

ENGLISH HERITAGE

07

Annual Report and Accounts

2007/08

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Contents

Annual Report

- 1 Introduction
- 3 Achievements of 2007/08
- 14 Facts and Figures
- 16 Chief Executive's Management Commentary
- 20 Performance Against Funding Agreement Targets

Accounts

- 32 Directors' Report
- 34 Remuneration Report
- 36 Statement of Commissioners' and Chief Executive's Responsibilities
- 37 Statement on Internal Control
- 40 Audit Certificate
- 42 Financial Statements
- 46 Notes to Financial Statements
- 69 Donors, Sponsors & Contributors

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English Heritage

Annual Report and Accounts 2007/08

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Introduction

It gives me great pleasure to present our Annual Report and Accounts at the end of my first year as Chairman of English Heritage.

When I joined English Heritage in summer 2007 the organisation was entering the final stages of making the case for Government investment in the historic environment ahead of the Comprehensive Spending Review. The case was a strong one and benefited enormously from so many partners in the sector working together. It was gratifying therefore that English Heritage was awarded a modest increase in its Government grant for the next three years. This will enable us to continue essential preparations for the proposed changes to the heritage protection system. The new proposals for a less bureaucratic, more accountable way of identifying and managing England's important historic places are vital for modernising the systems to meet 21st century needs. The financial year ended with us anticipating the publication of the Draft Heritage Protection Bill which will pave the way for these improvements. As it progresses through Parliament we will continue to work with MPs, local government and the Department for Culture, Media and Sport to make the necessary preparations for enactment and implementation.

The presentation of this report belies an impressive breadth of achievement for English Heritage over the last year. From a significant capital investment programme to improve visitor facilities at our key sites, and one-off projects such as the stabilisation of the 4,000 year old Silbury Hill, to the ever growing body of guidance for local authorities and the development of our Conservation Principles, English Heritage continues to lead and inform. Other major advances included revised guidance on tall buildings and on climate change and the historic environment; an authoritative conference on seaside towns and their regeneration; £32.6 million worth of grants for owners of historic buildings; and over 6 million people getting involved in and enjoying English Heritage events, sites and funded programmes.

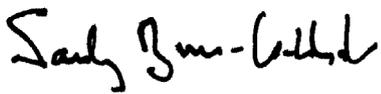
One of English Heritage's core purposes is to encourage people to appreciate their heritage. For this reason we are pleased to continue to support the DCMS *Taking Part* survey. The survey provides data on people's engagement with the historic environment and the most recent results show that 69.3% of adults made at least one visit to an historic environment site in the 12 months prior to being asked. This is an impressive statistic, but it can be improved on. We and the rest of the historic environment sector are keen to broaden our audience and to share our enthusiasm and knowledge so that everyone can enjoy what our historic environment has to offer.

I have been particularly pleased to visit a number of English Heritage sites during the year including Framlingham Castle where I was delighted to open a new exhibition and Audley End where a major restoration project is underway. The Government's announcement not to fund the proposed road programme at Stonehenge was disappointing but after discussion with DCMS and the Department for Transport we have agreed to provide new facilities in time for the 2012 Olympics.

Introduction

In getting to know the organisation I have been impressed by the dedication and expertise of the staff and of the quality and breadth of work they do. I would also like to thank my fellow Commissioners for their wisdom and support in my first year, and to pay tribute to the many Committee and Panel members who offer their independent expertise and advice in support of this country's historic environment.

I hope you enjoy reading about some of the highlights of 2007/08 on the following pages.



Lord Bruce-Lockhart
Chairman

Achievements of 2007/08

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

Knowledge is the prerequisite to caring for England's historic environment. Knowledge generates understanding, appreciation and positive action to ensure the best of the past makes a valuable economic contribution and continues to enhance the places where we live and work.

English Heritage leads the sector in supporting research programmes and projects which investigate the value and significance of key historic places and heritage assets. In 2007/08 we awarded £4.1 million in research grants to help people understand the historic environment, including £3 million to investigate poorly understood landscapes, buildings and monuments and £0.4 million to research ways of improving the skills and knowledge of the historic environment sector. The latter has translated into active research frameworks for each region in the country, greatly improved online access to research, exciting new technological advances such as the use of satellite imagery and predictive modelling to find hidden sites, and support for a raft of national conferences and fora for knowledge exchange. This year saw the publication of 104 English Heritage research reports and four monographs: *England's Seaside Resorts*; *Hillforts: prehistoric strongholds of Northumberland National Park*; *Shot from Above: Aerial Aspects of London* and *Suffolk's Defended Shore: Coastal Fortifications from the Air*. English Heritage staff also contributed over 70 articles and papers to various journals and conferences this year ensuring that our knowledge is shared as widely as possible.

Our research provides essential information for experts and practitioners working in the historic environment and provides a basis for sound decisions about its future. Three titles in the Informed Conservation Series were published this year. *Stourport-on-Severn: Pioneer Town of the Canal Age* was launched in May, with partners British Waterways, Wyre Forest District Council, Stourport Forward, Stourport Town Council and Stourport Civic Society. The book promotes the interest and special character of the town's historic environment during a programme of regeneration. *Margate's Seaside Heritage* was launched in October and illustrates how Margate is successfully capitalising on its wealth of historic buildings to help secure its future. *Religion and Place in Leeds* was launched in November and was produced in partnership with Leeds City Council and Leeds Philosophical and Literary Society. This book is part of the English Heritage Religion and Place Project and sheds light on how the various denominations and faiths have shaped the city's religious architecture over the past 200 years.

Other publications included

- *Mineral Extraction and the Historic Environment*, outlining the potential impacts on the historic environment that can be caused by mineral extraction. It offers advice on appropriate mitigation measures and addresses issues around the supply of natural stone to conserve the historic environment and maintain local distinctiveness.
- *The Management of Historic Parks, Gardens and Landscapes*, published in September 2007 to widespread critical and popular acclaim. Aimed at practitioners, this lavishly illustrated guide emphasises the principles of good management and its specific botanical, horticultural, historical and technical aspects.
- *All Manner of Murals*, a cross-section of papers on secular wall paintings, published under the aegis of English Heritage and the Institute of Conservation's Stone and Wall Paintings Group.

Achievements of 2007/08

Our work on standard setting is another way in which we share our expertise. Key guidance produced this year included *Understanding the Archaeology of Landscapes* and *3D Laser Scanning for Heritage*. We are also supporting the development of standards for competence requirements and training opportunities related to maritime archaeology and the report will be published by the summer.

We are committed to providing free and easy access to information related to the historic environment for both specialists and generalists. The *Heritage Gateway* web project is building a single point of access to a variety of national and local environment records and archives including National Monument Record (NMR) images, and local Historic Environment Records. It will provide access to the information required to support the heritage protection reforms currently in development. The NMR's free online educational service, *Heritage Explorer*, was launched in January 2008. The service was developed with teachers and educators and provides downloadable resources for everyone involved in learning, not just in schools.

In May 2007 the Aerofilms historic collection, containing over 800,000 oblique aerial photographs was acquired for the NMR. The collection is of national importance and presents an unparalleled picture of the changing face of Britain in the twentieth century. The collection was purchased for £246,750 in partnership with the Royal Commissions of Scotland and Wales with support from the English Heritage Development Fund and the Heritage Lottery Fund.

Images of England is a 'point in time' photographic library of England's listed buildings. The project came to a successful end in March 2008, finishing ahead of time and under budget. 322,000 images of listed buildings are now available on the website (imagesofengland.org.uk).

In 2007/08 3.1 million visitors accessed the National Monument Record's online resources. The NMR now has well over 1.3 million records online and a new website from which the public can buy images from the NMR, *English Heritage Images*, was launched in April 2007. Work is also underway on the *Archives Online* project which will make up to 2 million catalogues and indexes to the NMR archive available via the internet.

As part of English Heritage's responsibilities for the submerged historic environment an online database was launched this year giving public information on all Designated Wreck Sites in the UK's territorial waters. The Interactive Protected Wreck Map is live and accessible via the Maritime Archaeology page of the English Heritage website. With stakeholder input, English Heritage produced Management Plans for the HMS Colossus, Stirling Castle and Swash Channel Designated Wreck Sites this year.

English Heritage hosted 450,000 free educational visits at its sites in 2007/08. The new services we launched in 2006 for educational groups are bedding in well. The Discovery Visits programme, a range of workshops and interactive tours tailored to meet the learning needs of groups across all Key Stages, involved 27,000 children this year. Education Volunteers have increased resources for educational groups and strengthened links with the communities in which the participating sites are based. Seven sites now have Education Volunteers: Bolsover Castle, Goodrich Castle, Brodsworth Hall, Fort Brockhurst, Kenwood House and Estate, Great Yarmouth Row Houses, and Pendennis Castle. The volunteers also take part in special events. Volunteers from Bolsover Castle helped out at last summer's Festival of History, enabling nearly 2,000 children to enjoy its family activity zone.

Achievements of 2007/08

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

The historic environment is all around us. It makes places distinctive, enjoyable and successful and provides a focus for regeneration. It contributes to a wide range of policy objectives including helping to define local and national identities, acting as a catalyst for learning and generating revenue from tourism.

One of our key tasks is to help professionals outside of the historic environment sector understand its relevance and importance to these wider policy objectives. To achieve this we must produce hard facts and figures that demonstrate the case. The sixth edition of the annual survey of the state of the historic environment, *Heritage Counts 2007*, focused on skills and learning and was launched on 31 October in the Painted Hall of the Old Royal Naval College, Greenwich.

English Heritage's expertise helps the historic environment contribute to successful regeneration. For example, we have long participated in the debate around seaside towns. In October we hosted a national conference, *Seaside Heritage: Colourful Past, Bright Future*, in Hastings and launched a monograph, *England's Seaside Resorts*, at the event. We also launched new policy guidance, *Regeneration in Historic Coastal Towns* and a supporting research report, *An Asset and a Challenge; Heritage and Regeneration in Coastal Towns in England*. The report and a new English Heritage book on Margate's heritage all secured extensive coverage in the national and local media. English Heritage is also supporting the Government's £45 million fund to help culture and the arts regenerate some of the most run-down seaside resorts and will be working with the Commission for Architecture and the Built Environment (CABE) to help stimulate both environment improvements and economic benefits.

English Heritage has been active in responding to the challenges of climate change. In January we hosted a summit, *Inventing the Future; Buildings in a Changing Climate*, which was addressed by Margaret Hodge, the Minister for Culture, Creative Industries and Tourism and attended by invited representatives from government, industry and academia to look at buildings in a changing climate. At that event the research project, *Hearth and Home*, was launched which is measuring the energy use and embodied energy of a group of Victorian terraced homes. The research will allow English Heritage to offer advice on the cost-effectiveness of various energy-saving measures. An updated edition of *Climate Change and the Historic Environment*, was also launched at the summit.

In July 2007, English Heritage supported the conference, *Garden in the City: Are Garden Cities and Suburbs Sustainable Communities?*, with the Town and Country Planning Association. The focus was on the lessons to be learned from Garden Cities in future housing provision in the context of climate change and the Sustainable Communities agenda.

Much of our activity involves working in partnership with Government and other agencies to secure changes to national policies which have an impact on the historic environment. For example, with CABE this year we produced a revised version of *Guidance on Tall Buildings*. This was endorsed by Government in July 2007 following a period of consultation. The guidance will help local planning authorities evaluate planning applications for tall buildings, including, importantly, the need for effective engagement with local communities.

English Heritage facilitated a seminar on the European Union's Maritime Policy Green Paper and the European Heritage Heads Forum, which English Heritage chairs, produced a report on

Achievements of 2007/08

European regeneration. We responded to Defra's Marine Bill White Paper and successfully re-tendered the UK Government's Contract for Archaeological Services in Support of the Protection of Wrecks Act 1973. We have also responded to Government consultations including on housing and modernising the planning system, and worked with Defra to safeguard the availability of funding for the historic environment through agri-environment schemes.

English Heritage is committed to promoting National Park and Areas of Outstanding Natural Beauty (AONB) purposes and biodiversity. We work within a framework established by a *Joint Statement on the Historic Environment in the National Parks of England and Wales* (agreed between the National Parks and the heritage and landscape conservation agencies of England and Wales) and a joint statement on the *Historic Environment in Areas of Outstanding Natural Beauty* (agreed between English Heritage, Cadw and the National Association for AONBs). Further information is available at english-heritage.org.uk/finestlandscapes. To support the promotion of biodiversity, a representative of Natural England has joined the English Heritage Advisory Committee and a joint Memorandum of Understanding is being negotiated. All Sites of Special Scientific Interest on the English Heritage estate have management plans and the English Heritage *Conservation Principles: Policy and Guidance* embraces natural as well as cultural values.

In June 2007 the report of the Yorkshire Dales, Barns and Walls project, research commissioned by Defra in partnership with English Heritage and the Yorkshire Dales National Park Authority, was published. The research studied the economic and social impact of repairing farm buildings and dry stone walls using certain agri-environment and conservation grant schemes between 1998 and 2004. Grants totalling £6.7 million were offered to landowners and farmers during the study period and over 500 traditional farm buildings and 191 kilometres of dry stone walls were successfully restored. It is estimated that restoration work may have indirectly contributed approximately £2.5 million annually to the local economy through tourism.

We continually seek other sources of funding for the historic environment. In December planning permission was granted for the restoration of Chiswick House Gardens, and January saw the confirmation of the £7.9 million grant for the project from the Heritage Lottery Fund. This has brought the total funding so far secured by English Heritage to £10.4 million for this partnership between English Heritage, London Borough of Hounslow and the Chiswick House and Gardens Trust. Charitable giving to English Heritage continues to grow. In 2007/08, income from legacies and donations was £809,354, a 96% increase on the 2006/07 total. Major corporate partnerships were established with Ecclesiastical Insurance, E.ON UK and Wells Bombardier. Our corporate members include John Lewis Partnership, Land Securities, Johnson Matthey, Ecclesiastical Insurance and the Royal Mail Group.

Achievements of 2007/08

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

This year has seen more intensive activity in preparation for the publication of the Heritage Protection Bill and the introduction of a more modern, transparent and flexible system for the designation and management of historic places. English Heritage has produced essential supporting documentation on 12 aspects of heritage protection reform, including marine designation, Historic Environment Records, the principles of selection and heritage partnership agreements. An implementation programme has been agreed by English Heritage's Commission and an Implementation and Programme Board established.

English Heritage launched *Conservation Principles, Policies and Guidance* on 24 April 2008. This important document for the sustainable management of the historic environment has been developed through extensive debate and consultation. The main purpose in producing the *Principles* is to strengthen the credibility and consistency of decisions taken and advice given by English Heritage staff, improving our accountability by setting out the framework within which we make judgements on casework. Its wider success will be measured by the extent to which they are taken up more generally in the sector.

We have developed practical guidance for owners and occupiers of traditional buildings on how they can make their homes more energy efficient. We have produced a series of publications advising home-owners on what they need to consider before installing renewable energy systems in historic buildings, and have prepared detailed guidance for Home Inspectors and Energy Assessors to use when assessing the energy performance of traditionally constructed and historic homes. A home energy rating is an essential part of the Home Information Packs introduced by Government for properties for sale in England and Wales.

Liverpool marked the 800th anniversary of its status as a borough by designating 2007 Year of Heritage, a forerunner to its year as European Capital of Culture in 2008. Liverpool's architectural legacy is immensely rich but economic decline over many years, followed by a welcome resurgence, mean there are significant challenges in saving historic buildings at risk and influencing the shape and form of new development, especially within the World Heritage Site. The Historic Environment of Liverpool Project, a partnership of English Heritage and Liverpool City Council, is instrumental in addressing these issues and made a significant contribution to the Year of Heritage. New research led to the publication of six books on key aspects of the city's heritage and projects are underway to promote the city's historic environment more widely. One such scheme is *Look Up Liverpool* which engaged young people in photographing historic buildings to a professional standard, culminating in an exhibition in St George's Hall.

English Heritage has published the national *Register of Buildings at Risk* for 10 years, providing an invaluable guide to all the Grade I and II* listed buildings and Scheduled Ancient Monuments in England known to us to be 'at risk' through neglect and decay. We are now about to expand this initiative and over the next few years will create the first comprehensive *Heritage at Risk Register* of all the nation's heritage assets at risk: listed buildings, Scheduled Ancient Monuments, historic parks and gardens, registered battlefields, historic ship wreck sites and Conservation Areas. Evidence collection began in 2007/08 for this major initiative which will demonstrate empirically the threats faced by the historic environment.

Over the past year English Heritage has appeared at several major planning inquiries. We

Achievements of 2007/08

successfully opposed a scheme to demolish a listed school in Easington, County Durham and a large development scheme in the Ouseburn Valley Conservation Area, Newcastle-upon-Tyne, that did not preserve the character or appearance of the area. We also appeared at public inquiries into the demolition of part of Smithfield Market in the City of London and the development of a tall building on the South Bank of the Thames near Waterloo Bridge that affects the setting of several historic buildings and St James's Park. The outcome of these is still awaited.

Our handling of formal consultations through the planning process continues to benefit from efficiency measures introduced over the last three years. Our planning advice teams based around the country gave advice on 17,090 statutory consent applications in 2007/08 and over 95% of all referrals and consultations were returned within 21 days or an agreed deadline. Three examples of this work this year are:

- The Princesshay retail-led development in Exeter which opened following intensive and continual engagement of English Heritage staff in developing a scheme for this important historic setting. The final scheme is rapidly becoming an exemplar for such development of which the developer, Land Securities, is justifiably proud.
- Park Hill Flats in Sheffield, where the first phase of a transformation project has begun following a successful partnership between English Heritage, Urban Splash, the developer, Sheffield City Council, English Partnerships, Manchester Methodist Housing Corporation and Transform South Yorkshire. An example of post-war slum clearance and the most ambitious inner-city housing scheme of its time, Park Hill was listed at Grade II* in 1998 but has suffered from structural decay and under-investment since.
- The Round Foundry complex in Leeds, where English Heritage gave pre-application advice on the design of a new office building to sit within Matthew Murray's historic engineering works. Our early identification of the historic grain of the area assisted in the development of a sympathetic siting, while the developer's requirement for a BREAM Excellent energy rating was accommodated by clever use of materials and detailing.

In 2007/08 English Heritage received 2,068 applications to make changes to the statutory list, including to make changes to existing entries. We recommended to the Department for Culture, Media and Sport that they list 564 buildings. Interesting cases this year included the Spode Pottery Factory in Stoke-on-Trent, listed at Grade II as the only one of the internationally famous potteries in the area to remain on its original site and for the contribution the firm made to key technological developments within the industry. The Rivoli Ballroom in Lewisham was also listed at Grade II this year as a rare surviving example of a once common conversion of an early twentieth century cinema in to a ballroom and for its highly unusual and fabulously decorated interior.

The Government Historic Estates Unit continues to be a central source of conservation advice to departments and a 'one-stop shop' for the Royal Household, Historic Royal Palaces and the Parliamentary Estates Directorate. The Unit has improved links with departments by introducing an email newsletter and establishing a web page for government estate managers on the HELM website. The Unit held its annual seminar in October 2007 on the theme of energy conservation in historic buildings. The year ended with the publication of the Biennial Conservation Report on the condition of the government historic estate.

Achievements of 2007/08

AIM 4: Help local communities care for their historic environment

English Heritage support for the owners of important heritage sites and buildings comes in many forms, one of the most practical being through our grant schemes. In 2007/08 we offered grants to 117 secular buildings and monuments totalling £6.4 million to help secure their future. Of this, £4.1 million was for 66 buildings on the *Buildings at Risk Register*. During the year 57 buildings were removed from the Register; many as a result of English Heritage advice and grant aid. Examples include 45 and 45A St Nicholas Street, Ipswich and the Midland Hotel, Morecambe. St Nicholas Street, a Grade II* listed 17th century timber-framed and plastered house, received advice and a grant offer of £45,000 from English Heritage. Owned by the Ipswich Building Preservation Trust, the building will now provide two residential flats and two retail shops. The Grade II* listed Midland Hotel in Morecambe is one of the few genuinely iconic designs surviving in England from the 1930s. Vacant and in very bad condition for many years, Urban Splash, the property developer, acquired the building in 2004 and working alongside English Heritage, the Northwest Regional Development Agency, Lancaster City Council and the Heritage Lottery Fund, has now completed a scheme to return the Midland to an hotel, faithfully restoring period details as well as sympathetic alterations needed to make the hotel function as a business.

The joint English Heritage/Heritage Lottery Fund Repair Grants for Places of Worship scheme, the largest single source of funding for repairs in England, has offered over £133 million to almost 1,500 projects since 2002. In 2007/08 160 grants were offered, including £300,000 to St Lawrence, Warkworth in Northumberland to correct movement to the north nave wall and £114,000 to All Saints Greek Orthodox Cathedral in Camden, London. The second round of awards in the joint English Heritage/Wolfson Foundation Grants for Cathedrals scheme saw £2.1 million offered in grants to 28 cathedrals across England.

English Heritage continues to distribute a proportion of the Aggregates Levy Sustainability Fund, designed to reduce the impact of aggregates extraction on the historic environment, on behalf of Defra. In 2007/08 we awarded £3.9 million from this Fund and beneficiaries included a registered park, two listed mine sites, a medieval moat and a World War Two gun emplacement.

English Heritage grant-aided Rapid Coastal Zone Assessment Surveys in Yorkshire and the Humber to enhance the record of the coastal archaeology of north-eastern England, and to identify sites at short-term and medium-term risk from climate change in the coastal hinterland. Two reports from the surveys are available on the English Heritage website. As part of English Heritage's statutory responsibilities, we also facilitated responses to 188 marine and coastal development control proposals.

The vast majority of the historic environment in England is regulated by Local Authorities. English Heritage works hard to build capacity in local government to help them make well informed decisions on development proposals; by the end of the year 71% of local planning authorities had appointed an Historic Environment Champion. The core support tool available to the Champions and to officers and members alike is the Historic Environment Local Management (HELM) programme. In 2007/08 47 courses were run under the HELM banner; training over 1,100 people. Many courses were oversubscribed. Between 1 April 2007 and 31 March 2008 the HELM website received 351,852 unique visits, a 53% increase on 2006/07. There are now over 200 English Heritage and 660 Local Authority publications in its guidance library.

Achievements of 2007/08

In July 2007 English Heritage Commissioners visited Berwick-upon-Tweed to hear about a multi-partner project to regenerate the historic walled town, some of which is in the guardianship of English Heritage. Rapid character assessment and further thematic studies by English Heritage experts provided new insights into the development of the town; this work is informing a masterplan being developed by the wide ranging regional partnership. Practical training and support from English Heritage has led to the creation of a local building recording group which will continue to develop understanding of the historic town in the longer term.

Strengthening the skills of those involved in caring for the historic environment is behind a new Historic Environment Traineeship scheme which English Heritage launched this year. The scheme will train up to 30 people over the next three years in core areas of expertise in historic environment management including buildings, areas and archaeology. The two-year programmes will give trainees extensive experience, with mentoring and training from expert English Heritage staff. The first posts will be taken up in October 2008. 2007/08 saw the continuing success of English Heritage Professional Placements in Conservation (EPPIC) run in partnership with the Institute of Field Archaeologists and Institute of Historic Building Conservation. The EPPIC scheme aims to address identified archaeological skills gaps, build capacity within the heritage sector and create opportunities for all sectors of the community to gain professional skills. Six people were placed with English Heritage specialist teams around the country this year to develop their skills and competencies.

The first phase repair programme for Apethorpe Hall in Northamptonshire, a Grade I listed country house of exceptional importance, was completed on time and within budget this year. In response to the level of interest in the project, public tours were held during the weekends of August and September and had to be extended into October to meet demand. Archaeological excavations in the courtyards answered key research questions about the house and an earlier building was found under the main courtyard. Further research work is continuing and a monograph to share the findings is planned for publication in 2009/10. The marketing of the Hall will begin in June 2008.

A major programme of works has been completed at Ditherington Flax Mill. The site includes the first iron framed building in the world and is of international conservation significance. A preferred developer has been identified and discussions are underway to find an appropriate new use for the site.

At the end of the financial year English Heritage acquired the buildings and archive of JW Evans & Sons, a family silversmith business in Birmingham's Jewellery Quarter; to secure this significant historic asset for the future. This acquisition is unique in its completeness; the collection comprises original machinery and tooling in working order and nearly all of the family and archival papers associated with the business. The buildings are in very poor condition and are on the *Buildings at Risk Register*.

Achievements of 2007/08

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

This year was the final year of English Heritage's three year Property Development Programme through which over £21 million has been invested across the country to improve visitors' experience of our sites. A new visitor reception centre and shop at Carisbrooke Castle, a reinterpreted Service Wing at Audley End House, a reception centre and exhibition at Framlingham Castle and an exhibition at Lullingstone Roman Villa were all part of this programme. Work on the Elizabethan Garden at Kenilworth Castle continues and is on schedule for completion by July 2008.

Among many other smaller projects, English Heritage refurbished the displays at Yarmouth Castle and for the first time integrated the submerged historic environment and a Designated Wreck Site into the presentation of a site. Finally, the Property Development Programme has enabled us to refurbish the Beach Café at Tintagel Castle this year and introduce two new holiday cottages at Dover Castle and Kirby Hall.

2007/08 also saw substantial new exhibitions and displays open at several sites including Belsay Hall and Ashby de la Zouch Castle. English Heritage is an active member of the South Humber Bank Partnership which is working to capitalise on the environmental and cultural assets of the South Humber Bank. Two English Heritage properties, St Peter's Church and Thornton Abbey, form part of the tourism offer and funding from the Partnership enabled us to make the most of our own investment in these sites and complete major conservation and visitor improvements. New exhibitions have been created at both sites, visitor access has been improved to the Gatehouse at Thornton Abbey and an ossuary has been installed at St Peter's Church, enabling the return of over 2,000 human remains excavated from the site during the 1970s.

Fourteen unstaffed sites received completely new interpretation schemes this year with specially-commissioned reconstruction drawings and the newest historical research. They are linked to new web pages and in some cases, downloadable audio tours.

We also published seven new guidebooks. Issue two of the *English Heritage Historical Review* was published in December and attracted good coverage in the national and specialist press. It included articles on Dover and Kenilworth castles.

From May to September 2007 a major exhibition was staged at Kenwood House in recognition of the bicentenary of the abolition of the transatlantic slave trade. *Slavery and Justice* told the story of Lord Mansfield's role in the crucial legal case which saw slavery declared inconsistent with English law. Over the 2007 season more than 500 events were staged at English Heritage sites. The biggest of these, the annual Festival of History in August, attracted 17,215 visitors, while 8,242 took part in a St George's Day Festival at Wrest Park in April 2007.

The wide range of investment and public events staged at our properties attracted an ever growing membership with the total rising to 665,000 from 630,000 in 2006/07.

There were 14 Blue Plaque unveilings in 2007/08. Individuals celebrated with plaques included Sir Michael Costa, conductor and orchestra reformer; Hertha Ayrton, physicist; Harold Abrahams, Olympic athlete; Sir Nikolaus Pevsner, architectural historian; Sir Karl Popper, philosopher; Mary Seacole, Jamaican nurse and heroine of the Crimean War; and Sri Aurobindo, Indian spiritual leader.

Achievements of 2007/08

Archaeological work at Silbury Hill was successfully completed in November. The work, which comprised an intensive programme of recording and sampling using the latest scientific techniques, has provided excellent detail about the dating, construction and use of Silbury Hill and the broader landscape. The project received wide and very positive publicity across the national and local media including a 60 minute documentary aired on BBC Four.

In December the Government announced that it would not fund the road scheme at Stonehenge on which our proposed new visitor facilities and access arrangements were dependant. A more modest project is underway to provide new visitor facilities in time for the 2012 Olympics within the context of a revised World Heritage Site Management Plan.

Heritage Open Days, held in September in conjunction with the Civic Trust, again welcomed around a million people. We organised 41 Heritage Open Days outreach projects.

English Heritage's national Outreach Strategy for 2007-2010 was launched in May 2007 with a focus on five specific agendas: audience development to engage more people from under-represented groups with English Heritage sites; traditional craft skills; sustainable development; the bicentennial of the abolition of the transatlantic slave trade; and, the Cultural Olympiad for the Olympics and Paralympic Games 2012. In addition, nine Regional Outreach Strategies were disseminated between April and July.

In 2007/08 we supported 88 outreach projects in which 33,477 people took part. One project, *Coming to Ipswich*, inspired people from many different backgrounds to explore their history in the context of how and when they came to live in Ipswich. Their stories were captured and then presented in an exhibition. Another project was developed in partnership with Hull City Council in support of the 2007 bicentenary of the abolition of the transatlantic slave trade. The *Walking With Wilberforce Trail* was the result of a collaboration between local schools, community groups and Hull College ceramics department who worked with ceramic artists to develop the trail markers. Events, exhibitions and drama re-enactments took place during 2007 to raise the profile of the trail. All our projects are used as exemplars for the sector and practical advice and ideas are available for anyone wishing to work with new audiences from English Heritage's new online networking site, *Our Place*, at ourplacenetwork.org.uk.

English Heritage is a partner in an outreach project which won a prestigious national social care award this year. A group of young people with learning difficulties worked together on a natural heritage project at Witley Court in Worcestershire. There were 627 entries for the 12 Care Services Improvement Partnership awards and the Witley Court project, called LAFS @ Witley Court (Learn, Achieve, Fun, Socialise) came first in the Innovative Partnerships category. The project was recognised not only as an excellent example of good practice but also for creating opportunities for the young people to achieve, make friends and learn new skills.

English Heritage continues to contribute towards the DCMS *Taking Part* survey which is providing, for the first time, national data on people's engagement with the historic environment. Survey results published in 2007 showed that 69.3% of adults resident in England made at least one visit to an historic environment site in the 12 months prior to the interview.

In February 2008 English Heritage circulated its Action Plan for the 2008-12 Cultural Olympiad and the 2012 Olympics and Paralympics, and a number of English Heritage regions are engaged in Olympics initiatives.

Achievements of 2007/08

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

The bad weather over the 2007 season failed to dampen enthusiasm for English Heritage sites. While numbers of visitors to our staffed sites remained similar to 2006/07 at around 5.3 million, income from admissions, retail and catering, membership and other earned income reached £40.7 million, a 6.8% increase on the previous year. It was also the best year ever for membership recruitment with 130,000 new members and one million member visits achieved for the first time.

Throughout 2007/08 English Heritage has continued its Relocation programme of reducing posts and office space in central London through the relocation of staff and increasing the level of home working. We have reduced the amount of our office accommodation in London and the South East by 40,000 square feet, completed the refurbishment of a new head office building at Waterhouse Square in London and completed a move of our West Midlands regional office to a new building in Birmingham. Broadband connections to the English Heritage network were put in place for all remote sites and home workers, and mobile computing facilities are now in place for the increasing numbers of English Heritage employees who require access to the IT network while on the move.

Monthly IT customer surveys indicated levels of user satisfaction consistently around 90% or greater throughout the year. English Heritage underwent a repeat audit against the ISO20000 standard for IT service management and was successfully recertified. We remain one of only three public bodies in UK which have achieved this standard.

English Heritage achieved efficiency savings of £11.35 million, including £4.4 million of non-cash savings in 2007/08. We completed the roll out of a more cost-effective, e-mail based invoice approval system which is providing us with more efficient processing and accounting arrangements. Our procurement initiative to establish framework agreements is enabling us to achieve best value for money whilst ensuring compliance with EU and UK legislation.

Steady progress has been made on the development of an IT based Asset Management Plan which will, for the first time, give English Heritage a clear overall picture of the condition and liabilities of its estate. Establishing the picture requires the preparation of condition surveys for all the historic buildings within the English Heritage estate, a huge task. Problems with IT delayed this work getting underway but we are now on target to meet our revised schedule.

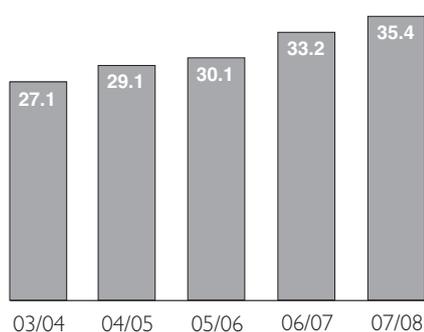
English Heritage has introduced a Reward, Recognition and Retention strategy to improve the way in which it recruits, develops, motivates and rewards its employees. It's first full staff survey took place in Spring 2007. Web recruitment was launched at the end of the year and we are continuing to develop our Human Resources and Payroll System to improve both the provision of staff data and efficiency in our people processes.

This year we published three major independent benchmark reviews of the work of the Aggregates Levy Sustainability Fund on behalf of Defra. They were jointly launched in March 2008 by English Heritage's Chief Executive and Jonathan Shaw, Under-Secretary of State for Marine, Landscapes and Rural Affairs.

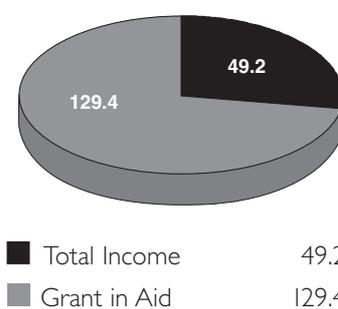
Facts and Figures

	2003/04	2004/05	2005/06	2006/07	2007/08
Number of visitors to staffed properties	5.3m	5.3m	5.0m	5.3m	5.3m
Number of members	500,000	555,000	595,000	630,000	665,000
Number of free educational visits	497,000	475,850	485,000	481,000	450,000
Number of children taking part in Discovery Visits (facilitated visits at sites)			Programme launched	10,400	27,000
Number of applications received to make changes to the statutory list (including changes to existing entries)	1,955	2,055	2,096	1,876	2,068
Number of recommendations to make additions to the list passed to DCMS	729	491	425	353	564
Percentage of entries removed from 1999 Baseline Buildings at Risk Register	32.2%	36.4%	40.5%	43.8%	45.5%
Number of outreach projects	Outreach Strategy launched	56	78	85	88
Number of participants in outreach projects	–	54,386	46,751	49,495	33,477
Properties taking part in Heritage Open Days	2,512	2,800	3,019	3,509	3,526
Hits on HELM website	Project launched	114,000	127,000	232,250	351,000
Number of National Monuments Record Centre records available electronically	991,500	1.1m	1.2m	1.3m	1.34m

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



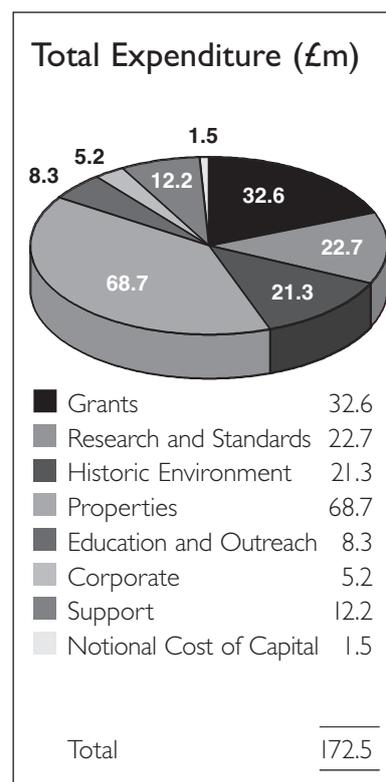
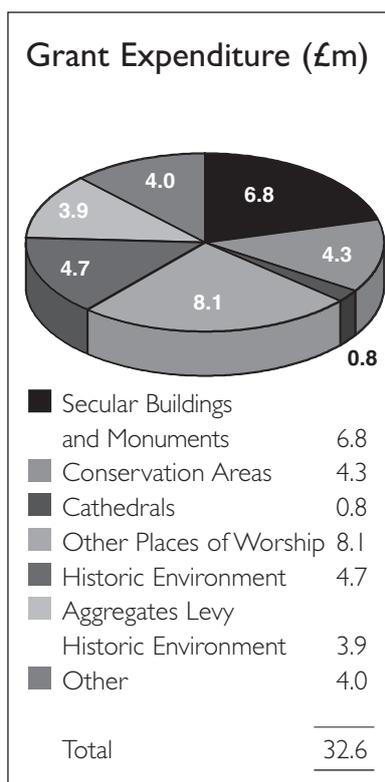
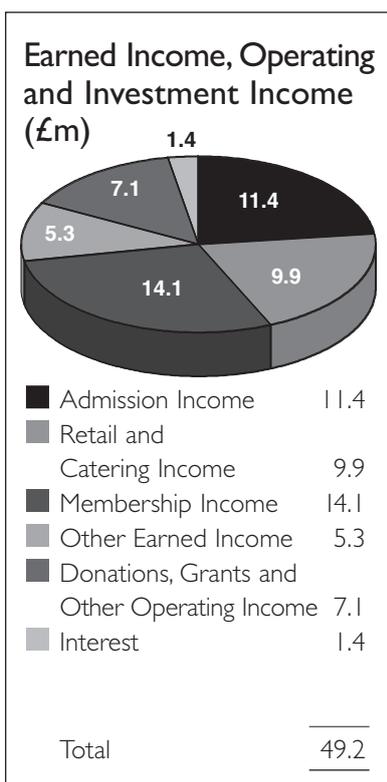
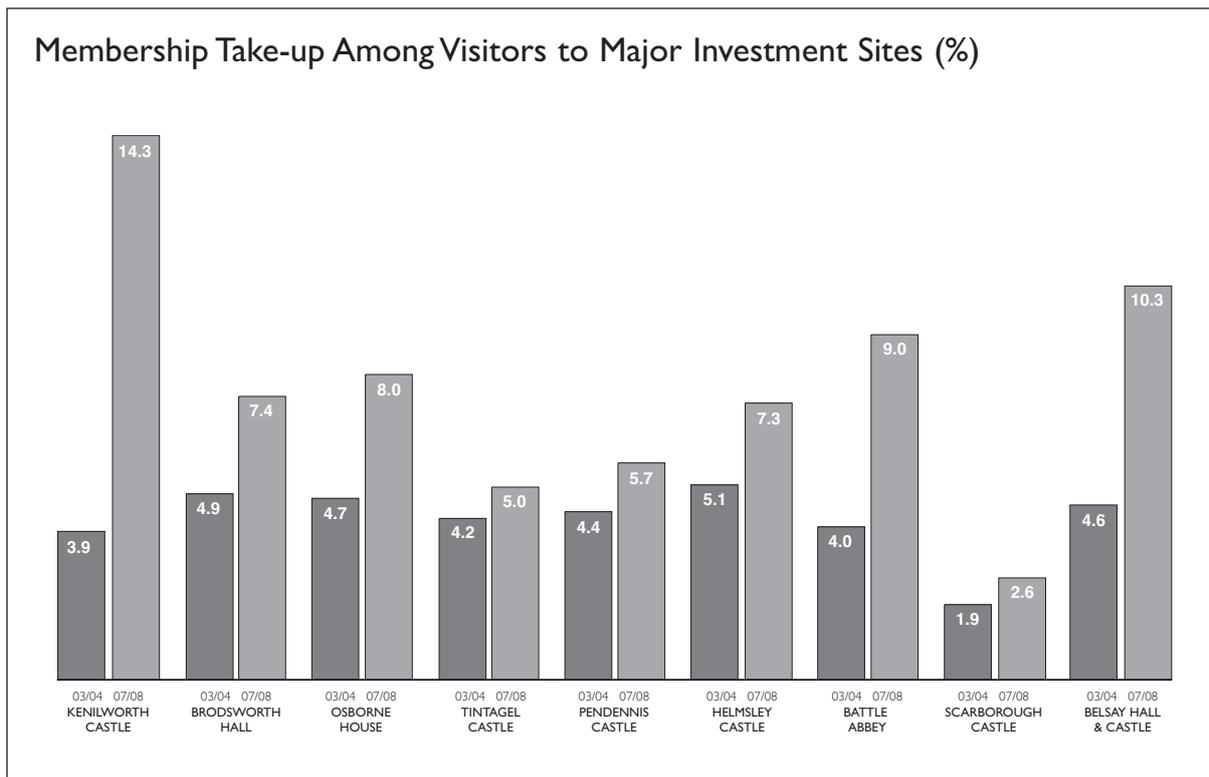
Total Income and Grant in Aid (£m)



Facts and Figures

Property Development Programme

This year was the final year of English Heritage's three year Property Development Programme through which over £21 million has been invested across the country to improve visitors' experience of our sites.



Chief Executive's Management Commentary

Introduction

The Historic Buildings and Monuments Commission for England (HBMCE) is a body corporate established on 1 April 1984 by the National Heritage Act 1983. It has up to 17 Commissioners appointed by the Secretary of State for Culture, Media and Sport and is an Executive Non-Departmental Public Body sponsored by DCMS. 'English Heritage' is its informal name. English Heritage is the Government's statutory adviser on the historic environment and our role is to help people understand, value, care for and enjoy England's rich historic environment. Our aims and objectives are set out in our Strategy, *Making the Past Part of our Future* and progress made against them is summarised in the Achievements of 2007/08 section on page three.

Our strategic direction is overseen by a Board of Commissioners which delegates operational management to a Chief Executive appointed by them. The Chief Executive also serves as Accounting Officer on behalf of DCMS. The Chief Executive is supported by an Executive Board comprising the Executive Directors of English Heritage's operational groups: Planning and Development, Policy and Communications, Properties and Outreach, and Research and Standards. A fifth group, Finance and Corporate Services, was formed in January 2008.

English Heritage's Funding Agreement, signed with DCMS, the Department for Communities and Local Government and the Department for the Environment, Food and Rural Affairs, along with our Management Statement and Financial Memorandum and our five year Strategy 2005-10, provide the context and framework for our work. We also have significant relationships with the Departments for Children, Schools and Families, and for Transport, as well as with several Government agencies.

English Heritage works closely with Local Authorities across England. As part of our role as a statutory consultee in the planning process, we provide advice and guidance to local planning authorities on local and strategic plans, policy statements and other public initiatives and support their efforts to improve knowledge and skills through various training and development initiatives.

In our capacity as the lead body for the historic environment sector, we undertake various roles including chairing the Historic Environment Review Executive Committee (HEREC). HEREC was established in 2001 to identify activities that would benefit from a coordinated approach from the sector.

English Heritage's effectiveness, as judged by our key partners, is monitored every two years by a stakeholder survey. The 2007 survey indicated that English Heritage is perceived as performing its core role, that of the industry expert in protecting the historic environment, very well. It is also improving its public face and consumer friendliness, is more accessible and open and is providing clear, strategic leadership for the sector. However the need for English Heritage to be more proactive as an influencer and driver of change and in particular in ensuring heritage issues inform policy-making was highlighted and fewer saw it as an organisation moving forward compared to 2005. This finding was not unexpected given that English Heritage was undergoing a major programme of modernisation at the time of the last survey.

Chief Executive's Management Commentary

Trends and factors underlying English Heritage's performance during 2007/08

2007/08 saw continued concerted activity in preparation for the new system of heritage protection currently being considered by Parliament. The year ended as the draft Bill was about to be published. Bad weather had a negative impact on visitor numbers to English Heritage properties and events and caused damage and delay to the Silbury Hill conservation project, adding over £500,000 to its costs. School visits to sites continue to decline, a pattern being experienced across the sector. This trend, a result of many factors including pressures on the curriculum, cost and health and safety concerns, was reported in *Heritage Counts 2007* which focused on learning and skills.

The Government decided in December not to proceed with the road scheme at Stonehenge on which English Heritage's plans for improving the site were dependent. A new proposal has therefore had to be developed so that improved facilities are in place in time for the Olympics.

In May 2006 English Heritage launched the *Inspired!* campaign, the most strategic and ambitious attempt yet to tackle the problems facing this country's 14,500 historic places of worship. It is a huge challenge - the yearly amount needed to repair and maintain these buildings has been estimated as £185 million – but the action plan generated by the campaign has the support of all faith groups which have listed buildings in England, as well many public figures and parliamentarians.

2007/08 saw the final year of English Heritage's property development programme. Over £21 million has been invested in our most popular sites over the last three years as part of a key strategic goal to increase the revenue generated from the properties in our care. Increasing income not only funds our priorities but is essential for meeting the efficiency savings we are required to achieve. In 2007/08 we made savings of £11.35 million of which £4.4 million was non-cash.

The relocation of English Heritage staff out of London and the south east continues. The risks associated with this phased project, in particular the retention of staff, remain serious.

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

English Heritage was awarded a modest increase in its Grant in Aid settlement for the 2008/09 - 2010/11 Spending Round period of £1 million in year one, £3 million in year two and £7 million in year three. The improved allocation and careful prioritisation will enable English Heritage to deliver its objectives for the next three years. There are three core objectives for the period: to prepare for and implement Heritage Protection Reform; to increase support for historic places of worship; and to establish a heritage training programme to provide the historic environment sector with the expert skills it needs.

At the same time as delivering these strategic objectives, English Heritage will continue to improve its commercial position. This will be especially challenging with our capital allocation of £4 million for the first two years and £4.4 million for the third year, which is significantly less than that received in the previous settlement. Growing our income will be essential to achieving the 5% administrative savings and 3% 'value for money' savings we are charged with

Chief Executive's Management Commentary

making annually. English Heritage will provide improved facilities for visitors to Stonehenge in time for the Olympics and will revise the World Heritage Site's Management Plan which will inform this project. Another priority is finding a new owner for Apethorpe Hall.

All of these activities will be undertaken while English Heritage's Relocation project enters its final phases. The project is on track to reduce the number of staff in London to 200 by 2010 but it has a disruptive and unsettling impact on the teams directly affected and the challenge remains of retaining key staff as the project progresses.

Chief Executive's Statement

As Chief Executive I also have a duty to report on English Heritage's policies on various areas and progress made in achieving them.

- *Gender equality* English Heritage's Gender Equality Scheme will be launched later in 2008. In March 2008, the gender profile of the permanent staff of English Heritage was 57% female and 43% male.
- *Race equality* The Race Equality Strategy will be reviewed during 2008. In March 2008 self-reporting by staff identified that 87% are from White ethnic groups, and 2.2% are from non-White groups; the information is not available for the remaining 10.9%.
- *Disability equality* English Heritage's Disability Equality Scheme aims to increase participation by people with disabilities. This year the Royal National Institute for the Deaf, Royal National Institute for the Blind and Scope joined English Heritage's Disability Action Group to help implement and review the Disability Equality Scheme. The first annual progress report on the Scheme will be published on our website in May 2008. At 31 March 2008 1.3% of English Heritage's workforce comprised people who had formally declared that they have a disability.
- *Sustainable Development* English Heritage's Sustainable Development Action Plan will be reviewed and updated during 2008. From October 2008 all public buildings over 1,000m² will be required to display energy certificates; English Heritage has been assessing its estate over the last year to ensure this requirement is met. English Heritage is also pursuing a policy of sustainable procurement which takes into account the whole life cost - all aspects of cost related to a purchase, including design, running and disposal costs, as well as the initial purchase price - when assessing best value for money.
- *Safety Management* In 2007/08 there were 375 incidents of which 24 were reportable to the Health and Safety Executive under statutory reporting regulations, compared to 22 in the previous year.
- *National Parks and Areas of Outstanding Natural Beauty (AONB)* English Heritage has duties to promote National Park and AONB purposes and biodiversity. Activity in these areas is reported within the Achievements of 2007/08 section of this report, on page six.

Chief Executive's Management Commentary

- *Information and data security* English Heritage conducted a survey of its sensitive information at the beginning of 2008 as part of a review of its data security procedures. Information security has been added to the Corporate Risk Register and to the annual Statement on Internal Control, and an overarching policy setting out roles, responsibilities and infrastructure, will be developed by the end of 2008. English Heritage has had no personal data related incidents to report.

Open Government and Freedom of Information

English Heritage recognises the important role the Freedom of Information Act 2000 plays in serving the public interest by promoting open discussion of public affairs and enhancing Government accountability. English Heritage makes a large volume of information available via its website (english-heritage.org.uk) including minutes of the Commission and major Advisory Committee meetings. In 2007/08 we processed 374 requests for information under the Freedom of Information Act. Requests have covered a wide range of issues including the Public Inquiries into development proposals for key sites in London like Smithfield Market, and applications to list buildings around the country.



Dr Simon Thurley
Chief Executive

Performance Against Funding Agreement Targets 2007/08

Funding Agreement Area of Activity	Performance
<p>1 Publish English Heritage Research Strategy and report annually on progress</p>	<p>The Research Agenda for 2007/08 was published last July, with the outputs from 2006/07. The 2007/08 outputs will be available later in the year. From 2009, English Heritage's SHAPE framework (Strategic framework for <i>Historic environment Activities and Programmes in English Heritage</i>) will provide reporting on all research activity. SHAPE ensures that every project we undertake or commission clearly demonstrates its role in our strategy and that all projects, whether research, capacity building, communication, guidance, policy or direct management, fit within a common framework.</p> <p>Both the Research Strategy and Agenda are available at english-heritage.org.uk/server/show/nav.8652.</p>
<p>2 Implement Learning Strategy</p>	<p>450,000 free education visits were delivered against an internal target of 495,000 for 2007/08 (a shortfall of 9%). The very wet summer caused cancellations, although there is a continuing downward trend in school visits across the sector due to curriculum pressures and a lack of resources. English Heritage is introducing a new system of measuring education visits from 2008/09, which has been agreed with DCMS, because it has become clear after consulting with others in the sector that we are not capturing the full range of visits that could be recorded.</p> <p>Over 500 events were staged at English Heritage sites over the 2007 season.</p> <p>As at 31 March 2008 there were 43 volunteers in place at 7 sites. English Heritage's Education Volunteers programme was evaluated by the Institute of Volunteering and received excellent feedback, as well as recommendations for the future consolidation of the programme.</p> <p>As at 31st March 2008, there were 27,000 participants in Discovery Visits, nearly three times the 2007/08 target of 10,000 per year.</p> <p>The <i>Engaging Places</i> project, to create a one-stop shop for access to educational resources on the built environment, is progressing to time and budget. A meeting was held with Margaret Hodge in February, who approved the forward</p>

Performance Against Funding Agreement Targets 2007/08

Funding Agreement Area of Activity	Performance
2	strategy. A pilot website will be launched in September 2008. The project is now being hosted at the Commission for Architecture and the Built Environment (CABE) and an online editor is being recruited.
3 Develop a Relationship with Natural England	<p>A Memorandum of Understanding with Natural England was agreed by English Heritage's Commission in April 2008. Work on an implementation plan has commenced.</p> <p>English Heritage supported Natural England in preparing Defra's framework for implementing the European Landscape Convention and English Heritage and Natural England are currently compiling complementary Action Plans within that framework.</p>
4 Provide Defra with strategic advice and assistance	The Regional Development Plan for England has now been agreed by the European Union Commission, with problems relating to the historic environment resolved. English Heritage continues to contribute to Defra's Policy Advisory Group and Agri-Environment Steering Group.
5 Contribute to the management, enhancement and public enjoyment of the historic environment in National Parks and AONBs	<p>Best practice guidance has been drafted but publication is on hold pending Natural England input.</p> <p>English Heritage and Cadw are funding a scoping study for an England and Wales-wide socio-economic evaluation of National Park cultural heritage. It is expected to be ready in July 2008.</p> <p>Work on a research framework for protected landscapes is progressing (see 3 above).</p>
6 Work with CLG and DCMS to develop a new Planning Policy Statement	Initial discussions have been held with CLG. An internal PPS Steering Group has been set up and deliberation on content and format have begun. However, English Heritage is awaiting confirmation of whether there will be a new heritage PPS or whether this work will become less formal guidance.
7 Influence regional policies which impact on the historic environment	Regional Historic Environment Fora oversaw the production of regional <i>Heritage Counts 2007</i> reports, which were launched in October. English Heritage continues to provide a representative, usually the chair and secretariat support to the HEF.

Performance Against Funding Agreement Targets 2007/08

Funding Agreement Area of Activity	Performance
<p>8 Provide early advice to planning authorities and developers</p>	<p>A new module for English Heritage's computer casework system was launched in August 2007. In time this will provide significantly better information. A full year's information will be available at the end of 2008/09 but initial time recording data indicates that 27% of casework staff time spent on statutory casework relates to pre-application and nearly 50% to grants work.</p> <p>A paper providing guidance for staff on when to seek public inquiry and when to engage in inquiries called by others is currently under final consultation. This is expected to be completed in September 2008.</p>
<p>9 Work with DCMS to implement the review of heritage protection legislation</p>	<p>The Draft Heritage Protection Bill was published in April 2008 in time for pre-legislative scrutiny in the 2007/8 parliamentary session.</p> <p>Ecclesiastical pilot projects were completed by the end of 2006 and one of the sample new designations for Taunton was appended to the White Paper in March 2007. The Rochester Cathedral pilot has progressed towards a model Heritage Protection Agreement. English Heritage is developing guidance in the light of the other White Paper proposals for new Local Authority responsibilities for the historic environment.</p> <p>The White Paper requires English Heritage to develop, expand and roll out training and capacity building initiatives for Heritage Protection Reform implementation. The development work is underway and will build on the Historic Environment Local Management (HELM) programme base. Preliminary work can get underway in 2008/09 with the bulk of activity profiled to take place in 2009/10 and beyond.</p> <p>English Heritage's <i>Conservation Principles, Policies and Guidance</i> was launched in April 2008. The final document was developed through extensive debate and a two-stage consultation process. This important suite of documents for the sustainable management of the historic environment sets out the framework against which we will make all our decisions on casework.</p>

Performance Against Funding Agreement Targets 2007/08

Funding Agreement Area of Activity	Performance
9	<p>The <i>Principles</i> support Heritage Protection Reform by increasing accountability, transparency and consistency in the decision making process.</p>
<p>10 Promote characterisation as a tool within spatial planning to help manage change throughout the historic environment, both terrestrial and marine, and rural and urban</p>	<p>The Local Authority-based programmes of Historic Landscape Characterisation (HLC) and Urban Assessment continue and it is estimated that over 80% of the country has now been mapped, including finishing mapping in Northumberland, West and East Sussex and in West Berkshire with the North Wessex Downs AONB and also in South Yorkshire. In 2007/08 new projects commenced covering Worcestershire, and Greater Manchester (HLCs), and Dorset and Staffordshire (Extensive Urban Surveys); the Lincolnshire HLC has been commissioned and West Yorkshire will be commissioned early in 2008/09. A definitive method has been devised for Historic Seascapes Characterisation using an Aggregates Levy Sustainability Fund grant.</p> <p>Five Historic Environment Local Management (HELM) courses specifically on characterisation, and mainly linked to growth areas, were held in 2008/09 in Wolverhampton, Thames Gateway, Chelmsford, Accrington (with CABE) and Southampton. The Characterisation team contributed to various other HELM events, for example, on farmsteads, and continued to support Oxford University Continuing Education courses, higher education courses (Masters) and professional and technical conferences including those of the Institute of Field Archaeologists.</p>
<p>11 Advise Government on the historic environment aspects of sustainable development</p>	<p>Three web-based guidance documents have been produced to date and are now downloadable from the English Heritage and HELM websites:</p> <ul style="list-style-type: none"> • Homeowner's guide to energy improvements • Small-scale wind power • Small-scale solar power <p>These advise homeowners on adding micro-renewable energy generating equipment and energy improvements to traditionally constructed dwellings.</p>

Performance Against Funding Agreement Targets 2007/08

Funding Agreement Area of Activity	Performance
<p>11</p>	<p>Further publications are to include guidance on photovoltaic panels, heat pumps, combined heat and power and bio energy, and rainwater/grey water recovery.</p> <p>An extensive range of information sheets have been prepared to show how traditionally constructed buildings can be adapted to improve their thermal performance without harming their character or appearance. The guidance, approximately 40 information sheets in total, will form part of the Approved Documents which will support Part L of the Building Regulations.</p> <p>The information sheets provide advice on generic methods for improving energy efficiency without harming traditionally constructed buildings; technical information on traditional materials; illustrated details and case studies; and guidance on the legislative context. The intention had been to publish these early in 2008. However, in light of revisions to the Approved Documents proposed by CLG which will require all the information sheets to be revised, publication was delayed. Interim versions will therefore be produced.</p>
<p>12 Work with Defra to develop the <i>Adaptation Policy Framework</i>, produced to provide better understanding and stronger strategic direction on the impact of climate change across the UK</p>	<p>English Heritage has developed a website, <i>Climate Change and Your Home</i>, which will be launched in June 2008 to provide the general public with clear guidance on the impact of climate change on older buildings and how such buildings can be adapted safely and effectively. In addition to clearly signposted and easily digestible information and advice on climate change impacts, the website will provide advice on how to improve the energy efficiency of traditionally constructed houses. The energy efficiency part of the site will include a section on when micro-renewable technologies can be considered and how to install them. A key feature of the website is that the information can be tailored to the user's chosen home type and location, so that the site can give specific rather than generic advice about the way their home will behave in a changing climate, and where and how improvements might be made.</p>
<p>13 Promote better management of the public realm</p>	<p>English Heritage held the last of its regional <i>Streets for All</i> workshops to promote this guidance to Local Authorities in the West Midlands this year. All regions have now received seminars.</p>

Performance Against Funding Agreement Targets 2007/08

Funding Agreement Area of Activity	Performance
13	<p>Taking <i>Streets For All</i> forward, the main barriers to well designed streets are problems with liability and over-reliance on inappropriate guidance, rather than regulatory difficulties. English Heritage is therefore providing better advice to Local Authorities to help overcome procedural concerns. This includes a series of 10 case studies on different practical aspects of street design which will be published in summer 2008. These are being jointly prepared with the Department for Transport, the Institution of Highways Engineers and CABE.</p>
<p>14 In partnership with the National Heritage Training Group (NHTG) and HLF, establish strategies to develop traditional building craft skills including developing a new Training the Trainers programme</p>	<p>The NHTG Traditional Building Craft Skills in England 2008 Review: <i>Reassessing the Need, Addressing the Issues</i> analysis of the built heritage sector was launched on 29 April 2008. It reported that there were 108,824 craftspeople in 2007 and that the shortage had fallen to 3,591 from 6,500 in 2005.</p> <p>The following comparisons can be made with the 2005 report:</p> <p>Demand</p> <ul style="list-style-type: none"> • Demand for conservation, repair, maintenance and restoration up from £3.5bn (2005) to £4.7bn (2007) • Private stockholders experience difficulties in finding appropriately skilled trades/craftspeople <p>Supply</p> <ul style="list-style-type: none"> • 92% of contractors are general builders with 36% of their work on pre-1919 buildings • Sharp decline in skills shortages since 2005 but persistent skills gaps <p>Since 2005, NHTG, English Heritage and ConstructionSkills have invested £1 million to tackle the skills shortages and develop the infrastructure to fill the skills gaps through accredited qualifications and on-site training.</p> <p>Between 2008 and 2011 NHTG, English Heritage and ConstructionSkills will invest a further £1 million by developing:</p> <ul style="list-style-type: none"> • A unified accredited Heritage Building Contractors Register; • A Heritage Skills Charter; • A 'one stop shop' for information, advice and guidance;

Performance Against Funding Agreement Targets 2007/08

Funding Agreement Area of Activity	Performance
14	<p>and by promoting careers and links to schools and education centres.</p> <p>The 2007/08 HELM training programme ran 47 courses, offering 1,128 places, including 300 people attending <i>Building in Context</i> training events. Many courses were oversubscribed. The 2008/09 programme is underway.</p>
15 Provide training and advice for Local Authority decision makers	<p>From 1 April 2007 to 31 March 2008 the HELM website received 351,852 unique visits, a 53% increase on the number during 2006/07 (232,250). There are now over 200 English Heritage and 660 Local Authority publications in the guidance library. A quarterly electronic publication is sent to over 1,535 users to keep them up to date and support the Historic Environment Champion network. The HELM interactive map, providing English Local Authority historic environment information, was completed and made available on the HELM website in July 2007.</p> <p>An E-learning pilot is underway and site IT architecture is complete. The tender to provide the E-learning course content has been awarded to the University of West England (UWE). A first draft of the course content was delivered in January and we continue to work with UWE to review and edit the content.</p> <p>MORI completed a telephone interview research project to evaluate HELM in May. This was conducted with HELM key target audiences. In overall terms, the research findings highlight areas where HELM is doing particularly well, as well as identifying some areas where further work may be necessary. The results will be incorporated in the future HELM strategy. There are plans to re-run the evaluation every two years.</p> <p>Publications for Local Authority decision makers in this year have included <i>Building in Context Toolkit: New Development in Historic Areas</i> and <i>Guidance on Tall Buildings</i>, both jointly with CABE; <i>Building Value: Public Benefits of Historic Farm Buildings and Dry Stone Wall Repairs</i>; <i>Regeneration in Historic Coastal Towns</i>; <i>Mineral</i></p>

Performance Against Funding Agreement Targets 2007/08

Funding Agreement Area of Activity	Performance
15	<p><i>Extraction and the Historic Environment</i> (an update on the leaflet produced in 2006); and a New Heritage Champions leaflet.</p>
<p>16 Encourage and support the appointment of Historic Environment Champions in all Local Authorities</p>	<p>By 31 March 2008, 71% of local planning authorities had appointed an Historic Environment Champion.</p> <p>Communication and support projects during the year included:</p> <ul style="list-style-type: none"> • Regional networking events • 4 quarterly newsletters for Champions • Tailored distribution of relevant English Heritage guidance • Development of content for the HELM website and E-learning module • Induction Pack for new Champions • Advice and support for individual Champions when needed • 6 <i>Building in Context</i> workshops (run in conjunction with CABE)
<p>17 Use grant aid to invest in building capacity and capability in Local Authorities, helping regeneration agencies to promote and exploit the historic environment in regeneration projects and invest directly in Conservation Areas most at risk of irreversible decline</p>	<p>English Heritage has developed and adopted new grant principles; a number of changes have already been made and a detailed list of further improvements has been created. This includes, for example, the early launch of <i>Inspired!</i> support officer posts.</p> <p>A methodology and means of identifying all Conservation Areas at risk of irreversible decline have now been agreed and the work is currently out to tender. The results are expected to be published at the 2009 <i>Heritage at Risk</i> launch. Area scheme funding will be re-targeted as soon as the results are known. Surveys of grant recipients and the local community, to understand the benefits of the grant to the local area, will be a condition of area grants from 2009/10 onwards; we are encouraging surveys to be undertaken for all current schemes in advance of it becoming a condition.</p> <p>An internal review of the process for delivering area grants is nearing completion alongside the wider review of grants. This will be launched along with the re-targeting of the area grant schemes to those identified as being most at risk.</p>

Performance Against Funding Agreement Targets 2007/08

Funding Agreement Area of Activity	Performance
<p>18 Gather evidence on the present condition of places of worship and possible future uses</p>	<p>Strategic reviews in the dioceses of Portsmouth, Middlesbrough, Liverpool and Leeds have all been successfully completed. A new project with associated research into community value has been commissioned in the diocese of Salisbury.</p> <p>The original target to develop a methodology to audit the present condition and likely future use of historic places of worship has been met. The potential of the methodology has been widely recognised. Further projects with the dioceses of Plymouth (RC), Clifton (RC) and Gloucester (CofE), and the Yorkshire synod of the United Reform Church are all under consideration. An interdenominational project in the North Staffordshire area, with local authority support, is to be tendered shortly. English Heritage will assist in implementation through the provision of expertise, standard-setting guidance, and where resources allow, financial support through the Historic Environment Enabling Programme (HEEP). This work provides a foundation for implementing the <i>Inspired!</i> solutions, by aiding strategic thinking at diocesan level and the targeting of support where it is most needed.</p> <p>HEEP is also to support a national sample survey of Places of Worship in Need. Based on a programme of limited fieldwork that will measure condition and levels of use to be undertaken by external consultants, this will provide a major component for the inclusion of Places of Worship in the Heritage at Risk Register by 2010.</p>
<p>19 Increase visits from priority groups to English Heritage sites</p>	<p>English Heritage delivered 88 outreach projects in 2007/08 against a target of 40, engaging 33,477 people from priority groups. The decline in participants from the previous year (49,495) reflects English Heritage's efforts to engage people from harder to reach communities.</p> <p>Three projects this year were: Wellbeing Project - In partnership with the Newcastle Primary Care Trust, visits to heritage sites in the North East were run for a group of black and minority ethnic women and children. Their memories of the trips were used to create a children's book in four community languages to support literacy.</p>

Performance Against Funding Agreement Targets 2007/08

Funding Agreement Area of Activity	Performance
19	<p>Interwoven Freedom - In collaboration with Sparkbrook Caribbean and African Women Development Institute, this project commemorated the Abolition of the Slave Trade Act. Working with a textile artist and writer, the women created work for a book and touring exhibition.</p> <p>Springline - Developed in partnership with Local Youth Services, the Sustainability Centre and the Weald and Downland Open Air Museum, young people took part in a series of workshops exploring their local environment and learning heritage craft skills traditional to the South Downs.</p> <p>39 projects took place and 3,526 properties took part in the biggest year of Heritage Open Days yet. All projects ran by English Heritage's Outreach team focused on engaging new audiences with HODs, for example, a community heritage day involving all the local faith organisations in Bradford, and a partnership project with the National Youth Theatre at Furness Abbey which attracted 600 visitors. The event as a whole attracted around 1 million visitors.</p>
20 Support the rest of the historic environment sector to increase visits from priority groups to historic sites	<p>National Capacity Building Grants from English Heritage supported sector work to increase engagement by priority groups. A notable example was the Heritage Link <i>Embracing Difference</i> project which ran regional seminars for small heritage bodies on practical means to diversify their support. A website and publication of the outcomes will be available.</p> <p>An edition of <i>Conservation Bulletin</i> was produced on social inclusion and diversity issues and distributed to 20,000 heritage professionals in July 2007. The English Heritage Heritage Protection team pilot project, <i>Designating History</i>, identified 40 historic sites with significance for the history of the slave trade and abolition movement. This has been a valuable pilot for developments in capturing communal values through designation. An article was published in the Institute of Historic Building Conservation <i>Context</i> journal outlining the potential for engaging new audiences through conservation.</p>
21 Support the DCMS participation survey	<p>The participation survey is now in its third year and is achieving desired response rates. The first annual report of the survey was published in May 2007. Results for participation by PSA priority groups in the second year were</p>

Performance Against Funding Agreement Targets 2007/08

Funding Agreement Area of Activity	Performance
21	<p>published in December 2007 and showed that while 69.3% of adults resident in England made at least one visit to an historic environment site in the 12 months prior to the interview, only 57.3% of adults from lower socio-economic groups, 60.2% of adults with a limiting disability and 48.3% of adults from black and minority ethnic groups made a similar visit.</p> <p>A report of quantitative research using data from the survey is on the <i>Heritage Counts</i> website and was presented at the <i>Cultural Trends</i> conference in February. Final results for year three performance is expected to be published in December 2008.</p>
22 Continue to advise Defra on the historic environment aspects of its access agenda, including coastal access	<p>The Government has now published draft legislation for coastal access in the Marine Bill. English Heritage is participating in the new Defra Coastal Land Access Group and will provide appropriate data and information for implementation.</p>
23 Improve facilities for visitors at English Heritage sites	<p>Progress has been made in delivering the final year of English Heritage's Property Development Programme. Key projects have been completed at Carisbrooke Castle, Audley End House, Brodsworth Hall, Tintagel Castle (beach café and new admissions kiosk), Dover Castle, Framlingham Castle, Restormel Castle, Totnes Castle and Kirby Hall.</p> <p>Two major projects at Lullingstone Roman Villa and Kenilworth Castle will be completed during 2008/09 as the final part of the 3-year programme.</p> <p>English Heritage is committed to eliminating its operating deficit, its earned income less the costs incurred in opening its sites to the public, by 2010. The financial model used to calculate this has been updated this year and a deficit of £3.5 million was recorded in 2007/08. The 2008/09 target is to reduce the operating deficit to £1 million, with elimination in 2010/11. However this could be undermined with any economic downturn.</p>

Performance Against Funding Agreement Targets 2007/08

Funding Agreement Area of Activity	Performance
<p>24 Implement Efficiency Delivery Plan</p>	<p>English Heritage's final efficiency return for the SR04 period was submitted to DCMS in April. It confirmed efficiency savings of £11.35 million were achieved in 2007/08 against a target of £8.4 million. £4.4 million was non-cash.</p>
<p>25 Implement Sustainable Development Strategy which includes adoption of the <i>Framework for Sustainable Development on the Government Estate</i></p>	<p>English Heritage's Sustainable Development Board was established in January 2006. The structure of the Board was reviewed at the end of 2007 and the membership and structure changed to better meet the needs of the organisation to monitor progress. A sustainable procurement strategy has been drafted and is awaiting final sign off.</p> <p>Progress continues on the sourcing of local supplies for in-house catering outlets and in completing Environmental Impact Assessments.</p> <p>Best Foot Forward Consultants were appointed to scope English Heritage's environmental/carbon footprint measure. The scoping study, with a wider brief than that identified in the exercise carried out as part of the DCMS Climate Change project, is expected to be ready by summer 2008. The outputs from the study will provide the majority of the information required by the DCMS project.</p> <p>Work continues on energy and water indicators as part of our footprint scoping that is expected to conclude this summer. An action plan, targeted at areas where we can have the biggest influence in reducing our carbon impact, will be developed based on the results of the scoping exercise.</p> <p>English Heritage's intranet page covering Sustainable Development issues is regularly updated. Green Champions are in place throughout the organisation to assist with spreading the Sustainable Development message to colleagues.</p> <p><i>Heritage Counts 2008</i> will have a sustainable development theme.</p>

Directors' Report

Background Information

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

Commissioners and Senior Employees

The persons who served as Commissioners between 1 April 2007 and 30 June 2008 are detailed in note 15. Details of Senior Employees are given in the Remuneration Report.

Responsibilities of Commissioners

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

Register of Interests

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

Result for the Year

The net expenditure for the year ended 31 March 2008, after the transfer to the Development and Restricted Funds of £588,000 (2007: £3,304,000) was £125,773,000 (2007: £135,412,000).

Pensions

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

Fixed Assets

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

Financial Instruments

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

Post Balance Sheet Events

There were no post balance sheet events. The Annual Report and Accounts will be authorised for issue on 9 July 2008.

Charitable Donations

English Heritage did not make any charitable donations exceeding £500 (2007: nil) during the financial year ended 31 March 2008.

Communications with Employees

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

Directors' Report

Confederation of British Industry Better Payment Practice Code

English Heritage is a member of the Confederation of British Industry scheme and has established a payment policy which complies with the principles of the Confederation of British Industry Better Payment Practice Code. Invoices received but not paid at 31 March 2008 equated to 3 creditor days (2007: 6 days).

Corporate Governance

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

Audit Arrangements

The National Audit Office have been auditors since 1 April 2004. Mazars LLP have been auditors for English Heritage Trading Limited since 1 April 2004 as the National Audit Office were unable to audit limited companies for the financial year ended 31 March 2008. Saffery Champness have been independent examiners of the Iveagh Bequest since 1997.

Disclosure of Relevant Audit Information

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



Dr Simon Thurley
Chief Executive
30 June 2008

Remuneration Report

Remuneration Committee

The objective of the Remuneration Committee is to review the reward and remuneration packages of English Heritage's staff, within the pay remit laid down by HM Treasury and determine the reward and remuneration of members of the Executive Board and the Chief Executive 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 senior managers, members of the Executive Board and the Chief Executive are fairly rewarded for their individual contributions to the organisation's overall performance.

The Committee provides a medium of public accountability, which is external to English Heritage management.

The Remuneration Committee meets at least once a year and comprises no fewer than 4 members, including the Chairman of the Audit Committee. The current Chairman of the Remuneration Committee is Mr Michael Jolly, a Commissioner.

Remuneration Policy

English Heritage Senior Managers, below the Chief Executive, are in 3 pay bands; 1, 2 and 3.

By agreement with the DCMS, English Heritage has authority to create senior management posts and to appoint to them, subject to a cost ceiling, expressed as a percentage of the total pay bill. The current cost ceiling is 4.65 per cent. Creation of posts or making appointments which would breach this ceiling need DCMS approval. DCMS approval is specifically required for the appointment of a new Chief Executive or the re-appointment of a Chief Executive without competition.

The pay of senior staff is also subject to annual pay awards, in the same way as other staff. Since senior managers are on individual personal contracts, their annual pay award is agreed individually outside the collective bargaining procedure which applies to other staff. However, by agreement with the DCMS the pay award for senior staff is governed by the same percentage of the paybill that applies to other staff and agreed as part of the annual pay remit.

Contracts

All senior staff are employed on continuous contracts and are required to give 3 months notice of termination of employment by resignation. The Chief Executive is also on a continuous contract and is required to give 6 months notice of termination of employment by resignation. Early terminations of contract by English Heritage are dealt with in accordance with the rules of the Principal Civil Service Pension Scheme. The only employees with a contractual performance bonus arrangement are the Chief Executive and the Director of Finance and Corporate Services. The bonuses are payable for the achievement of specific performance targets and objectives and is a maximum of 20 per cent of basic salary (2007: 20 per cent) for the Chief Executive and 8 per cent of basic salary for the Director of Finance and Corporate Services (new post). Following the end of each financial year the Remuneration Committee assess the Chief Executive's and Director of Finance and Corporate Service's performance against their annual targets and objectives and determine the rate of their performance related bonus.

Remuneration Report

Emoluments of the Executive Board

	Emoluments		Total accrued pension	Total lump sum	Real annual increase in pension	Real annual increase in lump sum	CETV		Real annual increase in CETV
	2008	2007	at age 60	at age 60	increase in	increase in	2008	2007*	increase in
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Simon Thurley Chief Executive	160	148	28	84	1	4	471	383	21
Steven Bee Director of Planning and Development	98	95	30	-	1	-	556	465	23
Keith Harrison Director of Finance and Corporate Services from 16 January 2008	23	-	1	-	1	-	6	-	5
Edward Impey Director of Research and Standards	90	83	8	-	1	-	108	76	16
Deborah Lamb Director of Policy and Communications	91	84	27	-	1	-	397	324	14
Mark Pemberton Director of Properties and Outreach	110	107	44	133	1	3	982	840	21

* The CETV figures for 2007 have been amended from those previously published as a result of a recalculation by Paymaster, English Heritage's pension administrator.

Emoluments include gross salary and bonuses.

The Chief Executive was the highest paid employee. His total emoluments for the year of £160,000 (2007: £148,000) comprise; basic salary of £133,000 (2007: £123,000) and a performance related bonus of £27,000, 20 per cent of basic salary (2007: £25,000, 20 per cent). £3,000 of the Chief Executive's performance bonus was consolidated for pay and pension purposes (2007: £6,000). The Director of Finance and Corporate Services did not receive a performance bonus, his full year equivalent salary is £110,000.

Pension benefits to English Heritage staff are provided through the PCSPS. The value of the annual pension and lump sum at 60 and the real increases thereon and the cash equivalent transfer values (CETV) shown above, include accumulated pension benefits from English Heritage service, plus benefits resulting from any additional contributions and any sums transferred in from other pension schemes in respect of previous employment. The real annual increase in CETV excludes the cash value of accumulated pension benefits transferred from previous employment but does include the benefits resulting from such transfers. The total annual pension is calculated as either one-sixtieth or one-eightieth of pensionable pay for every year of service, depending on the pension option chosen by the employee. Employer's contributions into the PCSPS in respect of the above employees totalled £134,000 (2007: £148,000). Further details of the PCSPS scheme are included in note 19.

The emoluments section of the Remuneration Report is audited.



Dr Simon Thurley
Chief Executive
30 June 2008

Statement of Commissioners' and Chief Executive's Responsibilities

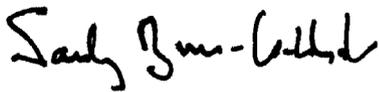
Under paragraph 12(2) of Schedule 3 of the National Heritage Act 1983, the Commissioners are required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State, with the consent of HM Treasury. The accounts are prepared on an accruals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

In preparing the accounts the Commissioners are required to:

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

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

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



Lord Bruce-Lockhart
Chairman
30 June 2008



Dr Simon Thurley
Chief Executive

Statement on Internal Control

Scope of Responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of English Heritage's policies, aims and objectives, as set out in statute and by Ministers from the Department for Culture, Media and Sport (DCMS), whilst safeguarding the public funds and departmental assets for which I am personally responsible, and ensuring compliance with the requirements of our Financial Memorandum and the Funding Agreement, in accordance with the responsibilities assigned to me in Managing Public Money.

Accountability within English Heritage is exercised through:

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

The Purpose of the System of Internal Control

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

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

The system of internal control has continued in place in English Heritage for the financial year ended 31 March 2008 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance.

Capacity to Handle Risk

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

The Executive Board is committed to providing staff with support and assistance to enable them to manage their risks effectively. This includes regular review of corporate and group risks at the Board's quarterly performance monitoring meetings. Further refinements continue to be made to the methodology for recording and presenting information on risk using an element of the new computerised Management Information System which was piloted during 2007/08. This is designed to simplify the process for gathering information on risk and make the information more accessible to managers in order to aid effective risk management.

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

Statement on Internal Control

Capacity to Handle Risk

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

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

The Risk Environment

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

- A risk management policy based on a risk appetite for taking only carefully calculated risks, where the potential benefits are judged to outweigh any negative impact that may occur if the risks were to materialise. Risk has been defined as 'the threat or possibility that an action or event will adversely or beneficially affect the organisation's ability to achieve its objectives'.

The policy defines our risk management objectives, which are to:

- manage risk in accordance with best practice and encourage a culture of risk management across English Heritage;
 - anticipate and meet changing social, environmental and legislative requirements that enable us to champion England's historic environment;
 - safeguard our assets and minimise opportunities for injury and damage and promote awareness of the need for risk management.
- A corporate risk register and four supporting individual group risk registers, which provide information on significant risks, their management control arrangements and views on their current effectiveness. A fifth group risk register will be developed during 2008/09 following the appointment of a Director of Finance and Corporate Services. Each group director's risk reporting framework provides for periodic in-year monitoring of risk registers to seek assurances on the management of risks identified and to identify any new risks to be included in the group and/or corporate risk registers as appropriate. This will include an assessment of risks associated with information and records security and data handling.
 - A cycle of risk and control identification linked to group and departmental plans, ownership recognition and reports on the effectiveness of the control arrangements. This process starts at Executive Board level and progresses through the group directors to the appropriate operational levels in each of the five groups and feeds back into the Executive Board reports.
 - Risk monitoring through the Audit Committee, which at each of its three meetings a year receives reports on the development and implementation of English Heritage's risk management arrangements.
 - Quarterly Performance Monitoring Board meetings, at which Executive Board members monitor corporate performance against business objectives, all mission-critical projects and corporate and group risks. Internal Audit reports have also been added as a standing item to ensure we maximise the links between our risk management processes and the work of Internal Audit.
 - An annual programme of risk-based audits, designed to focus on key risks and on ensuring lessons are learnt and disseminated.

The most significant risks during 2007/08 arose from budgetary pressures which had to be managed in order to ensure that strategic priorities continued to be met. The relocation of staff outside of London and the relocation of our Headquarters building within London continued to create organisational risks. We have also been working closely with the DCMS on reforming the system of Heritage Protection and are preparing the organisation for the forthcoming reforms to the legislative process which will have a significant impact on the way in which we operate.

Statement on Internal Control

Review of Effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the managers within English Heritage who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

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

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

I am satisfied from the results of my review of the effectiveness of the system of internal control, including the assurances provided by managers, that the risk management processes and corresponding controls systems are in place and give me reasonable assurance of their effectiveness. Members of the Commission support this statement.

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



Dr Simon Thurley
Chief Executive
30 June 2008

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

I certify that I have audited the financial statements of English Heritage for the year ended 31 March 2008 under the National Heritage Act 1983. These comprise the consolidated Income and Expenditure Account, the Balance Sheets, the Cashflow Statement, the Statement of Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described as having been audited.

Respective Responsibilities of the Commissioners, the Chief Executive and Auditor

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

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

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

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

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

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

Basis of Audit Opinion

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

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

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

Opinion

In my opinion:

- the financial statements give a true and fair view in accordance with the National Heritage Act 1983 and directions made thereunder by the Secretary of State, of the state of English Heritage's affairs as at 31 March 2008 and of its net expenditure for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the National Heritage Act 1983 and directions made thereunder by the Secretary of State; and
- the information which comprises the Directors' Report, the Remuneration Report and the Chief Executive's Management Commentary included in the Annual Report is consistent with the financial statements.

Audit Opinion on Regularity

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

I have no observations to make on these financial statements.

T J Burr
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS

9 July 2008

English Heritage Consolidated Income and Expenditure Account for the Year Ended 31 March 2008

Income	Note	2008 £'000	2007 £'000
Earned Income	2	40,728	38,144
Other Operating Income	3	7,082	9,090
Investment Income	4	1,420	1,324
Total Income		49,230	48,558
Expenditure			
Grants	5	32,598	34,136
Research and Standards	6	22,691	21,482
Historic Environment	7	21,267	23,075
Properties	8	68,717	69,172
Education and Outreach	9	8,285	8,263
Corporate	10	5,211	5,486
Support	11	12,197	12,615
Notional Cost of Capital	1.g	1,530	1,051
Total Expenditure		172,496	175,280
Net Expenditure for the Financial Year Before Exceptional Items		(123,266)	(126,722)
Relocation	12	(3,449)	(6,437)
Net Expenditure for the Financial Year After Exceptional Items		(126,715)	(133,159)
Notional Cost of Capital	1.g	1,530	1,051
Adjusted Net Expenditure for the Financial Year		(125,185)	(132,108)
Transfer to the Development and Restricted Funds	36	(588)	(3,304)
Net Expenditure for the Financial Year		(125,773)	(135,412)

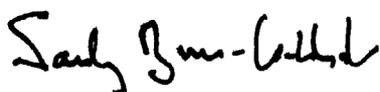
English Heritage Consolidated Statement of Recognised Gains and Losses for the Year Ended 31 March 2008

	Note	2008 £'000	2007 £'000
Unrealised Surplus on the Revaluation of Tangible Fixed Assets	21	7,830	2,751
Unrealised (Losses)/Gains on the Revaluation of Investment Assets	25	(123)	42
Recognised Gains and Losses Relating to the Year		7,707	2,793

English Heritage Consolidated Balance Sheet as at 31 March 2008

	Note	2008 £'000	2007 £'000
Fixed Assets			
Intangible Assets	20	366	380
Tangible Assets	21	69,763	55,396
Investments	25	505	628
		70,634	56,404
Current Assets			
Stocks	26	2,593	2,932
Debtors	27	15,681	13,792
Short Term Investments	28	22,135	14,500
Cash at Bank and in Hand	38	588	470
		40,997	31,694
Creditors: Amounts Falling Due Within One Year			
Bank Overdraft	38	(8,006)	(4,560)
Creditors	29	(30,596)	(27,615)
		(38,602)	(32,175)
Net Current Assets/(Liabilities)		2,395	(481)
Total Assets Less Current Liabilities		73,029	55,923
Creditors: Amounts Falling Due After More Than One Year	30	(2,516)	(2,373)
Provisions	31	(3,683)	(5,005)
Total Assets Less Liabilities		66,830	48,545
Reserves			
Capital Reserves	33	11,664	10,579
Government Grant Revaluation Reserve	34	12,969	7,325
Capital Fund	35	505	628
Development and Restricted Funds	36	8,925	8,544
General Reserve	32	32,767	21,469
Total Reserves		66,830	48,545

The financial statements, which comprise the Income and Expenditure Account, the Statement of Recognised Gains and Losses, the Balance Sheets, the Cash Flow Statement and the related notes 1 to 44, were approved by the Commissioners of English Heritage and signed on their behalf by:



Lord Bruce-Lockhart
Chairman
30 June 2008

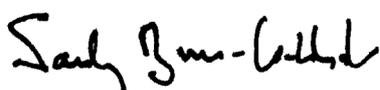


Dr Simon Thurley
Chief Executive

HBMCE Balance Sheet as at 31 March 2008

	Note	2008 £'000	2007 £'000
Fixed Assets			
Intangible Assets	20	366	380
Tangible Assets	21	69,763	55,396
Investments	25	2,028	2,028
		72,157	57,804
Current Assets			
Stocks	26	142	243
Debtors	27	16,656	14,966
Short Term Investments	28	21,635	14,000
Cash at Bank and In Hand	38	588	470
		39,021	29,679
Creditors: Amounts Falling Due Within One Year			
Bank Overdraft	38	(8,006)	(4,560)
Creditors	29	(30,648)	(27,628)
		(38,654)	(32,188)
Net Current Assets/(Liabilities)		367	(2,509)
Total Assets Less Current Liabilities		72,524	55,295
Creditors: Amounts Falling Due After More Than One Year	30	(2,516)	(2,373)
Provisions	31	(3,683)	(5,005)
Total Assets Less Liabilities		66,325	47,917
Reserves			
Capital Reserves	33	11,664	10,579
Government Grant Revaluation Reserve	34	12,969	7,325
Development and Restricted Funds	36	8,925	8,544
General Reserve	32	32,767	21,469
Total Reserves		66,325	47,917

The financial statements, which comprise the Income and Expenditure Account, the Statement of Recognised Gains and Losses, the Balance Sheets, the Cash Flow Statement and the related notes 1 to 44, were approved by the Commissioners of English Heritage and signed on their behalf by:



Lord Bruce-Lockhart
Chairman
30 June 2008



Dr Simon Thurley
Chief Executive

English Heritage Consolidated Cash Flow Statement for the Year Ended 31 March 2008

	Note	2008 £'000	2007 £'000
Operating Activities			
Net Cash Outflow from Operating Activities	37	(123,159)	(128,408)
Returns on Investments and Servicing of Finance			
Investment Income		1,410	1,091
Capital Expenditure			
Payments to Acquire Tangible Fixed Assets		(10,930)	(10,951)
Payments to Acquire Intangible Fixed Assets		(98)	(226)
Proceeds from the Sale of Tangible Fixed Assets		2	-
		(11,026)	(11,177)
Management of Liquid Resources			
Payments into Short Term Investments		(282,723)	(342,292)
Withdrawals from Short Term Investments		275,088	338,492
	38	(7,635)	(3,800)
Financing			
Government Grant in Aid		136,636	141,321
Grants received credited to the Capital Reserves		446	658
		137,082	141,979
Decrease in Cash	38	(3,328)	(315)

The 2007/08 figure for Government Grant in Aid included £3,500,000 (2007: £8,000,000), for relocation costs deriving from the surrender of the lease on the previous London Headquarters building.

Notes to the Financial Statements

I. Statement of Accounting Policies

a) Accounting Convention

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

English Heritage Trading Limited, a subsidiary undertaking of HBMCE, continued trading throughout the year ended 31 March 2008. English Heritage Commissioners are the Trustee of the Iveagh Bequest. Hence the financial statements include a consolidation of HBMCE, English Heritage Trading Limited and the Iveagh Bequest.

b) Income

Income is shown net of Value Added Tax.

c) Membership Income

Annual membership income is recognised in the Income and Expenditure Account to match the benefit provided to the member. Income received that relates to benefits to be provided in the following year is treated as Deferred Income on the Balance Sheet.

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

d) Government Grant in Aid Receivable

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

Government Grant in Aid receivable is credited to the General Reserve (note 32).

e) Other Grants Receivable

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

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

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

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

f) Grants Payable

Grants payable to individuals and bodies by English Heritage in accordance with its statutory powers and duties are accounted for when the grant recipient carries out the specific activity which forms the basis of entitlement.

Grant offers made yet to become payable are quantified at note 39 a.

g) Notional Costs

The Income and Expenditure Account result for the year is arrived at after charging a notional cost of capital calculated at 3.5 per cent (2007: 3.5 per cent) of the average total assets less liabilities during the year, excluding assets funded by non Government Grant, donations including lottery funding, and historic artefacts and archives.

Notes to the Financial Statements

I. Statement of Accounting Policies

h) Intangible Fixed Assets

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

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

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

i) Land and Buildings

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

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

In accordance with the Government Financial Reporting Manual, pure heritage land and buildings held by English Heritage, in pursuit of its overall objectives in relation to the enjoyment and preservation of the heritage, are included as Fixed Assets in the Balance Sheet where a reliable valuation is possible, otherwise they are not treated as Fixed Assets.

Expenditure on these assets, where it does not result in the creation of a new operational heritage asset, is charged to the Income and Expenditure Account as it is incurred.

Operational heritage land and buildings, which in addition to being held by English Heritage in pursuit of its overall objectives are also used for revenue generating or other non-heritage purposes, are professionally valued and held on the Balance Sheet. The valuation method used depends upon the type of the building, its use and any conditions attached to its disposal.

Operational (non-heritage) land and buildings are professionally valued and held on the Balance Sheet. The valuation method used depends upon the type of the building, its use and any conditions attached to its disposal.

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

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

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

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

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

Notes to the Financial Statements

I. Statement of Accounting Policies

j) Historic Artefacts and Archives

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

k) Plant, Vehicles, Equipment and Fixtures

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

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

l) Assets Under Construction

Assets under construction comprise expenditure on the creation or enhancement of Fixed Assets not brought into use at the Balance Sheet date. Transfers are made from assets under construction to the relevant category of Fixed Asset when the asset is brought into use.

m) Donated Assets

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

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

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

n) Depreciation

Depreciation is provided on Tangible Fixed Assets, excluding land and assets under construction, in equal amounts each year in order to write down their cost to their estimated residual value over their anticipated useful economic lives. These are as follows:

Non-heritage buildings and gardens

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

Refurbishments

- Shop/café/holiday cottage refurbishment, infrastructure	10-20 years
- Plant and machinery	5-15 years
- IT, furniture and fittings	4-5 years

When considering anticipated useful economic lives, regard is had to the Financial Reporting Standard 15 requirement to identify assets which have distinct major components with substantially different useful economic lives. Where such assets are identified, separate useful economic lives for component assets are considered.

Operational heritage buildings and historic artefacts and archives are not depreciated, as the length of their anticipated useful economic life is such that depreciation is not considered to be material.

Notes to the Financial Statements

I. Statement of Accounting Policies

o) Fixed Asset Investments

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

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

Investments in subsidiary undertakings are held at cost.

p) Stocks

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

q) Operating Leases

Operating lease costs are charged as incurred.

r) Financial Instruments

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

s) Pension Costs

English Heritage is a member of the Principal Civil Service Pension Scheme (PCSPS). This is a multi employer defined benefit scheme. English Heritage also operates a by-analogy scheme to the PCSPS for the previous Chairmen. Both schemes satisfy the requirements of applicable accounting standards (note 19).

t) Restricted Funds

Funds held by English Heritage that can only be applied for particular purposes imposed by donors and grant givers are held as restricted funds.

u) Segmental Reporting

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

Notes to the Financial Statements

	2008 £'000	2007 £'000
2. Earned Income		
Admission Income	11,403	10,909
Retail and Catering Income	9,921	9,423
Membership Income	14,070	12,826
Other Earned Income	5,334	4,986
Total Earned Income	40,728	38,144

	2008 Capital £'000	2008 Revenue £'000	2007 Capital £'000	2007 Revenue £'000
3. Other Operating Income				
Grants Receivable				
European Community	-	141	12	91
Heritage Lottery Fund	-	242	79	199
Aggregates Levy	-	4,253	-	3,420
Other	366	1,142	477	789
Total Grants Receivable	366	5,778	568	4,499
Transfer (to)/from Capital Reserves	(366)	266	(568)	284
Total Grants	-	6,044	-	4,783
Donations	314	809	325	413
Transfer (to)/from Capital Reserves	(314)	159	(325)	177
Other Operating Income	-	70	-	3,717
Total Other Operating Income	-	7,082	-	9,090

Included within other operating income for 2007 is £3,276,000 received in respect of Wrest Park. This was transferred to restricted funds (note 36).

	2008 £'000	2007 £'000
4. Investment Income		
Interest Receivable	1,392	1,297
Dividends Receivable	28	27
Total Investment Income	1,420	1,324

Notes to the Financial Statements

	2008	2007
5. Grants Payable	£'000	£'000
Buildings and Monuments	6,820	7,695
Conservation Areas	4,274	5,165
Cathedrals	757	891
Other Places of Worship	8,142	8,504
Historic Environment	4,698	5,235
Aggregates Levy Historic Environment	3,907	3,149
Other	4,000	3,497
	<hr/>	<hr/>
Total Grants Payable	32,598	34,136
	<hr/>	<hr/>
	2008	2007
6. Research and Standards Expenditure	£'000	£'000
Research	12,691	11,885
Setting Standards	10,000	9,597
	<hr/>	<hr/>
Total Research and Standards Expenditure	22,691	21,482
	<hr/>	<hr/>
	2008	2007
7. Historic Environment Expenditure	£'000	£'000
Managing the Historic Environment	18,583	20,196
Listing	2,684	2,879
	<hr/>	<hr/>
Total Historic Environment Expenditure	21,267	23,075
	<hr/>	<hr/>
	2008	2007
8. Properties Expenditure	£'000	£'000
Running the Properties	52,569	53,058
Maintenance	12,087	12,994
Conservation	4,061	3,120
	<hr/>	<hr/>
Total Properties Expenditure	68,717	69,172
	<hr/>	<hr/>

Notes to the Financial Statements

	2008	2007
	£'000	£'000
9. Education and Outreach Expenditure		
Education and Outreach	2,321	2,540
National Monuments Record	5,964	5,723
	<hr/>	<hr/>
Total Education and Outreach Expenditure	8,285	8,263
	<hr/>	<hr/>
	2008	2007
	£'000	£'000
10. Corporate Expenditure		
Policy and Communications	3,896	3,962
Governance	1,315	1,524
	<hr/>	<hr/>
Total Corporate Expenditure	5,211	5,486
	<hr/>	<hr/>
	2008	2007
	£'000	£'000
11. Support Expenditure		
Finance	3,299	3,474
Information Systems	5,302	5,516
Legal Services	872	853
Human Resources	2,724	2,772
	<hr/>	<hr/>
Total Support Expenditure	12,197	12,615
	<hr/>	<hr/>
12. Relocation Costs		
<p>In 2005/06 English Heritage commenced a project to relocate the majority of its London Headquarters staff to outside of London. Expenditure in relation to this project totalled £3,449,000 (2007: £6,437,000) including depreciation of £464,000 (2007: £362,000). In addition costs of £368,000 were capitalised and included as Fixed Assets, note 21 (2007: £2,759,000).</p>		
13. Taxation		
<p>HBMCE enjoys the status of a charity for taxation purposes. No taxation liability is expected on its operations for the year ended 31 March 2008 (2007: nil). English Heritage Trading Limited transferred all its profits for the year ended 31 March 2008 to HBMCE under the Gift Aid rules. Hence, it suffered no taxation charge as it had no taxable profits.</p>		
	2008	2007
	£'000	£'000
14. Auditors' Fees		
Auditors' remuneration and expenses for statutory audit work:		
English Heritage and HBMCE	55	54
English Heritage Trading Limited	6	6
	<hr/>	<hr/>
Total Auditors' Fees	61	60
	<hr/>	<hr/>

Notes to the Financial Statements

15. Commissioners

Commissioners' emoluments totalled £133,000 (2007: £156,000) and wholly related to basic fees in respect of their duties as Commissioners and as members of Advisory Committees and Panels. Emoluments also includes any income tax payable on home to office travel expenses which English Heritage pays on the Commissioners' behalf. No Commissioner received any performance related fees. The emoluments of the previous Chairman Sir Neil Cossons up to the date of his retirement on 31 July 2007 were £23,000, a full year equivalent of £69,000 (2007: £69,000) and related wholly to basic fees. His annual accrued pension and retirement lump sum for his years service with English Heritage as at his retirement on 31 July 2007 totalled £25,000 (2007: £24,000). The cash equivalent transfer value (CETV) of his pension entitlement was £97,000 (2007: £93,000). The real increase in CETV in the period was £3,000 (2007: £9,000) and the real increase in pension and retirement lump sum at retirement age was £1,000 (2007: £3,000). The current Chairman Lord Bruce-Lockhart, the highest paid Commissioner, was appointed on 1 August 2007 and his emoluments from that date were £30,000 and related wholly to basic fees, a full year equivalent of £45,000. His position is non pensionable.

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

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

Sir Neil Cossons' term of appointment ended on 31 July 2007. Lord Bruce-Lockhart was appointed as the new Chairman from 1 August 2007 for a contract term of 5 years. The current Chairman is contracted to work less hours than the previous Chairman. All other current Commissioners have been appointed for fixed terms of 4 years. Except for the previous Chairman, the appointments are non pensionable. Commissioners' emoluments are set by the Department for Culture, Media and Sport.

16. Advisory Committee and Panel Members

English Heritage has a number of Advisory Committees and Panels which report directly to Commission. Advisory Committee and Panel Members who were not Commissioners received no emoluments during the year (2007: nil).

Notes to the Financial Statements

17. Related Party Transactions and Connected Bodies

English Heritage is sponsored by the Department for Culture, Media and Sport (DCMS) which is regarded as a related party. The only material transactions with the DCMS were in respect of the receipt of Grant in Aid (note 32), receipts of: £8,000 towards legal costs and payments by English Heritage of: £80,000 towards the Taking Part Survey and £20,000 towards the Engaging Places Scheme. In addition there were staff on secondment between the 2 bodies.

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

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

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

Advantage West Midlands	Government News Network
Cabinet Office	Ministry of Defence
CITB - Construction Skills	Natural England
Department for Communities and Local Government	Olympic Delivery Authority
Department for Environment, Food and Rural Affairs (Defra)	One North East
Department for Transport	Valuation Office Agency
Foreign and Commonwealth Office	Yorkshire Forward

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

- Lord Bruce-Lockhart, the Chairman from 1 August 2007, is a Member of Kent County Council which received grant payments totalling £50,000.
- Miss Maria Adebawale, a Commissioner, has worked on various projects for Defra. English Heritage received income from Defra of £4,257,000, comprising aggregates levy historic environment grants totalling £4,253,000 and other income totalling £4,000.
- Mrs Joyce Bridges, a Commissioner, is a Commissioner for CABE. CABE received grant payments totalling £79,000.
- Mr Bill Bryson, a Commissioner until 31 August 2007, is the Chancellor of the University of Durham. The University of Durham received payments of £264,000 including historic environment grant payments of £200,000 and payments totalling £64,000 for the funding of university posts. He is also a Patron for Friends of Durham Cathedral which received conservation grant payments totalling £21,000. He is also a member of the Royal Society 350th Anniversary Fundraising Committee. The Royal Society received payments of £16,000.
- Professor David Cannadine, a Commissioner, is a member of the National Trust Eastern Regional Committee. English Heritage has numerous transactions with the National Trust including the payment of the annual National Trust maintenance deficit grant of £1,205,000, conservation grant payments totalling £1,077,000 and other various payments totalling £187,000. English Heritage also received income of £30,000 from the National Trust.
- Professor Barry Cunliffe, a Commissioner, is a Trustee of Mary Rose Archaeological Services which received payments of £11,000 towards the Seahenge Conservation project.
- Lord Douro, a Commissioner until 31 August 2007, resides in private apartments in Apsley House, a property managed by English Heritage. Apsley House was transferred to the Crown in 1947 under the terms of the Wellington Museum Act and the Duke and his family retained the right to occupy private apartments within the house. Under the Act the cost of maintaining the external fabric of the whole building is met by public funds. The part of the house open to the public is maintained as the Wellington Museum. The total cost of operating the museum and maintaining the fabric of Apsley House in 2007/08 was £734,000, net of income received. He is also the Chairman of the Textile Conservation Centre Foundation which received various payments totalling £13,000.

Notes to the Financial Statements

17. Related Party Transactions and Connected Bodies

- Mrs Gilly Drummond, a Commissioner, is President of the Association of Gardens Trusts which received payments of £7,000. She is also a Trustee of Chiswick House and Gardens Trust (CHGT) along with Dr Edward Impey, the Director of Research and Standards, see note 41 for further details of English Heritage's involvement with CHGT. Mrs Gilly Drummond's husband is Trustee of the Hampshire and Isle of Wight Trust for Maritime Archaeology which received historic environment grant and other payments totalling £101,000.
- Dr Jane Grenville, a Commissioner until 12 May 2008, is Pro-Vice Chancellor of the University of York, which received payments of £314,000 including historic environment grants totalling £148,000, conservation grants of £12,000, funding for posts of £128,000 and various other payments totalling £26,000. She is also Chair of the Casework Committee of the Council for British Archaeology. The Council for British Archaeology received payments of £288,000 including historic environment grant payments totalling £166,000, conservation grant payments totalling £92,000 and various other payments totalling £30,000. She is also a Trustee of the York Museums Trust which received a payment of £6,000.
- Ms Jane Kennedy, a Commissioner, is a Partner with Purcell Miller Tritton Architects which received fee payments totalling £189,000 including £166,000 for condition surveys.
- The Earl of Leicester, a Commissioner, is the Vice President and Dr Edward Impey, the Director of Research and Standards, is a Trustee of the Ancient Monuments Society which received conservation grant payments totalling £44,000. The Earl of Leicester's wife is a Committee member of the Norfolk Churches Trust which received conservation grant payments totalling £33,000.
- Mr Les Sparks, a Commissioner until 12 May 2008, is Chair of the Bath and North East Somerset Council Regeneration Panel. The Bath and North East Somerset Council received a grant of £19,000 for the funding of a post.
- Dr Simon Thurley, the Chief Executive, is a member of the Parochial Church Council of All Saints, King's Lynn, which received a conservation grant payment of £11,000.
- Dr Andrew Brown, Regional Director, South East, is a Director of Culture South East which received payments totalling £13,000.
- Ms Loraine Knowles, Visitor Operations Director, West Territory, is a Trustee of Dorset Natural History and Archaeological Society which received an historic environment grant payment of £8,000.
- Mr Greg Luton, Regional Director, East of England, is a Board Member of the Regional Cultural Consortium "Living East" which received a grant payment of £8,000.
- Dr Adrian Olivier, the Strategy Director, was Chair of the Bradford Advisory Board at the University of Bradford until 23 May 2007. The University of Bradford received historic environment grant payments of £12,000.
- Mr Mark Pemberton, the Director of Properties and Outreach, is a Director of the Association of Leading Visitor Attractions (ALVA) which received payments of £7,000.
- Miss Carol Pyrah, Regional Director, North East's, partner runs a research consultancy business which has received payments totalling £26,000 for consultancy services in respect of research projects.
- Mr Humphrey Welfare, the Planning and Development Director, North Territory, is a Director of Hadrian's Wall Heritage Ltd which received grant payments totalling £238,000 related to the World Heritage Site.

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

Notes to the Financial Statements

18. Employees

a) Employee Numbers

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

	2008	2007
Research and Standards	334	319
Historic Environment	354	355
Properties	870	885
Education and Outreach	160	159
Corporate	61	60
Support	156	159
Total Employee Numbers	1,935	1,937

Employee numbers include 51 agency staff (2007: 38) and 10 staff working on projects shown as Fixed Assets (2007: 17), note 21.

	2008 £'000	2007 £'000
b) Employee Costs		
Salaries	51,636	50,342
Social Security Costs	4,024	3,925
Pension Costs	9,097	8,986
Redundancy and Severance Costs	1,120	3,247
Agency Staff Costs	2,173	1,212
Total Employee Costs	68,050	67,712

Included within the above costs are £248,000 salaries costs (2007: £453,000), £21,000 social security costs (2007: £37,000) and £36,000 pension costs (2007: £63,000) that have been capitalised within Fixed Assets (note 21). There are no redundancy and severance costs (2007: nil) and no agency staff costs (2007: nil) that have been capitalised.

19. Pension Costs

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

For the year ended 31 March 2008, employers' contributions were payable to the PCSPS at 1 of 4 rates in the range 17.1 to 25.5 per cent of pensionable pay, based on salary bands (2007: 17.1 to 25.5 per cent). Rates for next year will decrease to between 16.7 and 24.3 per cent of pensionable pay and the pay bands will be revalorised. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Total employer contributions to the PCSPS were £8,933,000 (2007: £8,841,000).

Employees joining English Heritage after 1 October 2002 can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £152,000 were paid to a panel of 3 appointed stakeholder pension providers (2007: £134,000).

Notes to the Financial Statements

19. Pension Costs

Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions of £11,000 (2007: £11,000), 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the Balance Sheet date were nil (2007: nil). Contributions prepaid at that date were nil (2007: nil).

English Heritage operates a by-analogy scheme to the PCSPS for the previous 3 chairmen. The scheme liability at 31 March 2008 was £250,000 (2007: £254,000). This scheme has been valued by the Government Actuary's Department in accordance with Treasury guidelines and Financial Reporting Standard 17 principles.

20. Intangible Fixed Assets

English Heritage and HBMCE	Software Licences £'000	Goodwill £'000	Total £'000
Cost or Valuation			
At 1 April 2007	586	244	830
Additions	98	-	98
Disposals	(15)	-	(15)
At 31 March 2008	669	244	913
Amortisation			
At 1 April 2007	429	21	450
Charge for the Year	99	12	111
Eliminated on Disposals	(14)	-	(14)
At 31 March 2008	514	33	547
Net Book Value			
At 31 March 2008	155	211	366
At 31 March 2007	157	223	380

Notes to the Financial Statements

21. Tangible Fixed Assets

English Heritage and HBMCE	Land & Buildings £'000	Artefacts & Archives £'000	Plant & Machinery £'000	IT, Furniture & Fittings £'000	Assets under Construction £'000	Total £'000
Cost or Valuation						
At 1 April 2007	49,632	4,546	5,156	12,128	3,819	75,281
Revaluations	7,830	-	-	-	-	7,830
Additions	1,367	597	231	587	8,982	11,764
Disposals	(21)	-	(182)	(41)	-	(244)
Impairments	(97)	-	-	-	-	(97)
Transfer of assets brought into use	4,156	395	385	708	(5,644)	-
At 31 March 2008	62,867	5,538	5,590	13,382	7,157	94,534
Depreciation						
At 1 April 2007	7,315	-	2,900	9,670	-	19,885
Charge for the Year	2,100	-	764	1,381	-	4,245
Backlog Depreciation	880	-	-	-	-	880
Eliminated on Disposals	(16)	-	(182)	(41)	-	(239)
At 31 March 2008	10,279	-	3,482	11,010	-	24,771
Net Book Value						
At 31 March 2008	52,588	5,538	2,108	2,372	7,157	69,763
At 31 March 2007	42,317	4,546	2,256	2,458	3,819	55,396

The transfers from Assets under Construction to other fixed asset categories represent the transfer of Assets under Construction which have been completed in the year.

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

22. Pure Heritage Land and Buildings

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

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

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

Notes to the Financial Statements

23. Historic Artefacts

English Heritage possesses in the region of 500,000 historic artefacts, ranging from environmental remains and archaeological artefacts, to pottery, fine art and furnishings. They are an integral part of our historic properties.

As well as being of significance in their own right, they assist in interpreting and presenting our properties to the public and they provide a valuable research resource for heritage professionals and our own staff.

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

Total expenditure of £512,000 was incurred on historic artefacts (including replicas) during the year ended 31 March 2008 (2007: £116,000). £399,000 of this expenditure was charged to Fixed Assets (2007: £104,000) and £113,000 was charged to the Income and Expenditure Account (2007: £12,000). No donated artefacts received during the year had a value (2007: nil).

24. Archives

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

Total expenditure of £597,000 was incurred on archives during the year ended 31 March 2008 (2007: £408,000). £593,000 of this expenditure was charged to Fixed Assets (2007: £401,000) and £4,000 was charged to the Income and Expenditure Account (2007: £7,000). No donated archives received during the year had a value (2007: nil).

25. Fixed Asset Investments

	Subsidiary Undertakings £'000	Other Investments £'000	Total £'000
a) HBMCE			
At 1 April 2007 and 31 March 2008	2,028	-	2,028
Details of the subsidiary undertakings are given in note 42.			
b) English Heritage		2008	2007
		£'000	£'000
Market Value at 1 April		628	586
Additions		-	79
Disposals		-	(79)
Net Investment (Losses)/Gains		(123)	42
Market Value at 31 March		505	628
Historical Cost at 31 March		434	434

At 31 March 2008 the investment was held in a single Common Investment Fund managed by M&G Securities Limited and comprised 38,576 units in Charifund. The market value shown is net of investment management fees, 0.46% p.a. of the value in Charifund.

Notes to the Financial Statements

26. Stocks

	English Heritage		HBMCE	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Items for Resale	2,593	2,932	142	243

27. Debtors

	English Heritage		HBMCE	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Trade Debtors	1,379	1,122	1,380	1,122
Value Added Tax	2,257	2,879	2,257	2,879
Prepayments and Accrued Income	8,876	8,270	8,873	8,268
Other Debtors	3,169	1,521	3,169	1,521
Amount Owed by Subsidiary Undertaking	-	-	977	1,176
Total Debtors	15,681	13,792	16,656	14,966

28. Financial Instruments

As English Heritage has a 3 year funding agreement with the Department for Culture, Media and Sport, the Department for Communities and Local Government, and the Department for Environment, Food and Rural Affairs, English Heritage is not exposed to the degree of financial risk normally faced by business entities. Financial instruments play a much more limited role in creating or changing risk than would be typical of the listed companies to which Financial Reporting Standard (FRS) 13 mainly applies. English Heritage has no powers to borrow and its only investments are fixed asset investments related to the Iveagh Bequest held in common investment funds and of surplus funds on short term fixed interest rate deposit with institutions with low risk credit ratings.

As allowed by FRS 13, debtors and creditors that are due to mature or become payable within 12 months from the Balance Sheet date have not been disclosed as financial instruments.

a) Liquidity Risk

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

b) Interest Rate Risk

English Heritage's long term financial liabilities relate solely to provisions (note 31) none of which are interest bearing and are mainly due within 1 year. The only disclosable financial assets are cash, short term investments and fixed asset investments which are not exposed to significant interest rate risk.

c) Currency Risk

All financial assets and liabilities are held in sterling.

d) Valuation

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

e) Financial Assets

The financial assets consist of cash (note 38), fixed asset investments held in a common investment fund (note 25) and short term investments held on fixed rate deposit:

Notes to the Financial Statements

28. Financial Instruments

	English Heritage		HBMCE	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Fixed Asset Investments – Common Investment Fund	505	628	-	-
Short Term Investments – Cash on Short Term Deposit	22,135	14,500	21,635	14,000
	22,640	15,128	21,635	14,000

The short term deposits above mature within 1 month of the Balance Sheet date, interest rates on these deposits range between 5.29 per cent and 5.71 per cent.

29. Creditors: Amounts Falling Due Within One Year

	English Heritage		HBMCE	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Trade Creditors	10,858	9,817	10,858	9,817
Income Tax and Social Security	1,302	1,716	1,302	1,716
Pensions	36	10	36	10
Deferred Income	5,429	4,782	4,734	4,162
Capital Government Grant in Aid	370	358	370	358
Accruals	10,633	9,171	10,627	9,165
Other Creditors	1,968	1,761	1,968	1,761
Amount Owed to Subsidiary Undertaking	-	-	753	639
Total Creditors: Amounts Falling Due Within One Year	30,596	27,615	30,648	27,628

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

	English Heritage		HBMCE	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Pensions	215	244	215	244
Deferred Income	2,301	2,129	2,301	2,129
Total Creditors: Amounts Falling Due After More Than One Year	2,516	2,373	2,516	2,373

Notes to the Financial Statements

31. Provisions

	Balance at 1 April 2007 £'000	Released in the year £'000	Utilised in the year £'000	Charged in the year £'000	Balance at 31 March 2008 £'000
English Heritage and HBMCE					
Modernisation, Relocation and Restructuring Costs	4,246	(130)	(1,994)	991	3,113
Legal and Constructive Obligations	349	(186)	(146)	113	130
Claims	410	(32)	(123)	185	440
Total Provisions	5,005	(348)	(2,263)	1,289	3,683

32. Movement in General Reserve

	Capital £'000	Revenue £'000	Total £'000
English Heritage and HBMCE			
Baseline Grant receivable from DCMS	9,400	123,736	133,136
Transfer between revenue and capital Grant in Aid	1,822	(1,822)	-
Grant in Aid receivable from DCMS for relocation	-	3,500	3,500
Total Grant in Aid receivable	11,222	125,414	136,636
Less Capital Grant in Aid carried forward	(13)	-	(13)
Transfer re Fixed Asset Depreciation	(3,482)	3,482	-
Transfer re Fixed Asset Impairment	(97)	97	-
Transfer re Fixed Asset Disposal	(6)	6	-
Transfer from Revaluation Reserve (note 34)	-	448	448
Total Government Grant in Aid	7,624	129,447	137,071
Net Expenditure for the Financial Year	-	(125,773)	(125,773)
Movement in General Reserve	7,624	3,674	11,298
Balance at 1 April 2007	37,870	(16,401)	21,469
Balance at 31 March 2008	45,494	(12,727)	32,767

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

Notes to the Financial Statements

33. Analysis of Capital Reserves

English Heritage and HBMCE	EU Grant Reserve £'000	Non Govt Grant Reserve £'000	Donated Asset Reserve £'000	Restricted Fund Asset Reserve £'000	Total £'000
Balance at 1 April 2007	2,079	1,084	7,122	294	10,579
Reclassification	-	-	(27)	-	(27)
Movement in Year					
– Assets under Construction	-	(417)	-	-	(417)
– Fixed Asset Additions	-	783	314	-	1,097
– Fixed Asset Disposals	-	-	-	-	-
– Fixed Asset Depreciation Charge for the Year	(84)	(99)	(185)	(58)	(426)
– Fixed Asset Backlog Depreciation	(41)	(7)	(68)	(31)	(147)
– Revaluation of Land and Buildings	291	61	591	62	1,005
Balance at 31 March 2008	2,245	1,405	7,747	267	11,664

34. Movement in Government Grant Revaluation Reserve

English Heritage and HBMCE	£'000
Balance at 1 April 2007	7,325
– Revaluation of Land and Buildings	6,825
– Fixed Asset Backlog Depreciation	(733)
– Transfer to General Reserve – Fixed Asset Disposals (note 32)	-
– Transfer to General Reserve – Fixed Asset Depreciation Charge for the Year (note 32)	(448)
Balance at 31 March 2008	12,969

35. Capital Fund

English Heritage	2008 £'000	2007 £'000
Balance at 1 April	628	586
Net Investment gains on Fixed Asset Investments	(123)	42
Balance at 31 March	505	628

Notes to the Financial Statements

36. Development and Restricted Funds

	Balance at 1 April 2007 £'000	Income £'000	Revenue Expenditure £'000	Capital Expenditure £'000	Balance at 31 March 2008 £'000
English Heritage and HBMCE					
Kenwood House	264	16	-	-	280
Down House and Gardens	1,926	114	(65)	-	1,975
Eltham Palace	1,228	693	(664)	-	1,257
Rangers House (Wernher Foundation)	655	38	(38)	-	655
Ditherington Flax Mill	35	19	(17)	-	37
Wrest Park	2,988	178	(368)	-	2,798
London Squares	13	-	-	-	13
Total Restricted Funds	7,109	1,058	(1,152)	-	7,015
Development Fund	1,435	880	(198)	(207)	1,910
Total Funds	8,544	1,938	(1,350)	(207)	8,925

The Total Funds were held as pooled investments as follows:	2008 £'000	2007 £'000
Cash and Short Term Investments	8,925	8,544

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

	2008 £'000	2007 £'000
Net Expenditure before Investment Income	(128,135)	(134,483)
Depreciation and Amortisation	4,356	4,419
Notional Cost of Capital	1,530	1,051
Impairments and loss on disposal of Fixed Assets	100	4
Release from Capital Reserves	(425)	(461)
Decrease in Stocks	339	292
(Increase)/Decrease in Debtors	(1,877)	758
Increase in Creditors and Provisions	953	12
Net Cash Outflow from Operating Activities	(123,159)	(128,408)

Notes to the Financial Statements

38. Analysis of Net Funds

	2008 £'000	2007 £'000	Change in year £'000
Cash at Bank and in Hand	588	470	118
Bank Overdrafts	(8,006)	(4,560)	(3,446)
Net Bank Overdraft	(7,418)	(4,090)	(3,328)
Short Term Investments	22,135	14,500	7,635
Net Funds	14,717	10,410	4,307

39. Commitments

a) Grant Offers made to Other Bodies and Individuals	£'000
Balance outstanding at 1 April 2007	55,753
Grants paid during the year	(32,598)
New Grant offers made during the year net of lapsed offers	26,259
Commitment Outstanding at 31 March 2008	49,414

In addition to the commitment shown above, English Heritage has an ongoing annual grant liability to the National Trust. The commitment for the year ending 31 March 2009 is £1,244,000 and increases annually by an agreed inflation factor.

b) Contracts

Expenditure contracted for as at 31 March 2008 but not provided for in the financial statements amounted to £17,070,000 (2007: £23,927,000) including capital commitments of £2,017,000 (2007: £1,216,000).

c) Operating Leases

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

	2008 £'000	2007 £'000
Within one year	487	718
Between one and five years	943	2,176
After five years	2,529	2,572
Total Operating Lease Commitments	3,959	5,466

The majority of leases relate to property rentals and are subject to rent reviews. During the year ended 31 March 2008 payments under operating leases totalled £5,212,000 (2007: £7,298,000).

Notes to the Financial Statements

40. Losses and Special Payments

	2008 £'000	2007 £'000
Losses	558	631
Special Payments	218	60
Total Losses and Special Payments	776	691

There were no individual losses or special payments that exceeded £250,000 (2007: nil).

41. Contingent Liabilities

Various outstanding claims existed at 31 March 2008. Provision has been made in the accounts for the year ended 31 March 2008 for those outstanding liabilities which will probably require settlement by English Heritage and where the amount of the liability can be reliably estimated (note 31). Due to their nature, it is not possible to quantify the exact liability outstanding relating to the remaining claims, where settlement by English Heritage may be required, but it has been estimated that the total liability will not exceed £250,000.

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

English Heritage together with the London Borough of Hounslow and the Chiswick House and Gardens Trust are participating in a project to restore the fabric and character of Chiswick House and Gardens. English Heritage's total contribution to the project is £1,000,000. In addition English Heritage has given a guarantee to the Heritage Lottery Fund that it will underwrite any residual fundraising gap on the project. At 31 March 2008 the fundraising gap stood at £1,700,000.

42. Subsidiary Undertakings

a) English Heritage Trading Limited

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

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

Income and Expenditure	2008 £'000	2007 £'000
Turnover	12,094	11,266
Expenditure	(11,048)	(10,553)
Operating Profit	1,046	713
Interest Receivable and Similar Income	30	24
Profit on Ordinary Activities before Gift Aid	1,076	737
Gift Aid to HBMCE	(1,076)	(737)
Profit on Ordinary Activities before and after Taxation	-	-

Notes to the Financial Statements

42. Subsidiary Undertakings

Net Assets as at 31 March	2008	2007
	£'000	£'000
Current Assets	3,708	3,830
Creditors: Amounts Falling Due Within One Year	(1,680)	(1,802)
Net Assets	<u>2,028</u>	<u>2,028</u>
Share Capital – Ordinary Shares at £1 each	2,028	2,028
Profit and Loss Account	-	-
Shareholders' Funds	<u>2,028</u>	<u>2,028</u>

b) English Heritage Limited

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

c) The Iveagh Bequest

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

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

Statement of Financial Activities	2008	2007
	£'000	£'000
Incoming Resources		
Investment Income: Dividends Receivable	27	27
Resources Expended		
Charitable Expenditure: Distributions to HBMCE	(27)	(27)
Net Outgoing Resources	-	-
(Losses)/Gains on the Revaluation of Investment Assets: Unrealised (Losses)/Gains	(123)	42
Net Movement in Funds	(123)	42
Fund balances brought forward 1 April	628	586
Fund balances carried forward 31 March	<u>505</u>	<u>628</u>
Net Assets as at 31 March		
Fixed Asset Investments	505	628
Capital Fund Reserves	505	628

Notes to the Financial Statements

43. Key Financial Targets

There were no key targets set for 2007/08 within English Heritage's Funding Agreement which relate to the financial performance of English Heritage as a whole. The performance against Funding Agreement targets is shown in the Annual Report.

44. Landfill Tax Credit Scheme

English Heritage is registered as an Environmental Body with "Entrust", the regulator of environmental bodies under the landfill tax regulations. During the year ended 31 March 2008 there were no projects in progress that were grant funded by landfill tax credits (2007: nil).

Donors, Sponsors and Contributors

English Heritage is very grateful to all the benefactors, charitable trusts and grant-making organisations that have contributed to or sponsored its activities during the year ended 31 March 2008. The following have given amounts of, or worth, £1,000 or more:

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National Trust
Newcastle City Council
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Northumberland Strategic Partnership
One NorthEast
Yorkshire Forward

In addition to the donors, sponsors, legators and contributors listed above, during the year ended 31 March 2008 we also received pledges of future support from many other organisations and individuals and we look forward to acknowledging them all in our Annual Report and Accounts in future years.

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

Donors, Sponsors and Contributors

In addition the following have made donations to the Chiswick House and Gardens Trust of £1,000 or more in support of the joint project with English Heritage, the London Borough of Hounslow and the Trust to restore the fabric and character of Chiswick House and Gardens.

The Ashdene Trust
The Atlas Fund
The Fidelity UK Foundation
The Grocers' Charity
Mr John Hackney and Mrs Susan Hagon
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