*, in partnership with Leeds Beckett University and community groups nationwide, is recording and celebrating the heritage of lesbian, gay, bisexual, transgender and queer people. The public had added over 1,300 places of significance to an interactive map by the end of the year. We will launch an online exhibition, a teaching resource and new guidance in September and will be making amendments to the National Heritage List for England over the coming months. As an employer our efforts to improve the diversity of our staff saw us introduce anonymous sifting in 2013. Success rates among Black, Asian and Minority Ethnic applicants improved this year, as did the proportion of women in senior roles.

## Improving Service and Delivery

In the 2015 Spending Review we received an effective real terms cut of 10% to our Grant in Aid. In the context of a difficult Spending Review this was a good settlement that showed the Government recognises the significance of our role in caring for England's historic environment. At the same time we were given a package of operational and financial freedoms that the Chancellor had announced for the national museums in the 2013 Spending Round. The financial freedoms range from the investment of commercial income and the ability to move to commercial bank accounts, to access to a Voted Loans Fund for save-to-invest schemes. The operational freedoms concern procurement, marketing and pensions. They will help us to build on our efforts to generate income.



Following the Spending Review outcome we implemented a Voluntary Options Scheme to help make savings. Staff were invited to choose from a number of options including reducing working hours, purchasing extra holiday, taking unpaid leave or partial retirement or leaving Historic England under Voluntary Exit terms. The scheme was very successful in that it enables us, for the most part, to make the savings required in a consensual way. This approach has helped to maintain morale in very challenging circumstances.

Our efforts to increase our financial resilience were boosted by the launch of our Enhanced Advisory Services in October. The four paid-for services provide enhancements to our existing free planning and listing services. We have seen a steady increase in this income since launch and we will build on this success for the future.

A programme of IT transformation was concluded this year which ensures a better business fit for equipment and our underlying IT infrastructure. The IT strategy for Historic England has now been reviewed and updated to reflect our future needs better.

Historic England occupies nine regional offices in addition to our main offices in London, Swindon and the Centre for Archaeology at Fort Cumberland in Portsmouth. Delivering our national agenda locally is a key part of our strategy and a cost-effective, efficient office estate is critical to the delivery of this strategy. We took the opportunity this year to extend the lease of our York office and similar discussions are underway in relation to Guildford. We have also welcomed partner organisations into some of our offices to generate much needed income. Our project to improve the use of space in Swindon completed, increasing capacity for staff and making our main office more accessible.

This was the first year of Historic England providing various shared services to the English Heritage Trust. These include support services such as finance, HR, IT and legal advice as well as advice for their maintenance and capital investment programmes. The service is monitored closely and staff leading key services from both organisations meet regularly to ensure that a culture of customer focus is embedded. Both organisations are looking for continuous development of the services to ensure that the economies are maintained, whilst the services remain fit for purpose.

## The English Heritage Trust

2015/16 was the first year of the New Model for the operation and care of the National Heritage Collection. It was established to improve the condition of the estate; improve the public offer; and achieve financial self-sufficiency for the Collection by 2023.

The English Heritage Trust manages the Collection under a licence from Historic England that will run until 2023. Through Historic England, government has made a capital investment of £80 million in English Heritage in order to improve the condition of the Collection and the visitor facilities. As the Collection currently operates at a loss, Historic England also provides deficit funding during the period of the licence that tapers to nil in the last year.

Historic England has oversight of this investment and of the licence under which English Heritage manages and operates the Collection. Historic England's particular concerns in this regard are:

- the conservation of the Collection, which remains in state care;
- ensuring the properties are open to the public, which is a legal requirement;
- supporting English Heritage in its plan to achieve financial self-sufficiency for the Collection; and,
- fulfilling government's policy commitments for the Collection, such as maintaining free education visits.

English Heritage has had a good year. Fundraising has increased by 18% to £3.2 million. Admissions income has increased 9.5%. Retail income is up 7.7% and membership income is up 11.2%. This much improved financial performance resulted from:

- an increase in membership to an all-time high of 876,000 (821,000 in 2014/15); and
- an increase in visitors to paid-for sites to 5.85 million (5.74 million last year).

English Heritage has made progress in investing the £80 million capital grant from government. In its first year, 12% of the £52 million allocated to addressing the conservation defects was spent and 15% of the £28 million allocated to improved visitor facilities. English Heritage has had to make a step change in its capacity to deliver capital projects and is expecting to have invested 72% of the conservation grant and 85% of the new works grant by the end of 2018/19.

Notable projects completed this year include: new interpretations at Eltham Palace, Hadrian's Wall, Rievaulx Abbey, Battle Abbey, Tintagel and prehistoric free sites in the west of England; and conservation repairs at Osborne House, Audley End, Dover Castle, Boscobel House and Hadrian's Wall.

English Heritage has a significant challenge in growing income in order to compensate for the tapering Grant in Aid support from £15.45 million this year to nil in 2022/23. It has made a good start in a year of significant change, but obvious risks remain and we will continue to support and monitor its progress.

| Historic England Corporate Key Performance Indicators |                                                                                                                                                                          | 2015/16                         | 2014/15              |
|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|----------------------|
| KPI 01                                                | Number of times Historic England research resources were accessed online                                                                                                 | 149,411                         | New indicator        |
| KPI 02                                                | Number of times our Archive was accessed online                                                                                                                          | 1,422,753                       | 1,622,866            |
| KPI 03                                                | Stakeholder survey on effectiveness in influencing strategy and decisions at a local and national level                                                                  | No survey in 2015/16            | No survey in 2014/15 |
| KPI 04                                                | Number of assets added to the National Heritage List for England (NHLE)                                                                                                  | 850                             | 510                  |
| KPI 05                                                | Percentage of additions to the NHLE that are within priority themes                                                                                                      | 61%                             | 68%                  |
| KPI 06                                                | Number of existing NHLE entries updated                                                                                                                                  | 8,319                           | 7,422                |
| KPI 07                                                | Number of heritage assets recorded in Historic Environment Records and thereby accorded basic protection as a result of our surveys                                      | Over 5,400                      | New indicator        |
| KPI 08                                                | Number of times the NHLE was accessed                                                                                                                                    | 1,535,024                       | 1,131,024            |
| KPI 09                                                | Number of assets on the <i>Heritage at Risk Register</i>                                                                                                                 | 5,478                           | 5,753                |
| KPI 10                                                | Number of heritage assets removed from the <i>Heritage at Risk Register</i> for positive reasons                                                                         | 604                             | 575                  |
| KPI 11                                                | Number of times our planning guidance was accessed online                                                                                                                | 207,903                         | New indicator        |
| KPI 12                                                | Number of times our technical conservation advice was accessed online                                                                                                    | 149,879                         | New indicator        |
| KPI 13                                                | Number of heritage planning cases responded to                                                                                                                           | 22,030                          | 21,942               |
| KPI 14                                                | Number of pre-application proposals advised upon                                                                                                                         | 3,721                           | 3,732                |
| KPI 15                                                | Percentage of heritage planning cases responded to within agreed deadlines                                                                                               | 99.7%                           | 99.1%                |
| KPI 16                                                | Amount of grants given by Historic England                                                                                                                               | £19.4 million                   | £19.37m              |
| KPI 17                                                | Total number of training opportunities delivered                                                                                                                         | 2,944                           | 3,076                |
| KPI 18                                                | Historic England funding per year to third sector organisations                                                                                                          | £2.2 million                    | New indicator        |
| KPI 19                                                | Total self-generated income                                                                                                                                              | £1.1 million                    | New indicator        |
| KPI 20                                                | Total income from Enhanced Advisory Services                                                                                                                             | £54,000                         | New indicator        |
| KPI 21                                                | Total number of individual contracts for Enhanced Advisory Services                                                                                                      | 12 completed, 47 in development | New indicator        |
| KPI 22                                                | Administration costs as a percentage of total expenditure                                                                                                                | 16.6%                           | New indicator        |
| KPI 23                                                | Trading surplus of the English Heritage Trust                                                                                                                            | £552,000                        | New indicator        |
| KPI 24                                                | Spend on priority conservation defects in the properties comprising the National Heritage Collection (2009/10 condition benchmark) from the £52 million Government grant | £6.1 million (12%)              | New indicator        |



# Management Agreement Progress Report

| Management Agreement Priorities                                                                                                                                | Progress                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Continue to contribute to the Government's Growth Agenda                                                                                                       | <p>Historic England reviews its planning-related work to ensure that its processes and practices are focused on delivering sustainable growth. Our emphasis on certain types of designation, our handling of local plan consultations and development management issues, much of our research work and the main focus of our policy and advocacy efforts are all concentrated on ensuring sustainable growth is enabled and that heritage plays a positive role in regeneration.</p> <p>In particular we have been:</p> <ul style="list-style-type: none"> <li>Facilitating the delivery of new infrastructure, for example, fieldwork to assess the impact of a tunnel at Stonehenge and the route for the new High Speed 2 Railway, as well as the capacity of the archaeological sector to respond to the necessary on-the-ground work.</li> <li>Prioritising listing assessment of infrastructure: power stations, gas holders, railway routes in advance of electrification (such as the Transpennine route).</li> <li>Responding actively to a wide range of planning-reform proposals from the Government, such as the Housing and Planning Bill and the Cities and Local Government Devolution Bill. Responses were given to more than 50 national consultations and submissions made to six Select Committees.</li> <li>Responding to strategic planning consultations at a local level. Historic England is a statutory consultee for both Local Plans and Strategic Environmental Assessments. We received 257 Local Plans in the year to August 2015 and 99% were responded to within deadline. We received 114 Strategic Environmental Assessments in the year to August and 100% were responded to within deadline.</li> <li>Completing our Historic Landscape Characterisation programme, with four remaining local authorities supported into 2016. We have also obtained funding from the Department for the Environment, Food and Rural Affairs to develop a national map to support their rural policy functions.</li> </ul> |
| Funding for planning advice and grants for heritage at risk continues to be protected as far as possible                                                       | <p>Despite having taken very significant cuts over the last Spending Review period, we have largely protected our grants and planning advice budget by achieving efficiencies and developing opportunities for income generation such as the Enhanced Advisory Services scheme. Baseline budgets for planning advice and grants for heritage at risk were maintained in both cash and real terms compared to 2014/15.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Historic England continues to improve the coverage and helpfulness of the National Heritage List for England (NHLE)                                            | <p>Visits to the NHLE continue to increase. There were 540,266 visits in the last quarter alone and a rise of 36% overall on the previous year. The 25,000th minor amendment was delivered.</p> <p>The website, which has been redesigned to work for visitors using smart phones and tablets, has been markedly improved, with new user tools such as searching by postcode and list entry number in the Quick Search and by associated person in the Advanced Search. It is receiving good feedback.</p> <p>List entries are increasingly clear about where significance lies: the provisions of 2013 Enterprise and Regulatory Reform Act, which enable greater precision in List entries, is used in 51% of recent cases.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Statutory designation advice to the Secretary of State continues to meet the quality and standards set out in the shared MOU between DCMS and Historic England | <p>There is very little challenge to Historic England's Listing advice. The acceptance rate at DCMS is high: currently 99.8% of recommendations are accepted.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Encourage efficient use of resources across the historic environment sector by working jointly on and supporting the <i>Heritage 2020</i> initiative           | <p>Historic England representation on the five <i>Heritage 2020</i> working groups has been agreed and we are funding a Heritage Alliance-based support post.</p> <p>Several events were held by regional Historic Environment Forums (HEFs) this year, with subjects including the Health and Wellbeing Benefits of Heritage (North East), Heritage Tourism (East Midlands), National Gardens Trust (East Midlands), Voluntary Sector Capacity (East Midlands), Making the Case for Heritage (West Midlands) and Climate Change (East of England). Commissioned work included a toolkit to assess the economic value of heritage (North East) and a study on the effect of local authority cuts on customers (South West). HEFs have also responded to consultations for <i>Heritage 2020</i>, and the London Infrastructure Plan, as well as contributing to networking and sector events.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

| Management Agreement Priorities                                                                                                                                       | Progress                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Monitor and support the new English Heritage charity towards achieving financial self-sufficiency by the end of 2022/23                                               | English Heritage has had a good year. Whilst there have been many changes to the control and management of the National Heritage Collection as it passed into the hands of the new charity, this has had no noticeable disruptive impact on the operation of the public sites. The business plan endorsed by government set a challenging projection for income growth and so far this is being met. The investment in conservation repairs and new visitor facilities is planned out and work completed this year included Battle Abbey, Osborne House, Audley End and Rievaulx Abbey.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Continue to look at ways to increase efficiency and build up capability in your expert advisory role, while rationalising processes to make savings wherever possible | <p>We undertake an independent annual benchmarking exercise on all support functions to ensure we operate efficiently. The most recent results we have had were extremely positive. For instance our finance costs were below the public sector average for an organisation of our size, but we still scored better than average on invoice processing deadlines, timeliness of reporting, accuracy of forecasting and management practices. Equally, our HR costs were below the public sector average but we still maintained a better-than-average ratio of HR staff to business staff.</p> <p>These efficiencies have allowed us to come in below our administration budget allocation each year for the last three years and use the money saved to support front line activities. We have agreed a package of other efficiency savings across the organisation as part of our response to the 2015 Spending Review, which will be recycled into front line activities over the next four years.</p> <p>The First World War War Memorials Programme invites volunteer submissions for listing. A programme of training events run with Civic Voice and the War Memorials Trust is widening the pool of volunteers. Of the nearly 500 war memorial listings this year, over 300 were suggested by volunteers.</p> |

| Key Areas of Activity relating to Other Government Departments                                                                                                                                                                                                                                 | Progress                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Department for Communities and Local Government: the ongoing reform of the planning system, regeneration and the provision of new housing in historic areas, as well as community and local government issues.                                                                                 | <p>Historic England has been advising DCLG ministers and officials as to the implications for heritage of the Housing and Planning Bill, the Cities and Local Government Devolution Bill, and the Enterprise Bill.</p> <p>We are in active discussions with officials about our proposals for potential heritage reforms. Linked to that is our brokering of wider ideas for reform from the heritage sector.</p> <p>We are involved in a wide range of detailed discussions about housing, infrastructure, Enterprise Zones, neighbourhood planning and other specific planning-related activity.</p>                                                                                                      |
| 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. | Historic England continues to engage on these matters through its updated memorandum of understanding with Defra. We have been fully involved in the development of the next Rural Development Programme for England and the successful launch of the Countryside Stewardship scheme which will help deliver Heritage At Risk targets, providing advice and datasets to Defra and its agencies. As part of this, with the Association of Local Government Archaeological Officers and Natural England, we developed and launched the SHINE (Selected Heritage Inventory for Natural England) application portal to help Historic England and local authorities to respond to consultations from landowners. |

| Management Agreement Performance Indicators                                                                                                          | 2015/16        | 2014/15         | 2013/14       | 2012/13     |
|------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------|---------------|-------------|
| Number and percentage of sites removed each year from the <i>Heritage at Risk Register</i> for positive reasons                                      | 604<br>(10.5%) | 575<br>(10.01%) | 458<br>(7.8%) | 341<br>(6%) |
| Number of proposals advised upon pre-application                                                                                                     | 3,721          | 3,732           | 3,692         | 2,968       |
| Number of people trained in compliance with the National Planning Policy Framework in delivering sustainable development in the historic environment | 615            | 600             | 200           | 600         |
| Number of Historic England guidance notes revised to take account of the National Planning Policy Framework                                          | 14             | 20              | 5             | 2           |
| Percentage of requests for Historic England's advice processed within agreed deadlines                                                               | 99.7%          | 99.1%           | 98.9%         | 96%         |

# Sustainability Report

The organisational changes that came into effect on 1 April 2015 mean that in the following report the previous years' data relates to when the organisation was English Heritage, ie, one combined body and therefore includes activity that is now the responsibility of the English Heritage Trust. The current year's data is for Historic England only.

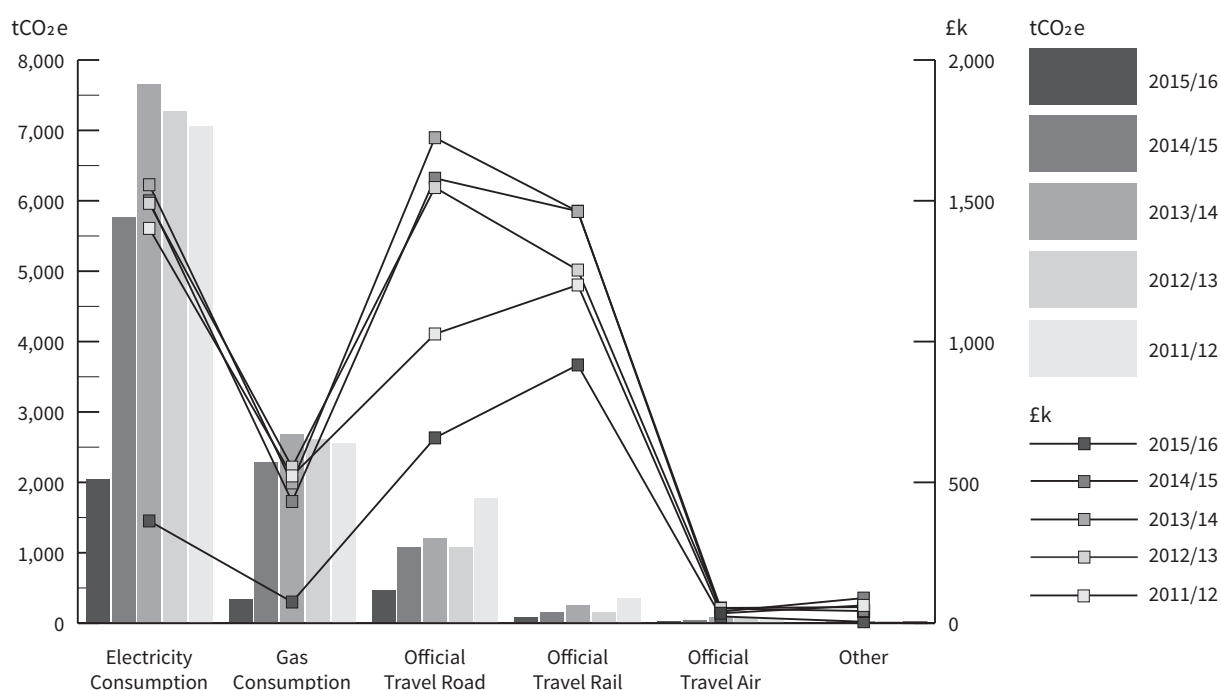
## Greenhouse Gas Emissions

|                                                                                                     | 2015/16   | 2014/15    | 2013/14    | 2012/13    | 2011/12    |
|-----------------------------------------------------------------------------------------------------|-----------|------------|------------|------------|------------|
| <b>Non-Financial Indicators (tCO<sub>2</sub>e: tonnes of CO<sub>2</sub> equivalent)<sup>1</sup></b> |           |            |            |            |            |
| Total Gross Emissions for Scopes 1 & 2                                                              | 2,380     | 8,045      | 10,339     | 9,885      | 9,325      |
| Total Net Emissions for Scopes 1 & 2<br>(i.e. less reductions – e.g. green tariffs)                 | 2,380     | 8,045      | 10,339     | 9,885      | 9,325      |
| Gross Emissions Scope 3 Business Travel                                                             | 576       | 1,283      | 1,551      | 1,335      | 2,220      |
| Other Scope 3 Emissions Measured                                                                    | 0         | 0          | 0          | 0          | 284        |
| <b>Related Energy Consumption (kWh: kilowatthour)</b>                                               |           |            |            |            |            |
| Electricity: Non-Renewable                                                                          | 4,414,481 | 11,668,174 | 17,193,565 | 15,807,451 | 15,602,043 |
| Electricity: Renewable                                                                              | –         | –          | –          | –          | –          |
| Gas                                                                                                 | 1,843,784 | 8,139,913  | 9,655,304  | 8,908,677  | 7,966,231  |
| Liquefied Petroleum Gas                                                                             | 0         | 127,220    | 366,389    | 262,184    | 173,320    |
| Other                                                                                               | 0         | 2,944,953  | 3,258,587  | 3,482,639  | 2,927,507  |
| <b>Financial Indicators</b>                                                                         |           |            |            |            |            |
| Expenditure on Energy                                                                               | £438k     | £1,932k    | £2,055k    | £2,045k    | £1,925k    |
| CRC <sup>2</sup> License Expenditure (2010 onwards)                                                 | £40k      | £131k      | £0k        | £0k        | £0k        |
| CRC <sup>2</sup> Income from Recycling Payments                                                     | £0k       | £0k        | £0k        | £0k        | £0k        |
| Expenditure on Accredited Offsets (e.g. GCOF)                                                       | £0k       | £0k        | £0k        | £0k        | £0k        |
| Expenditure on Official Business Travel                                                             | £1,604k   | £3,169k    | £3,297k    | £2,896k    | £2,326k    |

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

2 Carbon Reduction Commitment.

## Greenhouse Gas Emissions in Tonnes and by Cost



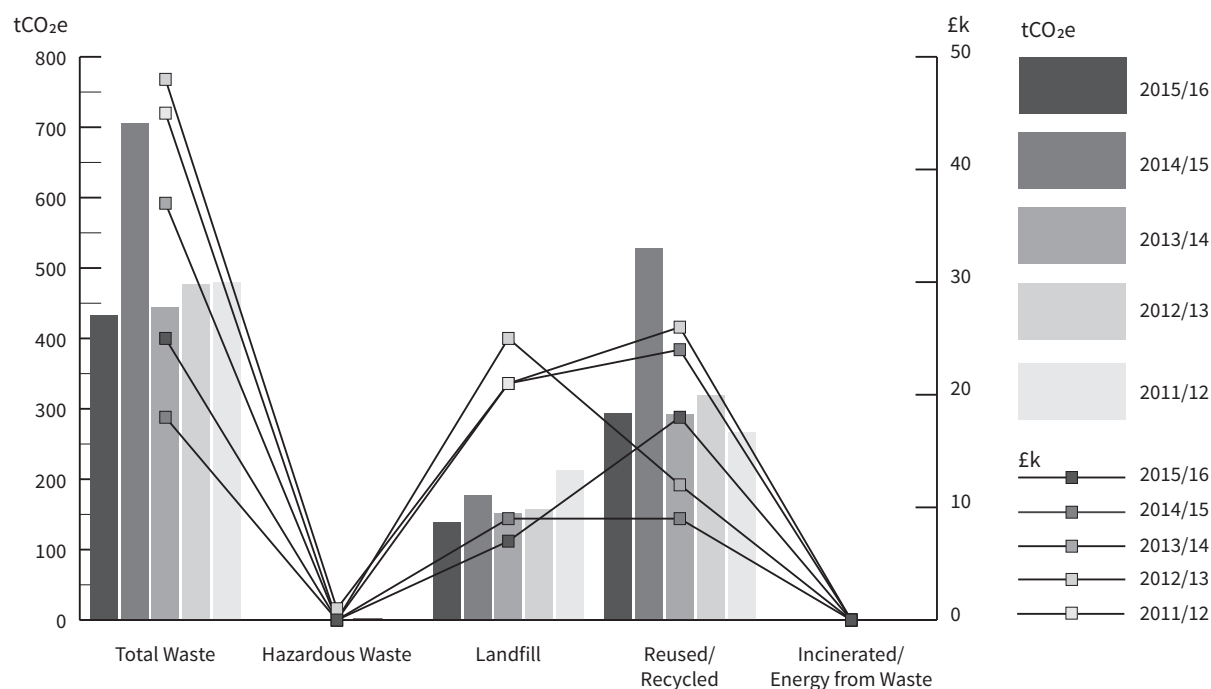
Actual data is used as far as possible to calculate greenhouse gas emissions but where it has not been possible estimations have been extrapolated from the actual data.

Historic England uses smart meters installed across all energy types to control and manage energy usage. This has contributed to the decrease in greenhouse gas emissions. The mainly mild weather conditions again this winter also meant that less energy was consumed.

## Waste

|                                           |                               | 2015/16 | 2014/15 | 2013/14 | 2012/13 | 2011/12 |
|-------------------------------------------|-------------------------------|---------|---------|---------|---------|---------|
| <b>Non-Financial Indicators (tonnes)</b>  |                               |         |         |         |         |         |
| Total waste                               |                               | 432     | 705     | 444     | 477     | 480     |
| Hazardous waste                           | Total                         | 0       | 0       | 0       | 1       | 0       |
|                                           |                               |         |         |         |         |         |
| Non-hazardous waste                       | Landfill                      | 138     | 177     | 152     | 157     | 213     |
|                                           | Reused/Recycled               | 294     | 528     | 292     | 319     | 267     |
|                                           | Incinerated/energy from waste | 0       | 0       | 0       | 0       | 0       |
| <b>Financial Indicators</b>               |                               |         |         |         |         |         |
| Total disposal cost                       |                               | £25k    | £18k    | £37k    | £48k    | £45k    |
| Hazardous waste – Total disposal cost     |                               | £0k     | £0k     | £0k     | £1k     | £0k     |
| Non-hazardous waste – Total disposal cost | Landfill                      | £7k     | £9k     | £25k    | £21k    | £21k    |
|                                           | Reused/Recycled               | £18k    | £9k     | £12k    | £26k    | £24k    |
|                                           | Incinerated/energy from waste | £0k     | £0k     | £0k     | £0k     | £0k     |

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



68% of Historic England's total waste is recycled or reused. The facilities management contract introduced in 2014 has brought in tighter waste management procedures at the two largest office premises.

## Water – Finite Resource Consumption

|                                                 |            | 2015/16 | 2014/15 | 2013/14 | 2012/13 | 2011/12 |
|-------------------------------------------------|------------|---------|---------|---------|---------|---------|
| <b>Non-Financial Indicators (m<sup>3</sup>)</b> |            |         |         |         |         |         |
| Water Consumption                               | Supplied   | 8,729   | 134,663 | 140,045 | 100,741 | 128,136 |
|                                                 | Abstracted | 0       | 0       | 0       | 0       | 0       |
| <b>Financial Indicators</b>                     |            |         |         |         |         |         |
| Water Supply Costs                              |            | £25k    | £276k   | £231k   | £221k   | £226k   |

Initiatives to install new systems which reduce the flow of water are being explored across Historic England's offices.

## Paper – Finite Resource Consumption

|                                         |  | 2015/16 | 2014/15 | 2013/14 | 2012/13 | 2011/12 |
|-----------------------------------------|--|---------|---------|---------|---------|---------|
| <b>Non-Financial Indicators (Reams)</b> |  |         |         |         |         |         |
| A3 Paper                                |  | 680     | 546     | 500     | 500     | –       |
| A4 Paper                                |  | 6,380   | 10,311  | 10,598  | 11,241  | –       |
| <b>Financial Indicators</b>             |  |         |         |         |         |         |
| A3 Paper                                |  | £1k     | £3k     | £3k     | £3k     | –       |
| A4 Paper                                |  | £11k    | £32k    | £31k    | £31k    | –       |

Of the total paper purchased by Historic England, 22% is from recycled stock. The biggest users of paper are being targeted to first, switch to recycled paper and secondly, reduce the volume of paper procured. One improvement this year was the change to despatching Commission and committee papers electronically. While some members still require hard copies, this measure and the exploration of other IT solutions for sharing documents should have a considerable impact on paper usage.

## Performance on other Matters

In 2015/16 there were eight reported work-related accidents of which two were reportable to the Health and Safety Executive (HSE). In the previous 12 months there were ten reported accidents affecting staff now employed by Historic England, of which none were reportable to the HSE. There is no common cause to the eight injuries. We started a review and update of all our operational risk management policies and practices which should be completed by April 2017.

We are continuing to strengthen our information management and security arrangements and capabilities. This year we set up an Information Security Management Group led by our Senior Information Risk Owner that oversees the planning and prioritisation of information security activities. Our Information and Records Management team continues to manage the overall approach to information management and security. A single incident of potential information loss was reported to the Information Commissioner's Office. We were not required to take any further action.

Historic England continues its activity in relation to its duties to promote National Park and Areas of Outstanding Natural Beauty purposes. We worked closely with Defra and Natural England on the establishment of the Countryside Stewardship Scheme this year and in October we signed the refreshed National Parks Joint Statement.

## Our Position at the Close of the Year

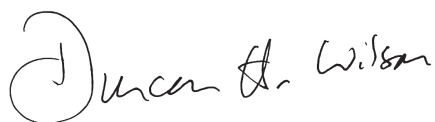
Historic England received £90,191,000 (2015: £181,047,000) Grant in Aid funding from DCMS to fund revenue spend and capital programmes. This figure is lower than the previous year which included £80 million which was passed to the English Heritage Trust to be spent on the conservation programme identified as part of the New Model arrangements.

Non-Grant in Aid income for the group totalled £81,516,000 (2015: £74,526,000) of which £77,297,000 (2015: £70,266,000) was earned income from commercial activities, with a further increase in membership income in the year (note 2). Other operating income of £4,083,000 (2015: £4,173,000) largely related to donations and grants received during the year.

With the separation of the English Heritage Trust, income solely for the Commission reduced significantly to £13,439,000 (2015: £64,396,000). The majority of this income (£10,924,000) related to shared service income from the charity (2015: £nil).

The net expenditure for the group for the year ended 31 March 2016 was £103,028,000 (2015: £101,668,000), while the Commission showed net expenditure of £91,582,000 (2015: £180,889,000) – the reduction being related to the one-off grant of £80,000,000 provided to the English Heritage Trust in 2014/15.

The English Heritage Trust made an unrestricted operating surplus in the year of £552,000 (2015: surplus of £337,000).

A handwritten signature in black ink that reads "Duncan Wilson". The signature is written in a cursive, flowing style.

**Duncan Wilson**

Chief Executive

24 June 2016



2

# Accountability Report



# 2 Accountability Report

## Corporate Governance Report

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### Directors' Report

#### Background Information

Historic England is the informal name of the Historic Buildings and Monuments Commission for England (HBMCE). It is in a group with the English Heritage Trust, English Heritage Trading Limited, the Iveagh Bequest, English Heritage Limited and Historic England Limited. Further details of Historic England's purposes can be found in the Overview that starts on page four.

#### Commissioners and Executive Team Members

Historic England's Chairman, Sir Laurie Magnus, was appointed on 1 September 2013. Details of his remuneration and that of Duncan Wilson, the Chief Executive, can be found in the Remuneration and Staff Report that starts on page 26. A full list of Commissioners who served during the year is included within the Remuneration and Staff Report, as are details of the Executive Team members. The terms of reference for Commission and the committees and panels as well as information about the Executive Team can be found on Historic England's website.

#### Responsibilities of Commissioners

The key responsibilities of Commissioners are to:

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

#### Register of Interests

Historic England maintains a record of declarations of interest made by Commissioners, which includes company directorships. A copy of the Register of Interests is available at <https://historicengland.org.uk/about/who-we-are/commission/does/>.

Declarations of potential conflicts of interest are obtained from all Commissioners and members of Executive Team, Historic England 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 37. The Annual Report and Accounts was authorised for issue by the Accounting Officer on the date the Comptroller and Auditor General certified the accounts.

## Personal Data Related Incidents

Historic England suffered no significant losses of protectively marked data during 2015/16. A single incident of potential information loss was reported to the Information Commissioner's Office. We were not required to take any further action. Historic England did not experience any reportable fraud during 2015/16.

## 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, English Heritage Limited and Historic England Limited are all dormant and are not subject to audit or independent examination. Audit fees charged for the year are reported in note 14.

## Disclosure of Relevant Audit Information

As Accounting Officer and in conjunction with the Commissioners and Executive Team, 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.

# Statement of Commissioners' and Accounting Officer'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 set out in the Accounts Direction, as directed by the Secretary of State and with the consent of HM Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Historic England and of its net comprehensive expenditure, application of resources, changes in taxpayers' equity and cash flows for the financial year.

In preparing the accounts the Commissioners and Accounting Officer are required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements;
- prepare the financial statements on a going concern basis;
- ensure that the annual report and accounts as a whole are fair, balanced and understandable; and,
- take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

The Accounting Officer for the Department for Culture, Media and Sport has designated the Chief Executive as the Accounting Officer of Historic England. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Historic England's assets, are set out in *Managing Public Money* published by HM Treasury.

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

# 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. On 1 April 2015 the Commission changed the name by which it is commonly known from English Heritage to Historic England. Its corporate aims for the year were set out in its Corporate Plan 2015-2018. 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.

Historic England's governance arrangements seek to achieve regulatory compliance, the highest standards of probity and ethics, including adherence to the 'Nolan principles' of standards in public life, proportionate risk management and compliance with relevant 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 directors that report to me that Historic England maintained a sound system of governance during the year whilst managing risks and safeguarding the public funds and departmental assets in accordance with the responsibilities in *Managing Public Money*.

## Governance Framework

Governance within Historic England is exercised through:

- **Commission**, the governing body comprising non-executive Commissioners appointed by the Secretary of State for Culture, Media and Sport (described in the Directors' Report that starts on page 20).
- **Executive Team**, formerly known as the Executive Board. I chair the Executive Team which consists of directors who report to me and other senior members of the organisation. During the year the Director of Human Resources, the Corporate Secretary, Communications and Marketing Director and the Assistant Director of Planning joined the Executive Team.

Each of my direct reports is personally accountable to me for the achievement of the aims of the organisation and the management of risks, where the risks are wholly or partly the responsibility of their area. I delegate authority to make decisions and incur costs, in accordance with limits set in the Management Agreement with DCMS and our Finance Manual.

- **Audit and Risk Assurance Committee**, which reports to Commission. Its members are appointed by the Chair of Commission. The Committee met four times in 2015/16. It receives half-yearly reports on corporate performance, including the management of business and operational risks and oversight of governance arrangements generally. The Committee carries out its work by testing and challenging the assurances the Chief Executive receives 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 seeks contributions from others when it considers that its work may be enhanced by other specialist support. The Committee was given the opportunity to comment on and challenge the assurances made in this statement.

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.

| Commission                | Meetings Attended | Executive Board/<br>Executive Team            | Meetings Attended      | Audit and Risk Assurance Committee   | Meetings Attended |
|---------------------------|-------------------|-----------------------------------------------|------------------------|--------------------------------------|-------------------|
| Sir Laurie Magnus (Chair) | 7/7               | Dr Simon Thurley (Chair until end April 2015) | 1/1                    | Martin Moore (Chair)                 | 3/4               |
| Lynda Addison             | 6/7               | Duncan Wilson (Chair from May 2015)           | EB – 8/8<br>ET – 11/11 | Mitesh Dhanak                        | 2/4               |
| Paul Baker                | 2/2               | Sarah Aston                                   | EB – 3/3<br>ET – 9/11  | Victoria Harley                      | 3/4               |
| Sally Balcombe            | 7/7               | Roger Bowdler                                 | EB – 9/9<br>ET – 11/11 | Simon Judge                          | 4/4               |
| Alex Balfour              | 5/7               | Meryl Hayward                                 | EB – 9/9<br>ET – 11/11 | John Walker                          | 1/1               |
| Nicholas Boys Smith       | 2/2               | Deborah Lamb                                  | EB – 9/9<br>ET – 11/11 | Lynda Addison (temporary member)     | 2/2               |
| Professor Martin Daunton  | 6/7               | Chris Smith                                   | EB – 7/9<br>ET – 8/11  | Sir Laurie Magnus (temporary member) | 1/1               |
| Peter Draper              | 3/3               | Steve Trow                                    | EB – 8/9<br>ET – 11/11 |                                      |                   |
| Professor Mike Fulford    | 6/7               | Mike Harlow                                   | ET – 6/7               |                                      |                   |
| Victoria Harley           | 5/7               | Carol Pyrah                                   | ET – 4/7               |                                      |                   |
| Rosemarie MacQueen        | 2/2               | Celia Richardson                              | ET – 6/7               |                                      |                   |
| Neil Mendoza              | 1/2               |                                               |                        |                                      |                   |
| Martin Moore              | 2/7               |                                               |                        |                                      |                   |
| Graham Morrison           | 3/3               |                                               |                        |                                      |                   |
| Michael Morrison          | 5/7               |                                               |                        |                                      |                   |
| Charles O'Brien           | 2/2               |                                               |                        |                                      |                   |
| Baroness Young            | 5/7               |                                               |                        |                                      |                   |

The Commissioners have also met once with the English Heritage trustees in order to assist relations between the two organisations.

Historic England has three non-executive committees that advise staff and the Commission on specific strategy, policy and casework matters: the Historic England Advisory Committee; the London Advisory Committee and the Designation Review Committee. There are also four committees to help manage internal business: the Historic Estate Conservation Committee; the Audit and Risk Assurance Committee (see above); the Business and Finance Committee and the Remuneration and Appointments Committee. All external members of the advisory committees and the four advisory panels specialising in battlefields, historic parks and gardens, historic wrecks and industrial archaeology belong to an expert advisory group that meets once a year.

Declarations of interest were formally sought from all Commissioners, members of the Executive Board/Team and members of the advisory and business committees twice during the year and a register was maintained. Declarations were also sought at each of the meetings mentioned above in relation to the business on the agenda and where there was a material conflict of interest the individual took no part in the proceedings.

Accountability to ministers and Parliament was maintained in accordance with the Management Agreement with DCMS and through my role as Accounting Officer. Historic England reported twice in the year on progress against its priorities set out in the Management Agreement (see the report for 2015/16 that starts on page 12) and the Chief Executive and Executive Board/Team 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 to achieve its aims. It is designed to control risk to a reasonable level. 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 their impact, should they be realised. We then aim to manage them effectively and economically in proportion to the threat to our objectives that they pose.

## The Method of Governance

The system of governance continued in place in Historic England for the financial year ended 31 March 2016 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 Appointments Committee oversaw the remuneration of senior staff. Commissioner appointments are the responsibility of government.

Commission set the aims for the organisation that were published in the Corporate Plan 2015-18. The steps to deliver the aims are set out in an Action Plan that was published on the same day. These actions have targets and other indicators of success against which performance can be measured. Progress this year is set out in the Performance Report that starts on page four.

The risks were monitored through a corporate risk register. The Executive Board/Team considered the risk register three times this year as it moved from half-yearly to quarterly reviews. The register is updated according to the perception of risks at that time. For commentary on our current risks and how we are managing them see the Overview on page four.

The Audit and Risk Assurance Committee also assessed corporate performance and risk management every six months. Commission as a whole reviewed the year-end performance and risk reporting.

Our governance staff keep up-to-date with good practice by keeping abreast of new guidance, taking part in appropriate training and through contact with their counterparts in similar organisations.

## Monitoring the Effectiveness of Governance

As Accounting Officer I am responsible for the effectiveness of the system of governance. I am assured as to its effectiveness by: an annual programme of internal audit reviews; the work of the Executive Team; the work of the Audit and Risk Assurance Committee; the advice of the Corporate Secretary and other dedicated governance staff; twice-yearly performance and risk reports; the advice of external auditors; the annual written assurances provided to the Chief Executive by each of my direct reports; and the assurances gained from the work of specific committees and boards, including the Business and Finance Committee, the Operational Risk Review Board and programme and project boards.

The Internal Audit team this year examined listing, grants, contracts, records management and the IT, finance and HR services we provide to the English Heritage Trust under the Shared Service Agreement. My Head of Internal Audit gave a good overall assurance on the adequacy and effectiveness of risk management control and governance processes this year.

My views on the effectiveness of governance at Historic England are discussed with the Executive Team and the Audit and Risk Assurance Committee. The Audit and Risk Assurance Committee provides an annual report to Commission.

Performance management, including risk control, is an ongoing process and our performance management procedures and practice remain under constant review to ensure effective control, good management and accountability.

## Corporate Governance this Year

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

- their own processes and practices;
- the views of the Audit and Risk Assurance Committee, internal audit and other means of assurance;
- the formal performance and risk reporting from line management;
- the quality of data provided to the board;
- the business of Commission and its committees; and
- any other body's views or survey data that expressed a view on the performance of Historic England.

Commission and the Executive Team 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.

## Whistleblowing

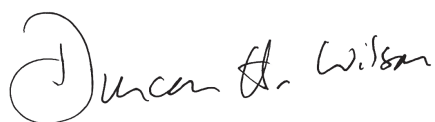
We have a whistleblowing policy that commits us to working to a high standard of integrity, within a culture of openness and honesty. We remind staff regularly of the policy and the part that they play in ensuring that we operate in this way. The policy identifies various routes for concerns to be raised internally. We also signpost independent sources of advice on whistleblowing, such as the Public Concern at Work charity.

## Open Government and Freedom of Information

Historic England is subject to the public sector freedom of information regime. In 2015/16 we answered 428 requests under this legislation. As part of our on-going commitment to transparency and accountability much of our information is available via our website.

## Conclusion

This year brought considerable challenges for staff and senior management, not least establishing our new name and a new working relationship with the English Heritage Trust. The governance regime we have had in place provided me, as the Accounting Officer, with adequate assurance that Historic England was making the best use of its resources in achieving its aims, while controlling risks to an appropriate degree. I believe the governance regime was fit for its purpose in 2015/16 and remains so. My fellow Executive Team members and Commission support this view. I am reassured in this view by an internal audit report that confirms the accuracy of this Governance Statement.



**Duncan Wilson**  
Chief Executive  
24 June 2016

# Remuneration and Staff Report

The Remuneration and Staff Report has been prepared in accordance with the *Government Financial Reporting Manual* and contains information on the remuneration policy for directors, how the policy has been implemented and shows the amounts awarded to the directors in the year. Also included are other relevant details relating to remuneration and staff.

## Remuneration Policy

The remuneration of the Executive Team is determined by the Remuneration and Appointments 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.

## Remuneration and Human Resources Committee

The objective of the Committee is to review and advise on the 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 the 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 to and oversight of management so as to maintain public accountability.

The Committee is scheduled to meet at least three times a year and is chaired by a Commissioner (but not the Chair of the Commission). It comprises no fewer than five members, at least three of whom must be Commissioners (including the Chair of Commission). Members of the Committee are appointed by the Chair of the Commission. The Committee has been chaired by Mr Martin Moore since 9 January 2014. During 2015/16 the Committee met twice to consider its usual business before merging with the Appointments Committee in December 2015. The new Remuneration and Appointments Committee, chaired by Baroness Young of Hornsey OBE, met once in 2015/16. It comprises four Commissioners (including the Committee Chair) and an external expert in remuneration advice.

## Executive Team Contracts

Executive Team 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 Historic England are dealt with in accordance with the rules of the Civil Service Compensation Scheme. The only employee with a contractual performance bonus arrangement is the Chief Executive. The bonus is payable for the achievement of specific performance targets and objectives and is a maximum of £17,500 per annum.

Following the end of each financial year the Remuneration and Appointments Committee assesses the Chief Executive's performance against their annual targets and objectives and determines the rate of their performance-related bonus.

The remaining Executive Team directors are participants in the organisation's Performance-Related Pay Scheme for senior managers which allows for awards of up to 7.5% of salary, assessed against annual targets and objectives. Following the end of the financial year, the Chief Executive assesses the performance of those Executive Team members who report directly to him against their targets and objectives and his recommendations are put to the Remuneration and Appointments Committee.

The performance of those Executive Team members who do not report directly to the Chief Executive is assessed by the Executive Team member to whom they report and their recommendations put forward to the Chief Executive.

## Emoluments of the Commissioners

The following information has been subject to audit:

|                                              | Appointments       | Appointments ended | 2015-16 | 2014-15 |
|----------------------------------------------|--------------------|--------------------|---------|---------|
|                                              | Since 1 April 2014 | Since 1 April 2014 | £'000   | £'000   |
| <b>The Chair of the Commission</b>           |                    |                    |         |         |
| Sir Laurie Magnus                            |                    |                    | 40      | 40      |
| <b>Current Commissioners</b>                 |                    |                    |         |         |
| Lynda Addison OBE                            |                    |                    | 8       | 8       |
| Martin Moore                                 |                    |                    | 4       | 4       |
| Baroness Young of Hornsey OBE                |                    |                    | 4       | 4       |
| Alex Balfour                                 | 1 Jun 2014         |                    | 4       | 3       |
| Sally Balcombe                               | 1 Jun 2014         |                    | –       | 1       |
| Professor Martin Daunton                     | 1 Jun 2014         |                    | 4       | 3       |
| Victoria Harley                              | 1 Jun 2014         |                    | 4       | 3       |
| Professor Mike Fulford                       | 1 Jun 2014         |                    | 8       | 6       |
| Michael Morrison                             | 1 Jun 2014         |                    | 4       | 3       |
| Paul Baker                                   | 1 Jan 2016         |                    | 1       | –       |
| Nicolas Boys Smith                           | 1 Jan 2016         |                    | 1       | –       |
| Rosemarie MacQueen MBE                       | 1 Jan 2016         |                    | 1       | –       |
| Neil Mendoza                                 | 1 Jan 2016         |                    | 1       | –       |
| Charles O'Brien                              | 1 Jan 2016         |                    | 1       | –       |
| <b>Former Commissioners</b>                  |                    |                    |         |         |
| Peter Draper                                 |                    | 31 Aug 2015        | 2       | 4       |
| Graham Morrison                              |                    | 31 Aug 2015        | 2       | 4       |
| Vicky Barnsley                               | 1 Jun 2014         | 28 Feb 2015        | –       | 3       |
| Vice Admiral Sir Tim Laurence KCVO CB ADC(P) |                    | 31 Dec 2014        | –       | 3       |

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

Historic England 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 (2015: £4,000). No other non-Commissioners received emoluments during the year.



# Single Total Figure of Remuneration for Executive Team

The following information has been subject to audit:

|                                                                                  | Salary        |               | Performance Award |               | Pension Benefits <sup>1</sup> |               | Total         |               |
|----------------------------------------------------------------------------------|---------------|---------------|-------------------|---------------|-------------------------------|---------------|---------------|---------------|
|                                                                                  | 2016<br>£'000 | 2015<br>£'000 | 2016<br>£'000     | 2015<br>£'000 | 2016<br>£'000                 | 2015<br>£'000 | 2016<br>£'000 | 2015<br>£'000 |
| <b>Duncan Wilson<sup>2</sup></b><br>Chief Executive                              | 105-110       | –             | –                 | –             | 27                            | –             | 135-140       | –             |
| <b>Simon Thurley<sup>3</sup></b><br>Former Chief Executive                       | 30-35         | 135-140       | 25-30             | 25-30         | 9                             | 28            | 70-75         | 195-200       |
| <b>Deborah Lamb</b><br>Deputy Chief Executive and<br>Director of Engagement      | 100-105       | 100-105       | –                 | –             | 25                            | 26            | 125-130       | 125-130       |
| <b>Mark Pemberton<sup>4</sup></b><br>Director of National Collections            | –             | 130-135       | –                 | –             | –                             | 26            | –             | 155-160       |
| <b>Keith Harrison<sup>5</sup></b><br>Director of Resources                       | –             | 90-95         | –                 | –             | –                             | 40            | –             | 130-135       |
| <b>Chris Smith<sup>6</sup></b><br>Director of Planning                           | 80-85         | 85-90         | –                 | 0-5           | 20                            | 29            | 100-105       | 120-125       |
| <b>Meryl Hayward<sup>7</sup></b><br>Director of Finance and IMT                  | 80-85         | 20-25         | –                 | –             | 21                            | 6             | 105-110       | 25-30         |
| <b>Stephen Trow<sup>8</sup></b><br>Director of Research                          | 75-80         | 30-35         | –                 | –             | 18                            | –             | 90-95         | 30-35         |
| <b>Roger Bowdler<sup>9</sup></b><br>Director of Listing                          | 75-80         | 30-35         | –                 | –             | 19                            | 2             | 90-95         | 30-35         |
| <b>Michael Harlow<sup>10</sup></b><br>Corporate Secretary                        | 5-10          | –             | –                 | –             | 2                             | –             | 10-15         | –             |
| <b>Sarah Aston<sup>11</sup></b><br>Director of Human Resources                   | 40-45         | –             | –                 | –             | 11                            | –             | 55-60         | –             |
| <b>Celia Richardson<sup>12</sup></b><br>Communications and<br>Marketing Director | 5-10          | –             | –                 | –             | 2                             | –             | 5-10          | –             |
| <b>Carol Pyrah<sup>13</sup></b><br>Assistant Director of Planning                | 5-10          | –             | –                 | –             | 1                             | –             | 5-10          | –             |

## 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.
- Chief Executive, contract of employment commenced on 5 May 2015. Annual full year equivalent salary £120,000.
- Former Chief Executive, contract of employment terminated on 30 June 2015. A payment of £153,000 was made upon termination of employment. Annual full year equivalent salary £139,000.
- Former Director of National Collections, left on 31 March 2015. Annual full year equivalent salary £139,000.
- Former Director of Resources, left on 2 January 2015. Annual full year equivalent salary £123,000.
- Director of National Planning and Conservation from 17 November 2014.
- Director of Finance and IMT from 1 January 2015.
- Director of Research from 17 November 2014.
- Director of Listing from 17 November 2014.
- Corporate Secretary from 26 February 2016. Annual full year equivalent salary £85,000.
- Director of Human Resources from 15 September 2015. Annual full year equivalent £85,000.
- Communications and Marketing Director from 26 February 2016. Annual full year equivalent salary £76,000.
- Assistant Director of Planning from 26 February 2016. Annual full year equivalent salary £70,000.
- Performance awards are disclosed on a cash basis and exclude any awards made relating to roles prior to being on the Executive Team.

## Pension Benefits for Executive Team

The following information has been subject to audit:

|                                                                                | Total<br>accrued<br>pension at<br>pension<br>age <sup>1</sup> | Total lump<br>sum at<br>pension<br>age <sup>1</sup> | Real<br>annual<br>increase in<br>pension at<br>pension age | Real<br>annual<br>increase in<br>lump sum at<br>pension age | CETV <sup>2</sup> |               | Real<br>annual<br>increase<br>in CETV |
|--------------------------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------------------|------------------------------------------------------------|-------------------------------------------------------------|-------------------|---------------|---------------------------------------|
|                                                                                | 2016<br>£'000                                                 | 2016<br>£'000                                       | 2016<br>£'000                                              | 2016<br>£'000                                               | 2016<br>£'000     | 2015<br>£'000 | 2016<br>£'000                         |
| <b>Duncan Wilson</b> <sup>3</sup><br>Chief Executive                           | 42                                                            | –                                                   | 58                                                         | –                                                           | 898               | –             | 182                                   |
| <b>Simon Thurley</b> <sup>4</sup><br>Former Chief Executive                    | 7                                                             | 142                                                 | –                                                          | 1                                                           | 878               | 856           | 5                                     |
| <b>Deborah Lamb</b><br>Deputy Chief Executive and<br>Director of Engagement    | 43                                                            | –                                                   | 3                                                          | –                                                           | 900               | 792           | 35                                    |
| <b>Chris Smith</b> <sup>5</sup><br>Director of Planning                        | 23                                                            | 26                                                  | 1                                                          | –                                                           | 524               | 519           | 20                                    |
| <b>Meryl Hayward</b> <sup>6</sup><br>Director of Finance and IMT               | 58                                                            | 48                                                  | 3                                                          | 8                                                           | 311               | 238           | 49                                    |
| <b>Stephen Trow</b> <sup>7</sup><br>Director of Research                       | 43                                                            | 46                                                  | 2                                                          | 2                                                           | 685               | 594           | 40                                    |
| <b>Roger Bowdler</b> <sup>8</sup><br>Director of Listing                       | 35                                                            | 74                                                  | 2                                                          | 1                                                           | 507               | 446           | 21                                    |
| <b>Michael Harlow</b> <sup>9</sup><br>Corporate Secretary                      | 3                                                             | –                                                   | –                                                          | –                                                           | 190               | 180           | 1                                     |
| <b>Sarah Aston</b> <sup>10</sup><br>Director of Human Resources                | 10                                                            | –                                                   | 1                                                          | –                                                           | 271               | 250           | 8                                     |
| <b>Celia Richardson</b> <sup>11</sup><br>Communications and Marketing Director | 2                                                             | –                                                   | –                                                          | –                                                           | 6                 | 4             | 1                                     |
| <b>Carol Pyrah</b> <sup>12</sup><br>Assistant Director of Planning             | 2                                                             | 48                                                  | –                                                          | –                                                           | 254               | 242           | 1                                     |

### Notes

- 1 Balances as at 31 March 2016.
- 2 Cash Equivalent Transfer Value. 2015 figure stated is the latest of 31 March 2015 or date of joining the Executive Team.
- 3 Chief Executive, contract of employment commenced on 5 May 2015. Real annual increase in CETV includes the value of benefits transferred from another pension scheme.
- 4 Former Chief Executive, contract of employment terminated on 30 June 2015.
- 5 Director of Planning from 17 November 2014.
- 6 Director of Finance and IMT from 1 Jan 2015. 2015 CETV value restated.
- 7 Director of Research from 17 November 2014.
- 8 Director of Listing from 17 November 2014.
- 9 Corporate Secretary from 26 February 2016.
- 10 Director of Human Resources on Executive Team from 15 September 2015.
- 11 Communications and Marketing Director from 26 February 2016.
- 12 Assistant Director of Planning from 26 February 2016.

## Cash Equivalent Transfer Value

The 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 pension benefits they have 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 to 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 the value of the 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.

## 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 Historic England and thus recorded in these accounts. No benefits-in-kind were paid during the year (2015: nil).

The Chief Executive commenced his employment on 5 May 2015 to what was a new Chief Executive post to reflect the New Model changes. His salary on commencement was £120,000, making him the highest paid employee. His total emoluments for the year of £136,000 comprise basic salary of £120,000 and a performance-related award of £16,000, which was payable after the year end.

Members of the Executive Team were eligible for a performance related award.

## Pay Multiples

The following information has been subject to audit. The banded remuneration of the highest-paid director in Historic England in the financial year 2015/16 was £120,000-£125,000 (2014/15: £165,000-£170,000). This was 3.46 times (2014/15: 8.45) the median remuneration of the workforce, which was £34,000 (2014/15: £20,000).

The decrease in the basic salary of the highest-paid director from 2014/15 to 2015/16 is due to the change in appointment of the Chief Executive in the year. The increase in the median salary is a result of the structural changes to the organisation arising from the New Model arrangements.

In 2015/16, no (2014/15: nil) employees received remuneration in excess of the highest-paid director.

Remuneration ranged from £14,000 to £125,000 (2014/15: £12,000-£130,000).

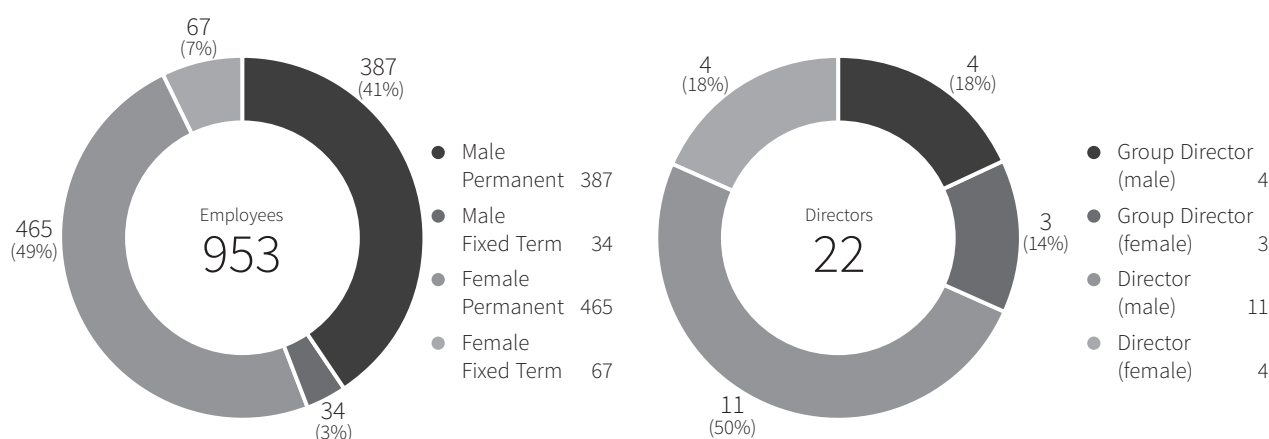
Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

## Staff Report

At 31 March the employee headcount stood at 953. Fixed term contracts accounted for 11% of the general population with the remaining 89% employed on a permanent basis.

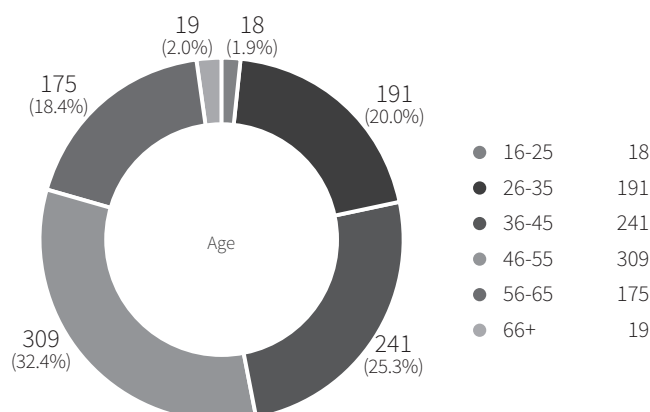
### Gender

At 31 March the gender split of the organisation was approximately 56% female and 44% male.



## Age

At 31 March the demographic profile was as follows:



Historic England recognises the importance of equality and the need to increase the diversity of its workforce. As well as other activities to improve equality and diversity we are currently focusing on these main areas:

- **Age** – Employees under the age of 25 are significantly under-represented at 1.9% of the population (18 employees).
- **Gender** – Although the gender balance at Executive Team level has significantly improved over the last year, further work is required to improve the representation of women in senior roles.
- **Ethnicity** – BAME (Black, Asian and Minority Ethnic) employees remain particularly under-represented at Historic England at 4% of the population (37 employees).
- **Sexual Orientation** – We only hold sexual orientation monitoring data on around 45% of our workforce. We will therefore be running a campaign to encourage more employees to confidentially complete their equal opportunities monitoring data so that we can measure our performance in these areas better. Of those where data is held, 5.9% (25 employees) have identified as Gay/Lesbian/Bisexual/Other.
- **Disability** – 2.8% of the population (26 employees) have declared a disability. We believe that there is significant under-reporting in disability status, borne out by the larger number of people (5.5%) identifying as disabled in our anonymous staff survey in October 2015.

Further information about how we promote equality and diversity can be found on our website.

## Disability

Historic England aims to increase participation by disabled people. Full and fair consideration is given to applications for employment from disabled people where they have appropriate skills to perform the job. We are proud to participate in the Positive about Disabled People – Two Ticks scheme. If an employee develops a disability during their employment, Historic England makes extensive efforts to maintain employment and to ensure the availability of adequate training and career development facilities. We operate a Disability and Employment policy that describes this. We also have a disability network that provides expert feedback and advice to Historic England on disability-related matters.

## Employee Numbers

The average number of persons employed by Historic England during the year expressed as full-time equivalents was as follows and was subject to audit:

|                                | Permanently<br>Employed | Fixed Term<br>Contracts | Total<br>2015-2016 | Total<br>2014-2015 |
|--------------------------------|-------------------------|-------------------------|--------------------|--------------------|
| National Collections           | –                       | –                       | –                  | 1,151              |
| Research                       | 136                     | 11                      | 147                | 140                |
| Listing                        | 78                      | 6                       | 84                 | 89                 |
| Planning                       | 291                     | 22                      | 313                | 318                |
| Engagement                     | 110                     | 24                      | 134                | 134                |
| Corporate and Support Services | 175                     | 25                      | 200                | 230                |
| <b>Total Employee Numbers</b>  | <b>790</b>              | <b>88</b>               | <b>878</b>         | <b>2,062</b>       |

Included within the figures above are three permanently employed staff who have been engaged on capital projects (2015: 25). Employee numbers include eleven agency staff (2015: 38), including two who have been engaged on capital projects (2015: 8). The significant decrease in the number of employees is due to the implementation of the New Model. The total number of persons employed by the English Heritage Trust was 1,165, giving a comparable total employee number for the group of 2,043.

## Employee Costs

Total staff costs for the year are as follows and have been subject to audit:

|                                                   | Historic England<br>2015-2016<br>£'000 | Historic England<br>Group<br>2015-2016<br>£'000 | Historic England<br>Group<br>2014-2015<br>£'000 |
|---------------------------------------------------|----------------------------------------|-------------------------------------------------|-------------------------------------------------|
| Wages and Salaries                                | 31,645                                 | 59,037                                          | 56,583                                          |
| Social Security Costs                             | 2,423                                  | 4,030                                           | 4,106                                           |
| Pension Costs                                     | 6,450                                  | 10,671                                          | 10,051                                          |
| Redundancy and Severance Costs                    | 2,654                                  | 2,689                                           | 1,130                                           |
| Agency Staff Costs                                | 562                                    | 1,542                                           | 1,582                                           |
| <b>Sub Total</b>                                  | <b>43,734</b>                          | <b>77,969</b>                                   | <b>73,452</b>                                   |
| Less Recoveries in Respect of Outward Secondments | (262)                                  | (262)                                           | –                                               |
| <b>Total Employee Costs</b>                       | <b>43,472</b>                          | <b>77,707</b>                                   | <b>73,452</b>                                   |

Included within the above costs for Historic England are £99,000 wages and salaries costs (2015: £1,167,000), £7,000 social security costs (2015: £91,000) and £20,000 pension costs (2015: £153,000) that have been capitalised within Non-Current Assets (notes 17, 18 and 19).

During the year, 65 consultants were employed to whom £90,978 was paid in the year. Included within the above costs for the Historic England Group are £402,000 wages and salaries costs (2015: £1,167,000), £33,000 social security costs (2015: £91,000) and £55,000 pension costs (2015: £153,000) that have been capitalised within Non-Current Assets. There are nil redundancy and severance costs (2015: nil) and £72,000 agency staff costs (2015: £264,000) that have been capitalised for Historic England and the Group.

## Sickness Absence

The average working days lost per person for Historic England employees is 3.25 for the financial year 2015/16. This was a decrease on the figure of 4.1 for the previous year. The Chartered Institute of Personnel and Development's Annual Absence Management Survey (October 2015) reports the public sector average as 8.7 days and the private sector average as 5.8 days.

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

Total staff exit packages are detailed as follows and are subject to audit:

| Exit Package Cost Band               | Number of Compulsory Redundancies |            | Number of Other Agreed Departures |            | Total Number of Exit Packages |              |
|--------------------------------------|-----------------------------------|------------|-----------------------------------|------------|-------------------------------|--------------|
|                                      | 2015-2016                         | 2014-2015  | 2015-2016                         | 2014-2015  | 2015-2016                     | 2014-2015    |
| Less than £10,000                    | 4                                 | 9          | 5                                 | –          | 9                             | 9            |
| £10,000 to £25,000                   | –                                 | 5          | 24                                | 3          | 24                            | 8            |
| £25,000 to £50,000                   | –                                 | 4          | 21                                | 9          | 21                            | 13           |
| £50,000 to £100,000                  | –                                 | 2          | 22                                | 3          | 22                            | 5            |
| £100,000 to £150,000                 | –                                 | –          | –                                 | 1          | –                             | 1            |
| Greater than £150,000                | –                                 | –          | –                                 | 1          | –                             | 1            |
| <b>Total Number of Exit Packages</b> | <b>4</b>                          | <b>20</b>  | <b>72</b>                         | <b>17</b>  | <b>76</b>                     | <b>37</b>    |
| <b>Total Resource Cost (£'000)</b>   | <b>23</b>                         | <b>404</b> | <b>2,775</b>                      | <b>864</b> | <b>2,798</b>                  | <b>1,268</b> |

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 Historic England 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.

## Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced, the Civil Servants and Others Pension Scheme or Alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined Alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS).

The PCSPS has four sections: three providing benefits on a final salary basis (Classic, Premium or Classic Plus) with a normal pension age of 60, and one providing benefits on a whole career basis (Nuvos) with a normal pension age of 65. 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, Nuvos and Alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within ten years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between ten years and 13 years and five months from their normal pension age on 1 April 2012 will switch into Alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to Alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave Alpha. 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 3% and 8.05% of pensionable earnings for members of Classic (and members of Alpha who were members of Classic immediately before joining Alpha) and between 4.6% and 8.05% for members of Premium, Classic Plus, Nuvos and all other members of Alpha. 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 his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in Alpha build up in a similar way to Nuvos, except that the accrual rate is 2.32%. 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% up to 30 September 2015 and 8% and 14.75% from 1 October 2015 (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of 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 up to 30 September 2015 and 0.5% of pensionable salary from 1 October 2015 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, 65 for members of Nuvos, and the higher of 65 or State Pension Age for members of Alpha.

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk).

Employer's contributions into the Principal Civil Service Pension Scheme (PCSPS) in respect of the Executive Team totalled £144,000 (2015: £154,000).

# Parliamentary Accountability

## Regularity of Expenditure

The Accounting Officer confirms the regularity of all expenditure incurred through his statement on page 21.

During the year ended 31 March, the following losses and special payments were made and have been subject to audit:

|                                                    | 2016<br>Historic England |                              |                | 2016<br>Group   |                              |                | 2015<br>Group   |                              |                |
|----------------------------------------------------|--------------------------|------------------------------|----------------|-----------------|------------------------------|----------------|-----------------|------------------------------|----------------|
|                                                    | Losses<br>£'000          | Special<br>payments<br>£'000 | Total<br>£'000 | Losses<br>£'000 | Special<br>payments<br>£'000 | Total<br>£'000 | Losses<br>£'000 | Special<br>payments<br>£'000 | Total<br>£'000 |
| Amounts accrued in 2015-16                         | 20                       | 72                           | 92             | 211             | 109                          | 320            | 314             | 39                           | 353            |
| Amounts accrued in 2014-15 written back in 2015-16 | (28)                     | (5)                          | (33)           | (28)            | (5)                          | (33)           | (19)            | (1)                          | (20)           |
| <b>Total Net Losses and Special Payments</b>       | <b>(8)</b>               | <b>67</b>                    | <b>59</b>      | <b>183</b>      | <b>104</b>                   | <b>287</b>     | <b>295</b>      | <b>38</b>                    | <b>333</b>     |

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

## Fees and Charges

£54,000 has been raised in the year as a result of the introduction of the Enhanced Advisory Services (2015: £nil). Originally the target for this year was £1.141 million but this was based on the service being launched 18 months earlier and therefore being more established. With a later launch date, income is so far broadly in line with the expectations and timings of the original business case.

Income is invoiced at full cost recovery according to *Managing Public Money* guidelines. Therefore the income received is equivalent to the costs incurred and thus no subsidies or overcharging occurs.

Unit costs charged are per the invoice amount. In 2015/16, income relates to 12 complete and 17 partial jobs.

No other material income from fees and charges was received during the financial year (2015: £nil). This information has been subject to audit.

## Remote Contingent Liabilities

In addition to contingent liabilities reported within the meaning of International Accounting Standard 37, Historic England also reports liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability. There is nothing to report in this regard for either 2015/16 or 2014/15.



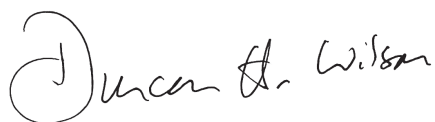
## Long-term Expenditure Trends

The table below highlights Historic England's expenditure by activity over the past five years and budgeted expenditure for the next two years:

|                                                                       | 2011/12<br>£m | 2012/13<br>£m | 2013/14<br>£m | 2014/15<br>£m | 2015/16<br>£m | 2016/17<br>£m | 2017/18<br>£m |
|-----------------------------------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Grants                                                                | 30.8          | 19.8          | 17.8          | 19.4          | 19.4          | 19.1          | 19.0          |
| Research                                                              | –             | 8.5           | 8.5           | 8.8           | 8.5           | 8.6           | 8.5           |
| Listing                                                               | 4.5           | 4.0           | 3.9           | 4.0           | 4.0           | 4.3           | 4.3           |
| Planning                                                              | 20.1          | 19.0          | 20.0          | 20.0          | 20.0          | 20.7          | 20.7          |
| Engagement                                                            | 6.9           | 7.0           | 8.0           | 9.3           | 8.7           | 8.1           | 7.3           |
| National Collections                                                  | 63.7          | 72.1          | 77.9          | 72.2          | –             | –             | –             |
| Corporate and Support<br>Services to Historic England                 | 24.9          | 23.6          | 21.7          | 23.9          | 14.6          | 12.8          | 12.5          |
| Depreciation, Amortisation<br>and Impairment                          | 5.8           | 5.3           | 8.3           | 7.8           | 9.0           | 8.0           | 8.0           |
| <b>Expenditure relating to core<br/>Historic England activities</b>   | <b>156.7</b>  | <b>159.3</b>  | <b>166.1</b>  | <b>165.4</b>  | <b>84.2</b>   | <b>81.6</b>   | <b>80.3</b>   |
| Corporate and Support<br>Service to Third Parties                     | –             | –             | –             | –             | 10.9          | 11.2          | 11.4          |
| Grant to The English Heritage Trust                                   | –             | –             | –             | 80.0          | –             | –             | –             |
| Subsidy to The English Heritage Trust                                 | –             | –             | –             | –             | 15.8          | 14.2          | 14.7          |
| <b>Expenditure relating to services<br/>provided to third parties</b> | <b>–</b>      | <b>–</b>      | <b>–</b>      | <b>80.0</b>   | <b>26.7</b>   | <b>25.4</b>   | <b>26.1</b>   |
| <b>Total</b>                                                          | <b>156.7</b>  | <b>159.3</b>  | <b>166.1</b>  | <b>245.4</b>  | <b>110.9</b>  | <b>107.0</b>  | <b>106.4</b>  |

Historic England received a significant funding cut during the 2010 Spending Review which forced us to undertake a fundamental review. As a consequence, the organisation was split in two, with the National Collections group moving to a separate charity as described on page five. As part of this New Model, English Heritage received a one-off grant of £80 million in 2014/15, and Historic England continues to support it via a decreasing annual subsidy until 2022/23. Historic England also provides Corporate and Support Service activities to English Heritage which pays the full cost for these services.

In the 2015 Spending Review, Historic England received a further 10% cut in Grant in Aid funding over a four-year period, starting in 2016/17. As described on page four, we have developed a plan to meet these reductions, while limiting the effect on front line services as much as possible.



**Duncan Wilson**  
Chief Executive  
24 June 2016

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

I certify that I have audited the financial statements of the Historic Buildings and Monuments Commission for England (HBMCE) for the year ended 31 March 2016 under the National Heritage Act 1983. The financial statements comprise: the Consolidated and HBMCE Statements 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. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration and Staff Report and the Parliamentary Accountability Report that is described in the report as having been audited.

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

As explained more fully in the Statement of Commissioners' and Accounting Officer'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 the group and HBMCE's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by HBMCE; 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 group and HBMCE's affairs as at 31 March 2016 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 parts of the Remuneration and Staff Report and Parliamentary Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions made under the National Heritage Act 1983; and
- the information given in the Performance Report and the Accountability Report included in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I Report by Exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration and Staff Report and Parliamentary Accountability 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  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

7 July 2016

# 3

## Financial Statements

# 3 Financial Statements

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2016

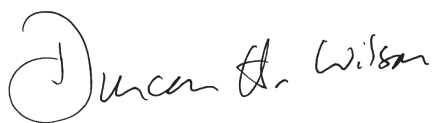
|                                                                |      | 2015-2016                    |                  | 2014-2015                    |                  |
|----------------------------------------------------------------|------|------------------------------|------------------|------------------------------|------------------|
|                                                                | Note | Historic<br>England<br>£'000 | Group<br>£'000   | Historic<br>England<br>£'000 | Group<br>£'000   |
| <b>Income</b>                                                  |      |                              |                  |                              |                  |
| Earned Income                                                  | 2    | 1,072                        | 77,297           | 59,521                       | 70,266           |
| Other Operating Income                                         | 3    | 12,367                       | 4,083            | 4,795                        | 4,173            |
| Investment Income                                              | 4    | –                            | 136              | 80                           | 87               |
| <b>Total Income</b>                                            |      | <b>13,439</b>                | <b>81,516</b>    | <b>64,396</b>                | <b>74,526</b>    |
| <b>Expenditure</b>                                             |      |                              |                  |                              |                  |
| Grants                                                         | 5    | 19,402                       | 19,386           | 99,370                       | 19,370           |
| Research Group                                                 | 6    | 8,546                        | 8,546            | 8,751                        | 8,751            |
| Listing Group                                                  | 7    | 3,988                        | 3,988            | 4,023                        | 4,023            |
| Planning Group                                                 | 8    | 19,997                       | 19,997           | 20,000                       | 20,000           |
| Engagement Group                                               | 9    | 8,655                        | 8,655            | 9,262                        | 9,262            |
| Corporate and Support Services                                 | 10   | 23,155                       | 23,040           | 23,907                       | 23,907           |
| Restructuring                                                  | 10   | 2,437                        | 2,437            | –                            | –                |
| Depreciation, Amortisation and Impairment                      |      | 8,965                        | 10,045           | 7,758                        | 7,758            |
| Loss on Disposal of Non-Current Assets                         |      | 39                           | 29               | –                            | –                |
| English Heritage Trust                                         | 11   | –                            | 88,421           | 72,186                       | 83,095           |
| Subsidy Expenditure                                            | 11   | 15,755                       | –                | –                            | –                |
| <b>Total Expenditure</b>                                       |      | <b>110,939</b>               | <b>184,544</b>   | <b>245,257</b>               | <b>176,166</b>   |
| <b>Net Expenditure for the Financial Year Before Transfers</b> |      | <b>(97,500)</b>              | <b>(103,028)</b> | <b>(180,861)</b>             | <b>(101,640)</b> |
| Transfers (to)/from the Designated and Restricted Funds        |      | –                            | –                | (28)                         | (28)             |
| Profit on Net Assets Transferred by Absorption                 | 12   | 5,918                        | –                | –                            | –                |
| <b>Net Expenditure for the Financial Year</b>                  |      | <b>(91,582)</b>              | <b>(103,028)</b> | <b>(180,889)</b>             | <b>(101,668)</b> |
| Other Comprehensive Expenditure                                |      |                              |                  |                              |                  |
| Net Expenditure for the Year                                   |      | (91,582)                     | (103,028)        | (180,889)                    | (101,668)        |
| Net Gain/(Loss) on Revaluation of Non-Current Assets           |      | 17,511                       | 17,629           | 7,415                        | 7,415            |
| <b>Total Comprehensive Expenditure for the Financial Year</b>  |      | <b>(74,071)</b>              | <b>(85,399)</b>  | <b>(173,474)</b>             | <b>(94,253)</b>  |

Income and expenditure relates to continuing activities. The notes on pages 46 to 69 form part of the financial statements.

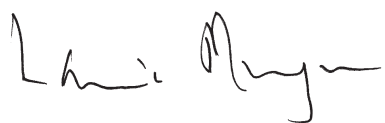
# Statement of Financial Position as at 31 March 2016

|                                       |      | 2015-2016                    |                | 2014-2015                    |                |
|---------------------------------------|------|------------------------------|----------------|------------------------------|----------------|
|                                       | Note | Historic<br>England<br>£'000 | Group<br>£'000 | Historic<br>England<br>£'000 | Group<br>£'000 |
| Non-Current Assets                    |      |                              |                |                              |                |
| Intangible Assets                     | 17   | 1,800                        | 2,963          | 3,170                        | 3,170          |
| Property, Plant and Equipment         | 18   | 96,357                       | 103,260        | 95,773                       | 95,773         |
| Heritage Assets                       | 19   | 32,042                       | 32,123         | 25,039                       | 25,039         |
| Investments                           | 34   | 72,307                       | –              | 84,495                       | –              |
| Total Non-Current Assets              |      | 202,506                      | 138,346        | 208,477                      | 123,982        |
| Current Assets                        |      |                              |                |                              |                |
| Investments                           |      | –                            | 1,217          | –                            | –              |
| Inventories                           | 22   | 216                          | 6,732          | –                            | 5,839          |
| Trade and Other Receivables           | 23   | 4,361                        | 9,517          | 14,500                       | 10,545         |
| Assets Held For Sale                  | 24   | 40                           | 40             | –                            | –              |
| Cash and Cash Equivalents             | 25   | 761                          | 80,219         | 4,058                        | 87,272         |
| Total Current Assets                  |      | 5,378                        | 97,725         | 18,558                       | 103,656        |
| Total Assets                          |      | 207,884                      | 236,071        | 227,035                      | 227,638        |
| Current Liabilities                   |      |                              |                |                              |                |
| Trade and Other Payables              | 28   | 14,518                       | 41,779         | 35,752                       | 36,355         |
| Provisions                            | 30   | 202                          | 214            | 325                          | 325            |
| Obligations Under Finance Leases      | 27   | 566                          | 566            | 566                          | 566            |
| Total Current Liabilities             |      | 15,286                       | 42,559         | 36,643                       | 37,246         |
| Total Assets Less Current Liabilities |      | 192,598                      | 193,512        | 190,392                      | 190,392        |
| Non-Current Liabilities               |      |                              |                |                              |                |
| Trade and Other Payables              | 29   | 221                          | 2,305          | 3,836                        | 3,836          |
| Provisions                            | 30   | 152                          | 152            | 301                          | 301            |
| Obligations Under Finance Leases      | 27   | 6,806                        | 6,806          | 6,829                        | 6,829          |
| Total Non-Current Liabilities         |      | 7,179                        | 9,263          | 10,966                       | 10,966         |
| Total Assets Less Liabilities         |      | 185,419                      | 184,249        | 179,426                      | 179,426        |
| Taxpayers' Equity                     |      |                              |                |                              |                |
| Financial Asset Reserve               | 34   | 72,307                       | –              | 82,467                       | –              |
| Revaluation Reserve                   |      | 47,367                       | 47,485         | 29,856                       | 29,856         |
| General Reserve                       |      | 65,745                       | 136,764        | 66,547                       | 149,014        |
| Restricted Funds                      |      | –                            | –              | 556                          | 556            |
| Total Taxpayers' Equity               |      | 185,419                      | 184,249        | 179,426                      | 179,426        |

The financial statements, which comprise the Consolidated and Historic England Statements of Comprehensive Net Expenditure, the Consolidated and Historic England Statements of Financial Position, the Consolidated and Historic England Statements of Cash Flows, the Consolidated and Historic England Statements of Changes in Taxpayers' Equity and the related notes 1 to 37 on pages 46 to 69, were approved by the Commissioners and signed on their behalf on 24 June 2016 by:



**Duncan Wilson**  
Chief Executive



**Sir Laurie Magnus**  
Chairman

# Consolidated Statement of Cash Flows for the Year Ended 31 March 2016

|                                                               |            | 2015-2016                    |                | 2014-2015                    |                |
|---------------------------------------------------------------|------------|------------------------------|----------------|------------------------------|----------------|
|                                                               | Note       | Historic<br>England<br>£'000 | Group<br>£'000 | Historic<br>England<br>£'000 | Group<br>£'000 |
| Cash Flows From Operating Activities                          |            |                              |                |                              |                |
| Net Income/(Expenditure) Before Transfers                     |            | (97,500)                     | (103,028)      | (180,861)                    | (101,640)      |
| Less Non-cash Items                                           |            |                              |                |                              |                |
| Depreciation, Amortisation and Impairment Charges             | 17, 18, 19 | 8,965                        | 10,045         | 7,758                        | 7,758          |
| Losses on Disposal of Non-Current Assets                      |            | 39                           | 29             | –                            | –              |
| (Increase) in Inventories                                     | 22         | (216)                        | (893)          | –                            | (677)          |
| (Increase)/Decrease in Trade and Other Receivables            | 23         | 10,139                       | 1,028          | 1,400                        | 1,244          |
| Increase/(Decrease) in Trade and Other Payables               | 28, 29     | (24,849)                     | 3,893          | (787)                        | 292            |
| Increase/(Decrease) in Provisions                             | 30         | (272)                        | (260)          | (1,408)                      | (1,408)        |
| Release from Capital Reserves                                 |            | –                            | –              | 774                          | 774            |
| Profit/(Loss) on Net Assets Transferred by Absorption         | 12         | 11,179                       | –              | –                            | –              |
| Less Investing & Financing Activities                         |            |                              |                |                              |                |
| Investment Income                                             | 4          | –                            | (136)          | (80)                         | (87)           |
| Finance Lease Payable                                         | 27         | (23)                         | (23)           | (21)                         | (21)           |
| Net Cash Outflow from Operating Activities                    |            | (92,538)                     | (89,345)       | (173,225)                    | (93,765)       |
| Cash Flows from Investing Activities:                         |            |                              |                |                              |                |
| Interest Received                                             |            | –                            | 136            | 79                           | 80             |
| Purchase of Investments                                       | 26         | –                            | (1,217)        | –                            | –              |
| Purchase of Property, Plant and Equipment and Heritage Assets |            | (487)                        | (6,368)        | (8,027)                      | (8,027)        |
| Purchase of Intangible Assets                                 |            | (266)                        | (502)          | (2,215)                      | (2,215)        |
| Proceeds on Disposal of Property, Plant and Equipment         |            | 24                           | 52             | 3,124                        | 3,124          |
| English Heritage Trust Opening Balance                        |            | –                            | –              | –                            | 3,252          |
| English Heritage Trust Cash Transferred                       | 12         | (221)                        | –              | –                            | –              |
| Net Cash Outflow from Investing Activities:                   |            | (950)                        | (7,899)        | (7,039)                      | (3,786)        |
| Cash Flows from Financing Activities:                         |            |                              |                |                              |                |
| Government Grant In Aid                                       |            | 90,191                       | 90,191         | 181,047                      | 181,047        |
| Net Cash Inflow from Financing Activities:                    |            | 90,191                       | 90,191         | 181,047                      | 181,047        |
| Net Increase/(Decrease) in Cash and Cash Equivalents          |            | (3,297)                      | (7,053)        | 783                          | 83,496         |
| Cash and Cash Equivalents at the Beginning of the Year        |            | 4,058                        | 87,272         | 3,275                        | 3,776          |
| Cash and Cash Equivalents at the End of the Year              |            | 761                          | 80,219         | 4,058                        | 87,272         |

The notes on pages 46 to 69 form part of the financial statements.

# Consolidated Statement of Changes in Taxpayers' Equity for the Year Ended 31 March 2016

|                                                        | General<br>Fund<br>£'000 | Revaluation<br>Reserve<br>£'000 | Development<br>and<br>Restricted<br>Funds<br>£'000 | Total<br>Reserves<br>£'000 |
|--------------------------------------------------------|--------------------------|---------------------------------|----------------------------------------------------|----------------------------|
| Balance at 1 April 2014                                | 63,635                   | 25,195                          | 528                                                | 89,358                     |
| <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>(95,792)</b>          | <b>4,661</b>                    | <b>28</b>                                          | <b>(91,103)</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>             |
| <b>Changes in Taxpayers' Equity for 2015/16</b>        |                          |                                 |                                                    |                            |
| Net Gain on Revaluation of Non-Current Assets          | –                        | 17,629                          | –                                                  | 17,629                     |
| Income/(Expenditure) for the Year                      | (103,028)                | –                               | –                                                  | (103,028)                  |
| Transfer Between Reserves                              | 556                      | –                               | (556)                                              | –                          |
| <b>Total Recognised Income and Expense for 2015/16</b> | <b>(102,472)</b>         | <b>17,629</b>                   | <b>(556)</b>                                       | <b>(85,399)</b>            |
| Grant in Aid Received                                  | 90,191                   | –                               | –                                                  | 90,191                     |
| Other Income/(Expenditure)                             | 31                       | –                               | –                                                  | 31                         |
| <b>Balance at 31 March 2016</b>                        | <b>136,764</b>           | <b>47,485</b>                   | <b>–</b>                                           | <b>184,249</b>             |

The notes on pages 46 to 69 form part of the financial statements.



# HBMCE Statement of Changes in Taxpayers' Equity for the Year Ended 31 March 2016

|                                                            | General<br>Fund<br>£'000 | Revaluation<br>Reserve<br>£'000 | Development<br>and<br>Restricted<br>Funds<br>£'000 | Financial<br>Asset<br>Reserve<br>£'000 | Total<br>Reserves<br>£'000 |
|------------------------------------------------------------|--------------------------|---------------------------------|----------------------------------------------------|----------------------------------------|----------------------------|
| Balance at 1 April 2014                                    | 63,635                   | 25,195                          | 528                                                | –                                      | 89,358                     |
| <b>Changes in Taxpayers' Equity for 2014/15</b>            |                          |                                 |                                                    |                                        |                            |
| Transfers In                                               | –                        | –                               | –                                                  | 3,122                                  | 3,122                      |
| Net Gain on Revaluation of<br>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<br/>Expense for 2014/15</b> | <b>(178,135)</b>         | <b>4,661</b>                    | <b>28</b>                                          | <b>82,467</b>                          | <b>(90,979)</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>             |
| <b>Changes in Taxpayers' Equity for 2015/16</b>            |                          |                                 |                                                    |                                        |                            |
| Net Gain/(Loss) on Revaluation                             | –                        | 17,615                          | –                                                  | –                                      | 17,615                     |
| Income/(Expenditure) for the Year                          | (97,500)                 | –                               | –                                                  | –                                      | (97,500)                   |
| <b>Total Recognised Income and<br/>Expense for 2015/16</b> | <b>(97,500)</b>          | <b>17,615</b>                   | <b>–</b>                                           | <b>–</b>                               | <b>(79,885)</b>            |
| Grant in Aid Received                                      | 90,191                   | –                               | –                                                  | –                                      | 90,191                     |
| Other Income/(Expenditure)                                 | (71)                     | –                               | –                                                  | (10,160)                               | (10,231)                   |
| Transfer by Absorption                                     | 6,578                    | (104)                           | (556)                                              | –                                      | 5,918                      |
| <b>Balance at 31 March 2016</b>                            | <b>65,745</b>            | <b>47,367</b>                   | <b>–</b>                                           | <b>72,307</b>                          | <b>185,419</b>             |

The notes on pages 46 to 69 form part of the financial statements.

# 4

## Notes to the Financial Statements

# 4 Notes to the Financial Statements

## 1 Statement of Accounting Policies

### a) **Accounting Convention**

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The financial statements have been prepared in accordance with the 2015/16 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS), as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the Historic England group for the purpose of giving a true and fair view has been selected. The particular policies adopted by the Historic England group 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 (trading as Historic England) is the sole member of the English Heritage Trust, which has been consolidated from 12 December 2014, when it became part of the Historic England group. English Heritage Trading Limited, a subsidiary undertaking of the English Heritage Trust, continued trading throughout the year ended 31 March 2016. Historic England is the Administrative Trustee of the Iveagh Bequest, which is now dormant. Hence, the financial statements include a consolidation of Historic England, the English Heritage Trust, English Heritage Trading Limited and the Iveagh Bequest.

### b) **Value Added Tax**

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Income is shown net of Value Added Tax. Expenditure for Historic England 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 Historic England VAT group. Thereafter, all expenditure, including that on non-current asset acquisitions, is shown inclusive of any non-recoverable VAT incurred.

### c) **Membership Income**

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English Heritage Trust 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 ten years, compared to a period of 25 years in prior years.

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

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

### e) **Government Grant in Aid Receivable**

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Parliamentary grant is voted to meet Historic England's cash payments falling due during the financial year. Historic England 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.

The 2015 Spending Review confirmed the government grant funding for Historic England until at least 2019/20.

#### 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 Historic England 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.

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.

#### 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 where more than £50,000 has been spent in developing an asset with a life of greater than one year. The capitalised cost is subsequently 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, the Historic England group are treated as non-current assets in accordance with the FReM and are classified as either:

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

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

Operational (heritage) land and buildings, which, in addition to being held by the Historic England group 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 December 2015 by the following professionally qualified external valuers: Bilfinger GVA, Turner & Holman, RNJ Partnership, Mildred Howells, Bare Leaning and Bare and Press & Starkey. All valuations have been performed in accordance with Royal Institute of Chartered Surveyors 'Red Book principles'. Assets were then revalued from 31 December 2015 to 31 March 2016 using the relevant indices published by the Building Cost Information Service.

The values of the land and buildings held as Property, Plant and Equipment 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 unless the revaluation gain reverses an impairment on the same asset previously recognised as an expense. In such a case, gains are first credited to the Statement of Comprehensive Net Expenditure to the extent that the gain reverses a loss previously recognised.

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.

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 Assets when the asset is brought into use.

### **j) Heritage Assets**

Historic England has two classes of heritage assets, which are held in pursuit of its overall objectives in relation to the championing and protection of heritage. The classes are accounted for as follows:

#### *Land and Buildings and Dwellings – 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. Historic England 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 Historic England and the users of the accounts. Historic England 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 19.

#### *Heritage Artefacts and Archives*

Historic England maintains over 500,000 heritage artefacts in its collection and almost 12 million archive records in its archive. Historic England 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 Historic England 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. Historic England 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 Historic

England'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 Historic England's heritage assets is given in notes 19, 20 and 21.

#### 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:

##### *Intangible Assets*

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

##### *Tangible Assets*

##### Non-heritage buildings and gardens

|                                 |             |
|---------------------------------|-------------|
| – Dwellings                     | 50 years    |
| – Other brick/stone buildings   | 50 years    |
| – Non brick/stone buildings     | 20-40 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 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.

#### 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 Historic England 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.

**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. Within the English Heritage Trust, cash which is surplus to immediate cash flow requirements is placed on deposit in accordance with the cash management policy. Historic England does not hold any cash on deposit.

**r) Pension Costs**

Historic England is a member of the Principal Civil Service Pension Scheme (PCSPS). This is a multi-employer defined benefit scheme for which Historic England is unable to identify its share of the underlying assets and liabilities. Under the New Fair Deal policy, those employees who transferred to the new charity, the English Heritage Trust, are eligible to remain members of the Civil Service Pension Schemes under the terms of the Transfer of Undertakings (Protection of Employment) Regulations 2006. The scheme is closed to new members. Employees who have joined the English Heritage Trust since its launch on 1 April 2015 are entitled to join the English Heritage Group Personal Pension Plan ('The Plan') operated by Legal and General. This is a contract based, defined contribution (money purchase) scheme. Membership of the Plan had been voluntary until the English Heritage Trust adopted automatic enrolment on 1 April 2016. Historic England also operates a by-analogy scheme to the PCSPS for the previous Chairs. Both schemes satisfy the requirements of applicable accounting standards (see Remuneration and Staff Report).

**s) Restricted Funds**

Funds held by Historic England or the English Heritage Trust that can only be applied for particular purposes imposed by donors are held as restricted funds. Investments to cover the amounts held in restricted funds are placed on deposit at fixed rates of interest for periods of up to twelve 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 1m and 1q.

Any transfers between the 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 Expenditure as it is incurred.

In accordance with the provisions of the FReM, the Restricted Funds have been accounted for in line with the Charities' Statement of Recommended Practice (SORP 2015).

In the English Heritage Trust, Restricted Funds are accounted for in line with SORP 2015 but are treated as part of the Financial Asset Reserve in the group. Any Historic England Restricted Funds are accounted for in line with SORP 2015 and disclosed as such in the Statement of Financial Position.

**t) Segmental Reporting**

The primary format used for segmental reporting is by expenditure type, as this reflects Historic England's internal management structure and reporting. Historic England'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 Historic England on a monthly basis, and have been amended during the 2015/16 financial year so as to better reflect the organisational structure.

Listing Group assesses and determines the significance of heritage assets in England and makes recommendations to Government on whether assets should be added to the National Heritage List for England. Research Group works to improve care, understanding and public enjoyment of the historic environment by undertaking and

sponsoring authoritative research, developing new approaches to interpreting and protecting heritage and by providing high quality expert advice and training. The Planning Group's key role is to make sure that the significance of a heritage asset is protected when changes to its fabric, management and environs or setting are made or proposed. Engagement Group encourage others to value England's heritage by developing and using Historic England's knowledge and reputation. Corporate and Support Services includes communications, legal services and corporate governance; it 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 the Historic England group.

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, deferred membership income, employee leave accruals as well as in provisions for future liabilities for early retirement and redundancy costs.

## 2 Earned Income

|                            | 2015-2016                    |                | 2014-2015                    |                |
|----------------------------|------------------------------|----------------|------------------------------|----------------|
|                            | Historic<br>England<br>£'000 | Group<br>£'000 | Historic<br>England<br>£'000 | Group<br>£'000 |
| Admission Income           | –                            | 24,144         | 22,071                       | 22,071         |
| Retail and Catering Income | 246                          | 19,678         | –                            | 18,016         |
| Membership Income          | 134                          | 27,698         | 24,788                       | 24,788         |
| Other Earned Income        | 692                          | 5,777          | 12,662                       | 5,391          |
| <b>Total Earned Income</b> | <b>1,072</b>                 | <b>77,297</b>  | <b>59,521</b>                | <b>70,266</b>  |

Due to the New Model restructure, those activities relating to site-based trading are now undertaken by the English Heritage Trust, such as admissions and membership. The change in deferral period for recognition of life memberships from 25 years to ten years resulted in an additional £1.5 million of deferred income being released over what would have been released under a 25 year methodology.

## 3 Other Operating Income

|                                     | 2015-2016                    |                | 2014-2015                    |                |
|-------------------------------------|------------------------------|----------------|------------------------------|----------------|
|                                     | Historic<br>England<br>£'000 | Group<br>£'000 | Historic<br>England<br>£'000 | Group<br>£'000 |
| <b>Grants Receivable</b>            |                              |                |                              |                |
| European Union                      | 683                          | 704            | 717                          | 717            |
| Heritage Lottery Fund               | 155                          | 373            | 1,635                        | 1,635          |
| Other                               | 596                          | 798            | 1,805                        | 920            |
| <b>Total Grants Receivable</b>      | <b>1,434</b>                 | <b>1,875</b>   | <b>4,157</b>                 | <b>3,272</b>   |
| Transfer (to)/from Capital Reserves | –                            | 41             | 71                           | 71             |
| <b>Total Grants</b>                 | <b>1,434</b>                 | <b>1,916</b>   | <b>4,228</b>                 | <b>3,343</b>   |
| Donations                           | –                            | 2,062          | 144                          | 298            |
| Transfer (to)/from Capital Reserves | –                            | –              | 17                           | 17             |
| Shared Service Income               | 10,924                       | –              | –                            | –              |
| Other Operating Income              | 9                            | 105            | 406                          | 515            |
| <b>Total Other Operating Income</b> | <b>12,367</b>                | <b>4,083</b>   | <b>4,795</b>                 | <b>4,173</b>   |



## 4 Investment Income

|                                | 2015-2016                    |                | 2014-2015                    |                |
|--------------------------------|------------------------------|----------------|------------------------------|----------------|
|                                | Historic<br>England<br>£'000 | Group<br>£'000 | Historic<br>England<br>£'000 | Group<br>£'000 |
| Interest Receivable            | –                            | 136            | 80                           | 87             |
| <b>Total Investment Income</b> | <b>–</b>                     | <b>136</b>     | <b>80</b>                    | <b>87</b>      |

## 5 Grant Expenditure

|                             | 2015-2016                    |                | 2014-2015                    |                |
|-----------------------------|------------------------------|----------------|------------------------------|----------------|
|                             | Historic<br>England<br>£'000 | Group<br>£'000 | Historic<br>England<br>£'000 | Group<br>£'000 |
| Buildings and Monuments     | 9,976                        | 9,976          | 7,581                        | 7,581          |
| Conservation Areas          | 545                          | 545            | 1,663                        | 1,663          |
| Other Places of Worship     | 162                          | 162            | 329                          | 329            |
| Historic Environment        | 4,732                        | 4,734          | 5,013                        | 5,013          |
| New Model                   | –                            | –              | 80,000                       | –              |
| Other                       | 3,987                        | 3,969          | 4,784                        | 4,784          |
| <b>Total Grants Payable</b> | <b>19,402</b>                | <b>19,386</b>  | <b>99,370</b>                | <b>19,370</b>  |

## 6 Research Group Expenditure

|                                 | 2015-2016                    |                | <i>Restated</i><br>2014-2015 |                |
|---------------------------------|------------------------------|----------------|------------------------------|----------------|
|                                 | Historic<br>England<br>£'000 | Group<br>£'000 | Historic<br>England<br>£'000 | Group<br>£'000 |
| Investigation & Analysis        | 5,947                        | 5,947          | 5,942                        | 5,942          |
| Strategic Planning & Management | 2,599                        | 2,599          | 2,809                        | 2,809          |
| <b>Total Research Group</b>     | <b>8,546</b>                 | <b>8,546</b>   | <b>8,751</b>                 | <b>8,751</b>   |

The 2014-2015 figures have been restated to reflect amendments to the composition of the organisational structure during the year.

## 7 Listing Group Expenditure

|                            | 2015-2016                    |                | <i>Restated</i><br>2014-2015 |                |
|----------------------------|------------------------------|----------------|------------------------------|----------------|
|                            | Historic<br>England<br>£'000 | Group<br>£'000 | Historic<br>England<br>£'000 | Group<br>£'000 |
| Listing                    | 2,873                        | 2,873          | 2,900                        | 2,900          |
| Heritage Data              | 1,115                        | 1,115          | 1,123                        | 1,123          |
| <b>Total Listing Group</b> | <b>3,988</b>                 | <b>3,988</b>   | <b>4,023</b>                 | <b>4,023</b>   |

The 2014-2015 figures have been restated to reflect amendments to the composition of the organisational structure during the year.

## 8 Planning Group Expenditure

|                             | 2015-2016                    |                | Restated<br>2014-2015        |                |
|-----------------------------|------------------------------|----------------|------------------------------|----------------|
|                             | Historic<br>England<br>£'000 | Group<br>£'000 | Historic<br>England<br>£'000 | Group<br>£'000 |
| Conservation                | 2,764                        | 2,764          | 2,331                        | 2,331          |
| Planning                    | 17,233                       | 17,233         | 17,669                       | 17,669         |
| <b>Total Planning Group</b> | <b>19,997</b>                | <b>19,997</b>  | <b>20,000</b>                | <b>20,000</b>  |

The 2014-2015 figures have been restated to reflect amendments to the composition of the organisational structure during the year.

## 9 Engagement Group Expenditure

|                                      | 2015-2016                    |                | Restated<br>2014-2015        |                |
|--------------------------------------|------------------------------|----------------|------------------------------|----------------|
|                                      | Historic<br>England<br>£'000 | Group<br>£'000 | Historic<br>England<br>£'000 | Group<br>£'000 |
| Archive                              | 1,931                        | 1,931          | 2,080                        | 2,080          |
| Government Advice                    | 2,173                        | 2,173          | 2,281                        | 2,281          |
| Governance and Legal                 | 1,808                        | 1,808          | 2,037                        | 2,037          |
| Publishing, Communications and Other | 2,743                        | 2,743          | 2,864                        | 2,864          |
| <b>Total Engagement Group</b>        | <b>8,655</b>                 | <b>8,655</b>   | <b>9,262</b>                 | <b>9,262</b>   |

The 2014-2015 figures have been restated to reflect amendments to the composition of the organisational structure during the year.

## 10 Corporate and Support Services Expenditure

|                                               | 2015-2016                    |                | 2014-2015                    |                |
|-----------------------------------------------|------------------------------|----------------|------------------------------|----------------|
|                                               | Historic<br>England<br>£'000 | Group<br>£'000 | Historic<br>England<br>£'000 | Group<br>£'000 |
| Finance                                       | 2,429                        | 2,409          | 2,317                        | 2,317          |
| Information Systems                           | 10,833                       | 10,683         | 11,521                       | 11,521         |
| Human Resources                               | 2,397                        | 2,397          | 2,166                        | 2,166          |
| Office Costs                                  | 7,444                        | 7,444          | 7,192                        | 7,192          |
| Other Corporate                               | 52                           | 107            | 711                          | 711            |
| <b>Total Corporate &amp; Support Services</b> | <b>23,155</b>                | <b>23,040</b>  | <b>23,907</b>                | <b>23,907</b>  |

In addition to the above expenditure, Historic England, with the approval of Cabinet Office, opened a Voluntary Exit Scheme to staff during the year. This has resulted in one-off additional costs in the year of £2,437,000 which have been disclosed on the face of the Statement of Comprehensive Net Expenditure.

## 11 The English Heritage Trust Expenditure

|                                     | 2015-2016                    |                | 2014-2015                    |                |
|-------------------------------------|------------------------------|----------------|------------------------------|----------------|
|                                     | Historic<br>England<br>£'000 | Group<br>£'000 | Historic<br>England<br>£'000 | Group<br>£'000 |
| The English Heritage Trust          | –                            | 88,421         | 72,186                       | 83,095         |
| The English Heritage Trust Subsidy  | 15,755                       | –              | –                            | –              |
| <b>Total English Heritage Trust</b> | <b>15,755</b>                | <b>88,421</b>  | <b>72,186</b>                | <b>83,095</b>  |

The subsidy expenditure above is the spend incurred by Historic England as part of the service level agreement between Historic England and the English Heritage Trust. The 2014-2015 figures have been restated to reflect amendments to the composition of the organisational structure during the year. In previous years this was equivalent to the National Collections Group.

## 12 Net Assets Transferred by Absorption

On 1 April 2015, as part of the New Model arrangement with the English Heritage Trust, Historic England transferred operating assets and liabilities to the Trust to enable it to fulfil its charitable purposes.

This transaction was completed via means of a 'Transfer by Absorption'. This is an accounting mechanism dictated by the Government Financial Reporting Manual (FReM), which Historic England is obliged to follow, whereby a new entity is created and an existing function transfers to it. The transferor and transferee account for the function up to and from the point of transfer respectively. This adjustment represents a non-operating gain or loss on transfer.

The effect of this transaction is to create a balancing entry in the SoCNE to represent the net impact of the transfer of assets and liabilities.

The effect of this transaction on the accounts of Historic England are shown below.

|                                              | Total funds<br>£'000 |
|----------------------------------------------|----------------------|
| <b>Non-Current Assets</b>                    |                      |
| Intangible Assets                            | (1,117)              |
| Tangible Asset                               | (1,950)              |
| Investments                                  | (2,028)              |
| <b>Total Non-Current Assets</b>              | <b>(5,095)</b>       |
| <b>Current Assets</b>                        |                      |
| Stocks                                       | (39)                 |
| Debtors                                      | (1,630)              |
| Cash                                         | (221)                |
| <b>Total Current Assets</b>                  | <b>(1,890)</b>       |
| <b>Current Liabilities</b>                   |                      |
| Trade and Other Payables                     | 10,740               |
| <b>Total Assets Less Current Liabilities</b> | <b>3,755</b>         |
| <b>Non-Current Liabilities</b>               |                      |
| Trade and Other Payables                     | 2,069                |
| <b>Total Net Assets</b>                      | <b>5,824</b>         |
| <b>Tax Payers Equity</b>                     |                      |
| Restricted Funds                             | 556                  |
| Financial Asset Reserve                      | 2,028                |
| Revaluation Reserve                          | (104)                |
| General Reserve                              | (2,574)              |
| <b>Total Charity Funds</b>                   | <b>(94)</b>          |
| <b>Exceptional Non-Operating Gain</b>        | <b>5,918</b>         |

## 13 Taxation

Historic England enjoys the status of a charity for taxation purposes. No taxation liability is expected on its operations for the year ended 31 March 2016 (2015: nil). The English Heritage Trust, as a registered charity, is entitled to certain tax exemptions on income and surpluses on any trading activities carried out in furtherance of the Charity's primary objectives.

English Heritage Trading Limited transferred all of its profits for the year ended 31 March 2016 (2015: all) to the English Heritage Trust under the Gift Aid rules. Hence, it suffered nil taxation charge (2015: nil) as it had no taxable profits.

## 14 Auditor's Fees

|                                                               | 2015-2016<br>£'000 | 2014-2015<br>£'000 |
|---------------------------------------------------------------|--------------------|--------------------|
| Auditor's remuneration and expenses for statutory audit work: |                    |                    |
| Historic England                                              | 68                 | 110                |
| The English Heritage Trust                                    | 72                 | –                  |
| English Heritage Trading Limited                              | 12                 | 10                 |
| <b>Total Auditor's Fees</b>                                   | <b>152</b>         | <b>120</b>         |

During the year Historic England has not purchased any non-audit services from its auditor, the National Audit Office (2015: nil).

## 15 Related Party Transactions and Connected Bodies

### Connected Bodies

Historic England 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:

|                                  |                          |
|----------------------------------|--------------------------|
| British Broadcasting Corporation | National Maritime Museum |
| British Museum                   | Royal Armouries Museum   |
| Churches Conservation Trust      | The Royal Parks          |
| Heritage Lottery Fund            | The Theatres Trust       |
| Imperial War Museum              | VisitBritain             |
| National Heritage Memorial Fund  |                          |

During the year Historic England had material transactions with the following Government Departments and Central Government bodies:

|                                                    |                                 |
|----------------------------------------------------|---------------------------------|
| Cabinet Office                                     | Forestry Commission (England)   |
| Department for Environment, Food and Rural Affairs | Government Actuary's Department |
| Department for Transport                           | Natural England                 |
| Environment Agency                                 | Valuation Office Agency         |

### Material Transactions with Related Party Interests

During the year Historic England had the following material transactions in which there was a related interest:

#### Commissioners

- Sir Laurie Magnus, Chair of Historic England, is an Investment Panel member of the National Heritage Memorial Fund which made payments of £2,205 for advice and received £8,902 in respect of repayments of grants.
- Mr Michael Morrison is a Partner at Purcell who were in receipt of £70,498 for architect's services.
- Ms Sally Balcombe is the Chief Executive of VisitBritain which was in receipt of payments of £12,200 for research services. Ms Balcombe is also a governor at the Museum of London, which made payments totalling £2,910 for educational services and £120 for reproduction fees. It was also in receipt of £6,538 in respect of grants and £72 for reproduction services.
- Professor Mike Fulford is a trustee and Vice President of the Society for the Promotion of Roman Studies which was in receipt of £11,182 in respect of grants.

#### 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 £37,488 and £59,625 respectively.
- The partner of Mr Chris Smith, Planning Director, is the Honorary Chair of the Chartered Institute for Archaeologists (CIfA), which received £2,560 in subscription fees and also £149,957 in respect of grant payments.

- Mrs Meryl Hayward, Director of Finance & IMT, is a Non Executive Audit Committee Member of the Economic & Social Research Council which received payments of £20,144 for programme contributions.

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

The related party transactions and connected bodies for the English Heritage Trust are disclosed within the English Heritage Annual Report and Accounts.

## 16 Employees

### a) Employee Numbers

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

|                                         | Historic England     |                      |            | Group        | Group & Historic England |
|-----------------------------------------|----------------------|----------------------|------------|--------------|--------------------------|
|                                         | 2015-2016            | 2015-2016            | 2015-2016  | 2015-2016    | 2014-2015                |
|                                         | Permanently Employed | Fixed Term Contracts | Total      | Total        | Total                    |
| The English Heritage Trust <sup>1</sup> | –                    | –                    | –          | 1,165        | 1,151                    |
| Research                                | 136                  | 11                   | 147        | 147          | 140                      |
| Listing                                 | 78                   | 6                    | 84         | 84           | 89                       |
| Planning                                | 291                  | 22                   | 313        | 313          | 318                      |
| Engagement                              | 110                  | 24                   | 134        | 134          | 134                      |
| Corporate and Support Services          | 175                  | 25                   | 200        | 200          | 230                      |
| <b>Total Employee Numbers</b>           | <b>790</b>           | <b>88</b>            | <b>878</b> | <b>2,043</b> | <b>2,062</b>             |

#### Note

1 Before the New Model restructure, these employees were known as the National Collections Group.

Included within the figures above are three permanently employed staff who have been engaged on capital projects (2015: 25) and eleven agency staff (2015: 38), including two who have been engaged on capital projects (2015: 8).

### b) Employee Costs

|                                                   | 2015-2016                 |                | 2014-2015                         |
|---------------------------------------------------|---------------------------|----------------|-----------------------------------|
|                                                   | Historic England<br>£'000 | Group<br>£'000 | Group & Historic England<br>£'000 |
| Wages and Salaries                                | 31,645                    | 59,037         | 56,583                            |
| Social Security Costs                             | 2,423                     | 4,030          | 4,106                             |
| Pension Costs                                     | 6,450                     | 10,671         | 10,051                            |
| Redundancy and Severance Costs                    | 2,654                     | 2,689          | 1,130                             |
| Agency Staff Costs                                | 562                       | 1,542          | 1,582                             |
| <b>Sub Total</b>                                  | <b>43,734</b>             | <b>77,969</b>  | <b>73,452</b>                     |
| Less Recoveries in Respect of Outward Secondments | (262)                     | (262)          | –                                 |
| <b>Total Employee Costs</b>                       | <b>43,472</b>             | <b>77,707</b>  | <b>73,452</b>                     |

Included within the above costs for Historic England are £99,000 wages and salaries costs (2015: £1,167,000), £7,000 social security costs (2015: £91,000) and £20,000 pension costs (2015: £153,000) that have been capitalised within Non-Current Assets (Notes 17, 18 and 19).

Included within the above costs for the Historic England group are £402,000 wages and salaries costs (2015: £1,167,000), £33,000 social security costs (2015: £91,000) and £55,000 pension costs (2015: £153,000) that have been capitalised within Non-Current Assets. There are nil redundancy and severance costs (2015: nil) and £72,000 agency staff costs (2015: £264,000) that have been capitalised for Historic England and the Group.

## 17 Intangible Assets

|                                         | Software<br>Licences<br>£'000 | Systems<br>Development<br>£'000 | Goodwill<br>£'000 | Assets Under<br>Construction<br>£'000 | Total<br>£'000 |
|-----------------------------------------|-------------------------------|---------------------------------|-------------------|---------------------------------------|----------------|
| <b>Group</b>                            |                               |                                 |                   |                                       |                |
| <b>Cost or Valuation</b>                |                               |                                 |                   |                                       |                |
| At 1 April 2015                         | 2,469                         | 13,122                          | 104               | 255                                   | 15,950         |
| Additions                               | 147                           | 200                             | –                 | 154                                   | 501            |
| Disposals                               | (313)                         | (3,588)                         | (35)              | –                                     | (3,936)        |
| Reclassifications                       | –                             | 440                             | –                 | (195)                                 | 245            |
| Impairments                             | –                             | –                               | (69)              | –                                     | (69)           |
| Revaluations                            | 15                            | 88                              | –                 | –                                     | 103            |
| <b>At 31 March 2016</b>                 | <b>2,318</b>                  | <b>10,262</b>                   | <b>–</b>          | <b>214</b>                            | <b>12,794</b>  |
| <b>Amortisation</b>                     |                               |                                 |                   |                                       |                |
| At 1 April 2015                         | 1,744                         | 11,010                          | 26                | –                                     | 12,780         |
| Charged in Year                         | 233                           | 647                             | –                 | –                                     | 880            |
| Disposals                               | (308)                         | (3,588)                         | (35)              | –                                     | (3,931)        |
| Impairments                             | –                             | –                               | (10)              | –                                     | (10)           |
| Revaluations                            | 10                            | 83                              | 19                | –                                     | 112            |
| <b>At 31 March 2016</b>                 | <b>1,679</b>                  | <b>8,152</b>                    | <b>–</b>          | <b>–</b>                              | <b>9,831</b>   |
| Carrying Amount at 31 March 2015        | 725                           | 2,112                           | 78                | 255                                   | 3,170          |
| <b>Carrying Amount at 31 March 2016</b> | <b>639</b>                    | <b>2,110</b>                    | <b>–</b>          | <b>214</b>                            | <b>2,963</b>   |

All intangible assets are owned outright (2015: all).

|                                         | Software<br>Licences<br>£'000 | Systems<br>Development<br>£'000 | Goodwill<br>£'000 | Assets Under<br>Construction<br>£'000 | Total<br>£'000 |
|-----------------------------------------|-------------------------------|---------------------------------|-------------------|---------------------------------------|----------------|
| <b>Historic England</b>                 |                               |                                 |                   |                                       |                |
| <b>Cost or Valuation</b>                |                               |                                 |                   |                                       |                |
| At 1 April 2015                         | 2,469                         | 13,122                          | 104               | 255                                   | 15,950         |
| Additions                               | –                             | 200                             | –                 | 66                                    | 266            |
| Disposals                               | (305)                         | (1,391)                         | (35)              | –                                     | (1,731)        |
| Transferred by Absorption               | (1,024)                       | (3,386)                         | –                 | –                                     | (4,410)        |
| Reclassifications                       | –                             | 440                             | –                 | (195)                                 | 245            |
| Impairments                             | –                             | –                               | (69)              | –                                     | (69)           |
| Revaluations                            | 10                            | 71                              | –                 | –                                     | 81             |
| <b>At 31 March 2016</b>                 | <b>1,150</b>                  | <b>9,056</b>                    | <b>–</b>          | <b>126</b>                            | <b>10,332</b>  |
| <b>Amortisation</b>                     |                               |                                 |                   |                                       |                |
| At 1 April 2015                         | 1,744                         | 11,010                          | 26                | –                                     | 12,780         |
| Charged in Year                         | 87                            | 568                             | –                 | –                                     | 655            |
| Disposals                               | (301)                         | (1,357)                         | (35)              | –                                     | (1,693)        |
| Transferred by Absorption               | (479)                         | (2,815)                         | –                 | –                                     | (3,294)        |
| Impairments                             | –                             | –                               | (10)              | –                                     | (10)           |
| Revaluations                            | 9                             | 66                              | 19                | –                                     | 94             |
| <b>At 31 March 2016</b>                 | <b>1,060</b>                  | <b>7,472</b>                    | <b>–</b>          | <b>–</b>                              | <b>8,532</b>   |
| Carrying Amount at 31 March 2015        | 725                           | 2,112                           | 78                | 255                                   | 3,170          |
| <b>Carrying Amount at 31 March 2016</b> | <b>90</b>                     | <b>1,584</b>                    | <b>–</b>          | <b>126</b>                            | <b>1,800</b>   |

All intangible assets are owned outright (2015: all).

|                                         | Software<br>Licences<br>£'000 | Systems<br>Development<br>£'000 | Goodwill<br>£'000 | Assets Under<br>Construction<br>£'000 | Total<br>£'000 |
|-----------------------------------------|-------------------------------|---------------------------------|-------------------|---------------------------------------|----------------|
| <b>Historic England &amp; Group</b>     |                               |                                 |                   |                                       |                |
| <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)        |
| Reclassifications                       | –                             | –                               | –                 | –                                     | –              |
| 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>   |

## 18 Property, Plant & Equipment

|                                             | Operational<br>Land &<br>Buildings<br>£'000 | Dwellings<br>£'000 | Plant &<br>Machinery<br>£'000 | Information<br>Systems<br>£'000 | Furniture &<br>Fittings<br>£'000 | Assets Under<br>Construction<br>£'000 | Total<br>£'000 |
|---------------------------------------------|---------------------------------------------|--------------------|-------------------------------|---------------------------------|----------------------------------|---------------------------------------|----------------|
| <b>Group</b>                                |                                             |                    |                               |                                 |                                  |                                       |                |
| <b>Cost or Valuation</b>                    |                                             |                    |                               |                                 |                                  |                                       |                |
| At 1 April 2015                             | 114,858                                     | 3,365              | 16,655                        | 5,791                           | 5,601                            | 2,820                                 | 149,090        |
| Additions                                   | 2,271                                       | –                  | 760                           | –                               | 193                              | 3,023                                 | 6,247          |
| Disposals                                   | (474)                                       | –                  | (321)                         | (409)                           | –                                | –                                     | (1,204)        |
| Impairments                                 | (1,569)                                     | –                  | (734)                         | –                               | –                                | –                                     | (2,303)        |
| Reclassifications                           | (728)                                       | (717)              | 1,440                         | 1,604                           | 1,234                            | (2,571)                               | 262            |
| Revaluations                                | (4,810)                                     | (211)              | 127                           | 47                              | 54                               | –                                     | (4,793)        |
| <b>At 31 March 2016</b>                     | <b>109,548</b>                              | <b>2,437</b>       | <b>17,927</b>                 | <b>7,033</b>                    | <b>7,082</b>                     | <b>3,272</b>                          | <b>147,299</b> |
| <b>Depreciation</b>                         |                                             |                    |                               |                                 |                                  |                                       |                |
| At 1 April 2015                             | 33,967                                      | 1,531              | 9,548                         | 4,426                           | 3,845                            | –                                     | 53,317         |
| Charged in Year                             | 4,442                                       | 47                 | 1,412                         | 798                             | 414                              | –                                     | 7,113          |
| Disposals                                   | (408)                                       | –                  | (311)                         | (409)                           | –                                | –                                     | (1,128)        |
| Impairments                                 | (129)                                       | –                  | (593)                         | –                               | –                                | –                                     | (722)          |
| Reclassifications                           | (91)                                        | (476)              | 264                           | 1                               | 302                              | –                                     | –              |
| Revaluations                                | (13,881)                                    | (801)              | 84                            | 40                              | 17                               | –                                     | (14,541)       |
| <b>At 31 March 2016</b>                     | <b>23,900</b>                               | <b>301</b>         | <b>10,404</b>                 | <b>4,856</b>                    | <b>4,578</b>                     | <b>–</b>                              | <b>44,039</b>  |
| Carrying Amount<br>at 31 March 2015         | 80,891                                      | 1,834              | 7,107                         | 1,365                           | 1,756                            | 2,820                                 | 95,773         |
| <b>Carrying Amount<br/>at 31 March 2016</b> | <b>85,648</b>                               | <b>2,136</b>       | <b>7,523</b>                  | <b>2,177</b>                    | <b>2,504</b>                     | <b>3,272</b>                          | <b>103,260</b> |

|                                             | Operational<br>Land &<br>Buildings<br>£'000 | Dwellings<br>£'000 | Plant &<br>Machinery<br>£'000 | Information<br>Systems<br>£'000 | Furniture &<br>Fittings<br>£'000 | Assets Under<br>Construction<br>£'000 | Total<br>£'000 |
|---------------------------------------------|---------------------------------------------|--------------------|-------------------------------|---------------------------------|----------------------------------|---------------------------------------|----------------|
| <b>Historic England</b>                     |                                             |                    |                               |                                 |                                  |                                       |                |
| <b>Cost or Valuation</b>                    |                                             |                    |                               |                                 |                                  |                                       |                |
| At 1 April 2015                             | 114,858                                     | 3,365              | 16,655                        | 5,791                           | 5,601                            | 2,820                                 | 149,090        |
| Additions                                   | 167                                         | –                  | 292                           | 6                               | –                                | –                                     | 465            |
| Disposals                                   | (434)                                       | –                  | (275)                         | (188)                           | –                                | –                                     | (897)          |
| Transferred by<br>Absorption                | (88)                                        | –                  | (3,087)                       | (526)                           | (514)                            | –                                     | (4,215)        |
| Impairments                                 | (1,569)                                     | –                  | (7)                           | –                               | –                                | –                                     | (1,576)        |
| Reclassifications                           | (773)                                       | (717)              | 1,440                         | 1,604                           | 1,234                            | (2,566)                               | 222            |
| Revaluations                                | (4,813)                                     | (211)              | 59                            | 45                              | 51                               | –                                     | (4,869)        |
| <b>At 31 March 2016</b>                     | <b>107,348</b>                              | <b>2,437</b>       | <b>15,077</b>                 | <b>6,732</b>                    | <b>6,372</b>                     | <b>254</b>                            | <b>138,220</b> |
| <b>Depreciation</b>                         |                                             |                    |                               |                                 |                                  |                                       |                |
| At 1 April 2015                             | 33,967                                      | 1,531              | 9,548                         | 4,426                           | 3,845                            | –                                     | 53,317         |
| Charged in Year                             | 4,330                                       | 47                 | 883                           | 769                             | 363                              | –                                     | 6,392          |
| Disposals                                   | (408)                                       | –                  | (281)                         | (183)                           | –                                | –                                     | (872)          |
| Transferred by<br>Absorption                | (33)                                        | –                  | (1,446)                       | (364)                           | (423)                            | –                                     | (2,266)        |
| Impairments                                 | (129)                                       | –                  | –                             | –                               | –                                | –                                     | (129)          |
| Reclassifications                           | (91)                                        | (476)              | 264                           | 1                               | 302                              | –                                     | –              |
| Revaluations                                | (13,888)                                    | (801)              | 66                            | 34                              | 10                               | –                                     | (14,579)       |
| <b>At 31 March 2016</b>                     | <b>23,748</b>                               | <b>301</b>         | <b>9,034</b>                  | <b>4,683</b>                    | <b>4,097</b>                     | <b>–</b>                              | <b>41,863</b>  |
| Carrying Amount<br>at 31 March 2015         | 80,891                                      | 1,834              | 7,107                         | 1,365                           | 1,756                            | 2,820                                 | 95,773         |
| <b>Carrying Amount<br/>at 31 March 2016</b> | <b>83,600</b>                               | <b>2,136</b>       | <b>6,043</b>                  | <b>2,049</b>                    | <b>2,275</b>                     | <b>254</b>                            | <b>96,357</b>  |

Capital expenditure contracted for as at 31 March 2016 but not provided for in the financial statements amounted to £106,000 for Historic England and £1,521,000 for the group (2015 group: £1,489,000). Those commitments relating to tangible non-current assets amounted to £10,000 for Historic England and £1,420,000 for the group (2015: £1,461,000) and those relating to intangible non-current assets amounted to £96,000 for Historic England and £101,000 for the group (2015: £28,000).

Total Non-Current Asset acquisitions in the year to the fair value of £3,332,000 were funded by government grant (2015: £4,854,000), £57,000 by non-government grant (2015: £719,000), £nil by donations (2015: £15,000), £9,000 by asset sale proceeds (2015: £3,161,000) and £13,000 by lottery funding (2015: £719,000).

In accordance with the 'Property Licence and Operating Agreement', operating assets with a total net book value of £3,067,000 have been disposed and transferred to the English Heritage Trust's ownership.

The transfers from Assets under Construction to other Non-Current Asset categories represent Assets under Construction which were started in previous years and have been completed in the year. These include the Dover Admiralty Interpretation project, the fit out of Windsor House, Northamptonshire and the refurbishment of the Engine House, Swindon.

Historic England's obligations under finance leases (note 27) are secured by the lessors' title to the leased assets, which have a carrying value of £7,637,000 (2015: £11,928,000) within land and buildings excluding dwellings. All other property, plant and equipment is either under guardianship of or owned outright by Historic England (2015: all).



|                                             | Operational<br>Land &<br>Buildings<br>£'000 | Dwellings<br>£'000 | Plant &<br>Machinery<br>£'000 | Information<br>Systems<br>£'000 | Furniture &<br>Fittings<br>£'000 | Assets Under<br>Construction<br>£'000 | Total<br>£'000 |
|---------------------------------------------|---------------------------------------------|--------------------|-------------------------------|---------------------------------|----------------------------------|---------------------------------------|----------------|
| <b>Historic England &amp; Group</b>         |                                             |                    |                               |                                 |                                  |                                       |                |
| <b>Cost or Valuation</b>                    |                                             |                    |                               |                                 |                                  |                                       |                |
| At 1 April 2014                             | 101,386                                     | 2,508              | 15,549                        | 5,669                           | 5,731                            | 4,763                                 | 135,606        |
| Additions                                   | 88                                          | 100                | 880                           | 473                             | 12                               | 5,248                                 | 6,801          |
| Disposals                                   | (884)                                       | –                  | (110)                         | (559)                           | (257)                            | –                                     | (1,810)        |
| Impairments                                 | (123)                                       | –                  | –                             | –                               | (1)                              | –                                     | (124)          |
| Reclassifications                           | 6,011                                       | 580                | 387                           | 101                             | 120                              | (7,191)                               | 8              |
| Revaluations                                | 8,380                                       | 177                | (51)                          | 107                             | (4)                              | –                                     | 8,609          |
| <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                            | –                                     | 45,755         |
| Charged in Year                             | 4,023                                       | 136                | 1,272                         | 481                             | 430                              | –                                     | 6,342          |
| Disposals                                   | (216)                                       | –                  | (110)                         | (559)                           | (257)                            | –                                     | (1,142)        |
| Reclassifications                           | (111)                                       | 60                 | 5                             | –                               | 46                               | –                                     | –              |
| Revaluations                                | 2,305                                       | 93                 | (116)                         | 108                             | (28)                             | –                                     | 2,362          |
| <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<br>at 31 March 2014         | 73,420                                      | 1,266              | 7,052                         | 1,273                           | 2,077                            | 4,763                                 | 89,851         |
| <b>Carrying Amount<br/>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>  |

## 19 Heritage Assets

|                                         | Land &<br>Buildings<br>£'000 | Dwellings<br>£'000 | Artefacts &<br>Archives<br>£'000 | Assets Under<br>Construction<br>£'000 | Total<br>£'000 |
|-----------------------------------------|------------------------------|--------------------|----------------------------------|---------------------------------------|----------------|
| <b>Group</b>                            |                              |                    |                                  |                                       |                |
| <b>Cost or Valuation</b>                |                              |                    |                                  |                                       |                |
| At 1 April 2015                         | 16,955                       | –                  | 8,084                            | –                                     | 25,039         |
| Additions                               | –                            | –                  | 81                               | –                                     | 81             |
| Impairments                             | (315)                        | (97)               | –                                | –                                     | (412)          |
| Reclassifications                       | (5,888)                      | 5,381              | –                                | –                                     | (507)          |
| Revaluations                            | 857                          | 973                | –                                | 6,092                                 | 7,922          |
| <b>Carrying Amount at 31 March 2016</b> | <b>11,609</b>                | <b>6,257</b>       | <b>8,165</b>                     | <b>6,092</b>                          | <b>32,123</b>  |
| <b>Historic England</b>                 |                              |                    |                                  |                                       |                |
| <b>Cost or Valuation</b>                |                              |                    |                                  |                                       |                |
| At 1 April 2015                         | 16,955                       | –                  | 8,084                            | –                                     | 25,039         |
| Impairments                             | (315)                        | (97)               | –                                | –                                     | (412)          |
| Reclassifications                       | (5,888)                      | 5,381              | –                                | –                                     | (507)          |
| Revaluations                            | 857                          | 973                | –                                | 6,092                                 | 7,922          |
| <b>Carrying Amount at 31 March 2016</b> | <b>11,609</b>                | <b>6,257</b>       | <b>8,084</b>                     | <b>6,092</b>                          | <b>32,042</b>  |

|                                         | Land & Buildings<br>£'000 | Dwellings<br>£'000 | Artefacts & Archives<br>£'000 | Assets Under Construction<br>£'000 | Total<br>£'000 |
|-----------------------------------------|---------------------------|--------------------|-------------------------------|------------------------------------|----------------|
| <b>Historic England &amp; Group</b>     |                           |                    |                               |                                    |                |
| <b>Cost or Valuation</b>                |                           |                    |                               |                                    |                |
| At 1 April 2014                         | 17,828                    | –                  | 7,686                         | 203                                | 25,717         |
| Additions                               | 14                        | –                  | 51                            | 575                                | 640            |
| Disposals                               | –                         | –                  | 15                            | –                                  | 15             |
| Impairments                             | (2,456)                   | –                  | –                             | –                                  | (2,456)        |
| Reclassifications                       | 243                       | –                  | 332                           | (778)                              | (203)          |
| Revaluations                            | 1,326                     | –                  | –                             | –                                  | 1,326          |
| <b>Carrying Amount at 31 March 2015</b> | <b>16,955</b>             | <b>–</b>           | <b>8,084</b>                  | <b>–</b>                           | <b>25,039</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.

|                            | 2016<br>£'000 | 2015<br>£'000 | 2014<br>£'000 | 2013<br>£'000 |
|----------------------------|---------------|---------------|---------------|---------------|
| Cost of Acquisition        | 71            | 640           | 1,006         | 969           |
| Value Acquired by Donation | 10            | 15            | –             | –             |

The group has recognised £6.092 million of revaluations of heritage assets. This is part of the £80 million capital grant from government given to the English Heritage Trust.

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

All land and buildings are subject to a full professional valuation every five years. A full quinquennial valuation was undertaken during the year ended 31 March 2016.

As part of New Model arrangements a number of heritage assets which have not previously been subject to valuation, have been valued by Powis Hughes in order to obtain a baseline prior to works being carried out to address significant conservation defects.

Starting in 2014/15, a rolling programme of such valuations will be carried out until the end of the New Model arrangement in 2022/23 at all sites which are the subject of conservation defect works. All artefacts and archives acquired since 2001 are recognised and held at cost or, where donated, at market value (note 1j).

## 20 Further Information on Heritage Assets

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

The English Heritage Trust 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.

The 'Property Licence and Operating Agreement' sets out the arrangement under which the English Heritage Trust manages, cares for and operates the National Heritage Collection.

A full list of sites that comprise the National Heritage Collection is provided in the English Heritage Handbook and is also available from the English Heritage website. The handbook also includes full details of public access to these sites.

*Historic Artefacts*

As part of the National Heritage Collection, the English Heritage Trust manages in the region of 500,000 historic artefacts, ranging from environmental remains and archaeological artefacts to pottery, fine art and furnishings.

The historic artefacts 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.

The collections owned by Historic England have been purchased as part of our ongoing work to restore and enhance our properties.

Donated artefacts received during the year had a value of £nil (2015: £15,000). There were no disposals of artefacts during the year, or in the previous year.

## 21 Conservation and Management

The English Heritage Trust is responsible for the conservation and maintenance of Historic England's 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 the English Heritage Trust an awareness of the scale of the 'conservation deficit' in relation to the resources available to address it along with impact assessments of the English Heritage Trust's ability to procure the necessary works.

Total group expenditure on site maintenance of £15,285,000 was incurred during the year ended 31 March 2016 (2015: £14,626,000). Further information is provided in the separate publication *Conservation Principles, Policies and Guidance*, available from 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. Further information in relation to the work of the English Heritage Trust can be found on its website [www.english-heritage.org.uk](http://www.english-heritage.org.uk).

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 the sites is guided, planned and executed so as to sustain the values and significance of the sites in question. The team is also involved in the development of presentation and interpretation schemes and the development of Heritage Protection Agreements at sites.

The Historic England Archive is maintained within the Engagement 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 ensuring that records deposited with the Archive are made available.

## 22 Inventories

|             | 2016                         |                | 2015                         |                |
|-------------|------------------------------|----------------|------------------------------|----------------|
|             | Historic<br>England<br>£'000 | Group<br>£'000 | Historic<br>England<br>£'000 | Group<br>£'000 |
| Inventories | 216                          | 6,732          | –                            | 5,839          |

Inventories are stated after write-offs in the year of £124,000 (2015: £149,000) and provisions of £188,000 in the group and £138,000 in Historic England (2015: £128,000).

## 23 Trade and Other Receivables

|                                          | 2016                         |                | 2015                         |                |
|------------------------------------------|------------------------------|----------------|------------------------------|----------------|
|                                          | Historic<br>England<br>£'000 | Group<br>£'000 | Historic<br>England<br>£'000 | Group<br>£'000 |
| Trade Receivables                        | 323                          | 1,585          | 1,110                        | 1,110          |
| Value Added Tax                          | 868                          | 1,992          | 3,512                        | 3,520          |
| Prepayments and Accrued Income           | 2,948                        | 4,008          | 4,830                        | 4,830          |
| Other Receivables                        | 222                          | 1,932          | 1,085                        | 1,085          |
| Amount owed by Subsidiaries              | –                            | –              | 3,963                        | –              |
| <b>Total Trade and Other Receivables</b> | <b>4,361</b>                 | <b>9,517</b>   | <b>14,500</b>                | <b>10,545</b>  |

## 24 Assets Classified as Held for Sale

|                      | 2016                         |                | 2015                         |                |
|----------------------|------------------------------|----------------|------------------------------|----------------|
|                      | Historic<br>England<br>£'000 | Group<br>£'000 | Historic<br>England<br>£'000 | Group<br>£'000 |
| Assets Held for Sale | 40                           | 40             | –                            | –              |

No land or buildings were classified as held for sale at 31 March 2015. The asset classified as held for sale at 31 March 2016 is land at Birdoswald Roman Fort in Cumbria. The asset is held at the lower of the carrying amount and the fair value less costs to sell.

## 25 Cash and Cash Equivalents

|                                                    | 2016<br>£'000 | 2015<br>£'000 |
|----------------------------------------------------|---------------|---------------|
| <b>Group</b>                                       |               |               |
| <b>Balance at 1 April</b>                          | 87,272        | 3,776         |
| Net Change in Cash and Cash Equivalents Balances   | (7,053)       | 83,496        |
| <b>Balance at 31 March</b>                         | <b>80,219</b> | <b>87,272</b> |
| The following balances at 31 March were held with: |               |               |
| <b>Cash</b>                                        |               |               |
| Government Banking Service                         | 73,085        | 82,462        |
| Commercial Banks                                   | 7,134         | 4,810         |
|                                                    | <b>80,219</b> | <b>87,272</b> |
| <b>Cash Equivalents</b>                            |               |               |
| Commercial Banks                                   | –             | –             |
| <b>Balance at 31 March</b>                         | <b>80,219</b> | <b>87,272</b> |
| <b>Historic England</b>                            |               |               |
| <b>Balance at 1 April</b>                          | <b>4,058</b>  | 3,275         |
| Net Change in Cash and Cash Equivalents Balances   | (3,297)       | 783           |
| <b>Balance at 31 March</b>                         | <b>761</b>    | <b>4,058</b>  |
| The following balances at 31 March were held with: |               |               |
| <b>Cash</b>                                        |               |               |
| Government Banking Service                         | 585           | 2,462         |
| Commercial Banks                                   | 176           | 1,596         |
|                                                    | <b>761</b>    | <b>4,058</b>  |
| <b>Cash Equivalents</b>                            |               |               |
| Commercial Banks                                   | –             | –             |
| <b>Balance at 31 March</b>                         | <b>761</b>    | <b>4,058</b>  |

## 26 Financial Instruments

As Historic England 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.

Historic England has no powers to borrow and held no investments as at 31 March 2016. The Historic England group subsidiaries have greater financial freedom, enabling them to utilise financial instruments more readily than Historic England.

At 31 March 2016, the English Heritage Trust held short-term deposits with institutions with low risk credit ratings amounting to £1,217,000 (2015: nil).

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, Historic England and the group do not have any significant liquidity risk.

**b) Interest Rate Risk**

Historic England and the group's long-term financial liabilities relate solely to provisions (note 30), none of which are interest bearing and are mainly due within one 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**

Historic England held no financial assets classified as fixed term deposits at at 31 March 2016, the English Heritage Trust held current financial assets in UK notice accounts as follows:

|                                         | Group<br>2016<br>£'000 | Group<br>2015<br>£'000 |
|-----------------------------------------|------------------------|------------------------|
| Value as at 1 April 2015                | –                      | –                      |
| Transfer from Cash and Cash Equivalents | 1,217                  | –                      |
| <b>Value as at 31 March 2016</b>        | <b>1,217</b>           | –                      |

## 27 Obligations Under Finance Leases

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

|                                                                             | 2016<br>£'000 | 2015<br>£'000 |
|-----------------------------------------------------------------------------|---------------|---------------|
| <b>Historic England &amp; Group</b>                                         |               |               |
| <b>Obligations under finance leases for the following periods comprise:</b> |               |               |
| 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                                                       | 20,956        | 21,523        |
|                                                                             | <b>23,788</b> | <b>24,355</b> |
| <b>Gross value of obligations</b>                                           |               |               |
| Less interest element                                                       | (16,416)      | (16,960)      |
| <b>Present value of obligations</b>                                         | <b>7,372</b>  | <b>7,395</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 (2015: £281,000).

It is Historic England's policy to lease certain of its property, plant and equipment under finance leases.

The lease of the Engine House building and the Historic England Archive in Swindon transfers the risks and rewards of ownership to Historic England. 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. Historic England's finance lease policy is disclosed in note 1p.

Net lease liabilities repayable within one year were £566,000 (2015: £566,000), in the second to fifth years inclusive £1,878,000 (2015: £1,878,000) and after five years £4,928,000 (2015: £4,951,000).

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

## 28 Trade and Other Payables

|                                          | 2016                      |                | 2015                      |                |
|------------------------------------------|---------------------------|----------------|---------------------------|----------------|
|                                          | Historic England<br>£'000 | Group<br>£'000 | Historic England<br>£'000 | Group<br>£'000 |
| Trade Payables                           | 3,508                     | 7,546          | 12,149                    | 12,149         |
| Pensions, Income Tax and Social Security | 1,456                     | 2,282          | 1,172                     | 1,172          |
| Deferred Income                          | 362                       | 11,593         | 8,662                     | 9,250          |
| Deferred Capital Grants                  | –                         | –              | –                         | –              |
| Accruals                                 | 8,838                     | 19,973         | 13,425                    | 13,443         |
| Other Payables                           | 267                       | 385            | 344                       | 341            |
| Amount Owed to Subsidiaries              | 87                        | –              | –                         | –              |
| <b>Total Trade and Other Payables</b>    | <b>14,518</b>             | <b>41,779</b>  | <b>35,752</b>             | <b>36,355</b>  |

## 29 Other Non-Current Payables

|                                   | 2016                      |                | 2015                      |                |
|-----------------------------------|---------------------------|----------------|---------------------------|----------------|
|                                   | Historic England<br>£'000 | Group<br>£'000 | Historic England<br>£'000 | Group<br>£'000 |
| Pensions                          | 221                       | 221            | 223                       | 223            |
| Deferred Income                   | –                         | 2,084          | 3,613                     | 3,613          |
| <b>Other Non-Current Payables</b> | <b>221</b>                | <b>2,305</b>   | <b>3,836</b>              | <b>3,836</b>   |

## 30 Provisions

|                                 | Historic England                          |                                           |                | Group                                     |                                           |                |
|---------------------------------|-------------------------------------------|-------------------------------------------|----------------|-------------------------------------------|-------------------------------------------|----------------|
|                                 | Early Retirement & Restructuring<br>£'000 | Legal & Constructive Obligations<br>£'000 | Total<br>£'000 | Early Retirement & Restructuring<br>£'000 | Legal & Constructive Obligations<br>£'000 | Total<br>£'000 |
| <b>Balance at 1 April 2015</b>  | 531                                       | 95                                        | 626            | 531                                       | 95                                        | 626            |
| Provided in the Year            | 9                                         | 46                                        | 55             | 9                                         | 58                                        | 67             |
| Provisions Released in the Year | (43)                                      | (86)                                      | (129)          | (43)                                      | (86)                                      | (129)          |
| Provisions Utilised in the Year | (190)                                     | (8)                                       | (198)          | (190)                                     | (8)                                       | (198)          |
| <b>Balance at 31 March 2016</b> | <b>307</b>                                | <b>47</b>                                 | <b>354</b>     | <b>307</b>                                | <b>59</b>                                 | <b>366</b>     |
| Balance at 1 April 2014         | 1,041                                     | 993                                       | 2,034          | 1,041                                     | 993                                       | 2,034          |
| Provided in the Year            | 22                                        | –                                         | 22             | 22                                        | –                                         | 22             |
| Provisions Released in the Year | (72)                                      | (810)                                     | (882)          | (72)                                      | (810)                                     | (882)          |
| Provisions Utilised in the Year | (460)                                     | (88)                                      | (548)          | (460)                                     | (88)                                      | (548)          |
| <b>Balance at 31 March 2015</b> | <b>531</b>                                | <b>95</b>                                 | <b>626</b>     | <b>531</b>                                | <b>95</b>                                 | <b>626</b>     |

A provision of £307,000 (2015: £531,000) 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. Those payments due after a year amount to £152,000. Provisions are calculated based on third party information provided by pension scheme administrators. A provision of £59,000 (2015: £95,000) has been made with relation to personal injury and other claims made against the Historic England group. 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.

## 31 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.

|                                                   | 2016                         |                | 2015           |
|---------------------------------------------------|------------------------------|----------------|----------------|
|                                                   | Historic<br>England<br>£'000 | Group<br>£'000 | Group<br>£'000 |
| <b>Land and Buildings</b>                         |                              |                |                |
| Not later than one year                           | 2,232                        | 2,937          | 2,608          |
| Later than one year and not later than five years | 2,952                        | 5,562          | 6,087          |
| Later than five years                             | 14,252                       | 25,969         | 22,693         |
|                                                   | <b>19,436</b>                | <b>34,468</b>  | <b>31,388</b>  |
| <b>Other</b>                                      |                              |                |                |
| Not later than one year                           | 30                           | 79             | 97             |
| Later than one year and not later than five years | 5                            | 41             | 73             |
| Later than five years                             | –                            | –              | –              |
| <b>Total Operating Lease Commitments</b>          | <b>19,471</b>                | <b>34,588</b>  | <b>31,558</b>  |

The majority of leases relate to property rentals and are subject to rent reviews. During the year ended 31 March 2016 payments under operating leases totalled £3,356,000 for Historic England and £4,325,000 for the group (2015: £3,301,000).

## 32 Contingent Liabilities

Various outstanding claims existed at 31 March 2016. Provision has been made in the accounts for the year ended 31 March 2016 for those outstanding liabilities which will probably require settlement, and where the amount of the liability can be reliably estimated (note 30). £340,000 of contingent liabilities have been identified for the group as at 31 March 2016 (2015: none) of which £274,000 have been identified for Historic England, all relating to outstanding legal claims.

## 33 Contingent Assets

The English Heritage Trust is the residual beneficiary of a large estate for which probate was granted in 2014. No notification had been received from the executor of the estate as at 31 March 2016 that a distribution will be made at the current time and hence no income or assets have been recognised during 2015/16.



## 34 Subsidiaries

### a) The English Heritage Trust

The English Heritage Trust was incorporated in 2010, becoming a subsidiary of the Historic Buildings and Monuments Commission for England (HBMCE) on 12 December 2014. HBMCE (trading as Historic England) is the sole member of the English Heritage Trust.

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

The results of English Heritage Trading Limited have been consolidated into the results of the English Heritage Trust.

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

Further details of the transfers by absorption can be found in note 12.

|                                                         | 2016<br>£'000   | Restated<br>12 December<br>2014 to<br>31 March<br>2015<br>£'000 |
|---------------------------------------------------------|-----------------|-----------------------------------------------------------------|
| <b>Incoming and Expended Resources</b>                  |                 |                                                                 |
| Total Incoming Resources                                | 95,411          | 81,855                                                          |
| Total Resources Expended                                | (106,058)       | (1,130)                                                         |
| <b>Net Income for the Year</b>                          | <b>(10,647)</b> | <b>80,725</b>                                                   |
| <b>Reconciliation of Funds</b>                          |                 |                                                                 |
| Total Funds Brought Forward                             | 82,954          | 2,229                                                           |
| Total Funds Carried Forward                             | <b>72,307</b>   | <b>82,954</b>                                                   |
|                                                         | 2016<br>£'000   | 2015<br>£'000                                                   |
| <b>Net Assets as at 31 March</b>                        |                 |                                                                 |
| Non-Current Assets                                      | 8,152           | –                                                               |
| Current Assets                                          | 93,747          | 83,711                                                          |
| Creditors: Amounts Falling Due Within One Year          | (27,496)        | (757)                                                           |
| Creditors: Amounts Falling Due After More Than One Year | (2,096)         | –                                                               |
| <b>Net Assets</b>                                       | <b>72,307</b>   | <b>82,954</b>                                                   |
| Restricted                                              | 72,030          | 81,489                                                          |
| Unrestricted                                            | 277             | 1,465                                                           |
| <b>Funds</b>                                            | <b>72,307</b>   | <b>82,954</b>                                                   |

### b) English Heritage Limited

HBMCE is the sole member of English Heritage Limited, a company limited by guarantee incorporated in 1984. English Heritage Limited was dormant throughout the current and prior years.

### c) Historic England Limited

HBMCE is the sole member of Historic England Limited, a company limited by guarantee incorporated in 2014. Historic England Limited has been dormant throughout the current and prior years.

### d) The Iveagh Bequest

The Commissioners of HBMCE 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 HBMCE.

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.

## 35 Landfill Tax Credit Scheme

Historic England is registered as an Environmental Body with 'Entrust', the regulator of environmental bodies under the landfill tax regulations. During the year ended 31 March 2016 there were no projects in progress that were grant funded by landfill tax credits (2015: nil).

## 36 New Model Impact

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

- Group Statement of Financial Position (page 41) – The General Reserve was increased in 2014/15 to reflect the consolidation of the English Heritage Trust which held the £80 million at 31 March 2015.
- Historic England Statement of Financial Position (page 41) – The Financial Asset Reserve in 2014/15 represented the value of the English Heritage Trust at 31 March 2015 as Historic England held a controlling position in the English Heritage Trust.
- Group Statement of Cash Flows (page 42) – The increase in cash in the year ended 31 March 2015 related to the consolidation of the English Heritage Trust which held £83.214 million cash (including the New Model £80 million) at the reporting date.
- Historic England Statement of Cash Flows (page 42) – Net Expenditure during the year ended 31 March 2015 of £180.861 million includes the granting of the £80 million from Historic England to the English Heritage Trust in March 2015.
- Historic England's Statement of Changes in Taxpayers' Equity (page 44) – The Gain on Revaluation on the Financial Asset Reserve as at 31 March 2015 of £79.345 million included the receipt of £80 million by the English Heritage Trust.
- Note 25 – Cash and Cash Equivalents (page 64) – The £80 million was paid into a Government Banking Service (GBS) account and drawn down as required. During 2015/16, a total of £10.343 million was spent on works relating to the £80 million.
- Note 34 – Subsidiaries (page 68) – The Net Assets of the English Heritage Trust as at 31 March 2015 included the £80 million New Model grant which was held as cash.

## 37 Events After the Reporting Period

On 23 June 2016, the EU referendum resulted in a vote to leave the European Union. The organisation does not receive material funding from the European Union. Therefore there are no significant financial consequences as a result of this decision in the context of these financial statements.



# 5

## Donors, Sponsors and Contributors

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## Gifts and Donations

Historic England is very grateful to the organisations that have contributed to our activities during the year ended 31 March 2016. The following have given amounts of, or worth, £1,000 or more:

Andrew Lloyd Webber Foundation  
Cardiff University  
Department for Communities and Local Government  
Doncaster Metropolitan Borough Council  
Heritage Lottery Fund  
Howard de Walden Estates Ltd  
Shropshire Council  
South Downs National Park Authority  
Stoke-on-Trent City Council

We also thank those not listed here as well as all contributors who prefer to remain anonymous.

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